

State of Florida



# Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD  
TALLAHASSEE, FLORIDA 32399-0850

**-M-E-M-O-R-A-N-D-U-M-**

---

**DATE:** August 17, 2016

**TO:** Carlotta S. Stauffer, Commission Clerk, Office of Commission Clerk

**FROM:** Clyde D. Rome, Public Utility Analyst II, Division of Economics *CR*

**RE:** Request to Place Document in Docket File: Docket No. 160121-GU – Proposed amendments to Rules 25-6.0346, 25-12.005, 25-12.008, 25-12.022, 25-12.027, 25-12.040, and 25-12.085, Florida Administrative Code

---

Please place the attached document in the subject docket file. The document consists of responses by investor-owned gas utilities to Staff's First Data Request. The information was requested by staff to assist in the preparation of the Statement of Estimated Regulatory Costs. At staff's request, the attached information provided on behalf of Peoples Gas System was provided via email rather than e-filed; thus, all responses received from utilities regarding the data request are included together in the attached document.

Thank you for your assistance.

cc: Elisabeth Draper

RECEIVED-FPSC  
2016 AUG 17 AM 9:34  
COMMISSION  
CLERK



Florida City Gas<sup>®</sup>

An AGL Resources Company

4045 NW 97<sup>th</sup> Avenue  
Doral, FL 33178  
305 691 8710 phone  
www.floridacitygas.com

Sent via email: [drome@psc.state.fl.us](mailto:drome@psc.state.fl.us)

August 5, 2016

Mr. Don Rome  
Public Utility Analyst  
Economics Division – Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

Re: Docket No. 160121-GU Recommended Revisions to Rule 25-12.040, Florida  
Administrative Code, (F.A.C.) Leak Surveys, Procedures and Classification Staff's First Data  
Request

Dear Mr. Rome:

This letter is in response to your data request. The Florida City Gas response follows each  
item below:

1. Under current Commission rules, gas utilities are required to perform follow-up inspections of leak repairs no later than one month for Grade 1 leaks and no later than six months for Grade 2 leaks. New language included in Rule 25-12.040(4), F.A.C., would require that if residual gas is detected on the follow-up inspection, continued monthly monitoring and inspections shall be done until gas is no longer detected. Do you anticipate that the recommended rule amendments would result in an increase in the number of follow-up inspections that would need to be performed? If so, please provide estimates of the numbers of additional inspections that would need to be performed for Grade 1 and Grade 2 leaks, respectively, during a typical year.

**Response:**

Based on current standard work practices, we do not anticipate that this proposed amendment to the regulation will result in a significant increase in the number of follow-up inspections performed after repairs. Florida City Gas (FCG) performs leak rechecks when residual gas is present following a Grade 1 or Grade 2 leak repair. If upon recheck, residual gas continues to be present, the company performs additional rechecks of the area where residual gas was present until such time gas is no longer detected.

Between July 16, 2015 and July 15, 2016, FCG repaired 348 leaks (288 Grade 1 leaks and 60 Grade 2 leaks). Of these leaks, there were 4 Grade 1 leaks and 5

grade 2 leaks where residual gas was detected. Leak rechecks were performed on the 9 leaks and in all cases the first recheck determined that no residual remained in or around the area of repair.

2. Please provide estimates of the costs to perform follow-up inspections for Grade 1 and Grade 2 leaks, respectively. To simplify the presentations for a wide range of possible site-specific circumstances, please use a low-end "simple" scenario where there is relatively easy access to the repaired area and a high-end "complex" scenario where there are significant impediments to accessing the repaired area such as overlying pavement. To the extent practicable, please include specific cost elements such as labor rates and costs of materials as applicable. Also, please include a qualitative assessment of the relative frequency with which the simple and complex scenarios generally occur in comparison to the overall number of leak repair inspections performed during a typical year.

**Response:**

Of the 348 leaks, 9 or 2.5% required residual gas rechecks and of those, 100% fell into the "simple" scenario. The average cost to complete a "simple" scenario recheck is \$154.00 (\$88 x 1.75 hours) based on the following:

Travel and time to complete recheck:	1.75 hours
Two-man crew hourly rate:	\$68.53
Truck and associated equipment hourly rate:	\$19.47

Going forward, there is always the possibility that residual gas may be detected in areas where wall-to-wall paving exists. In those situations, it is anticipated that sampling the areas around the leak repair under pavement is most commonly achieved by drilling through the concrete or asphalt, thereby requiring minimal material costs for restoration. We estimate the time to complete a "complex" recheck (under pavement and or concrete) would be double the amount of time therefore the cost is estimated to be \$308 on average. The cost of restoration is minimal and therefore is not included.

If you have any questions or need additional information, I can be reached by phone at (305) 835-3606 or by email at [cbermude@aglresources.com](mailto:cbermude@aglresources.com).

Sincerely,



Carolyn Bermudez  
VP Operations, Florida City Gas

# MACFARLANE FERGUSON & McMULLEN

ATTORNEYS AND COUNSELORS AT LAW

ONE TAMPA CITY CENTER, SUITE 2000  
201 NORTH FRANKLIN STREET  
P.O. BOX 1531 (ZIP 33601)  
TAMPA, FLORIDA 33602  
813 273-4200 FAX 813 273-4396

www.mfmlegal.com  
EMAIL: info@mfmlegal.com

625 COURT STREET  
P.O. BOX 1669 (ZIP 33767)  
CLEARWATER, FLORIDA 33756  
(727) 441-8966 FAX (727) 442-8470

IN REPLY REFER TO:

Ansley Watson, Jr.  
P.O. Box 1531  
Tampa, Florida 33601  
e-mail: [aw@macfar.com](mailto:aw@macfar.com)

August 12, 2016

## VIA E-PORTAL FILING

Ms. Carlotta S. Stauffer  
Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

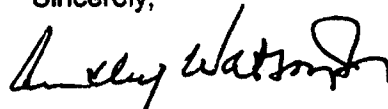
Re: Docket No. 160121-GU - Proposed adoption of Rules 25-6.0346, 25-12.005, 25-12.008, 25-12.022, 25-12.027, 25-12.040, and 25-12.085, F.A.C.

Dear Ms. Stauffer:

Attached for electronic filing in the above docket on behalf of Peoples Gas System, please find Peoples' Response to Staff's First Data Request.

We appreciate your usual assistance.

Sincerely,



Ansley Watson, Jr.

AWjr/a  
Attachment

cc: Ms. Kandi M. Floyd  
Ms. Paula K. Brown

**PEOPLES GAS SYSTEM  
DOCKET NO: 160121-GU  
STAFF'S 1ST DATA REQUEST  
REQUEST NO. 1  
PAGE: 1 OF 1  
FILED: AUGUST 12, 2016**

1. Under current Commission rules, gas utilities are required to perform follow-up inspections of leak repairs no later than one month for Grade 1 leaks and no later than six months for Grade 2 leaks. New language included in Rule 25-12.040(4), F.A.C., would require that if residual gas is detected on the follow-up inspection, continued monthly monitoring and inspections shall be done until gas is no longer detected. Do you anticipate that the recommended rule amendments would result in an increase in the number of follow-up inspections that would need to be performed? If so, please provide estimates of the numbers of additional inspections that would need to be performed for Grade 1 and Grade 2 leaks, respectively, during a typical year.
  - A. There appears to be no change for the Grade 1 requirements as they are already monthly.

Grade 2 requirements would change the follow-up inspection requirements (after the initial 6-month inspection) to monthly, potentially adding up to 5 more inspections the first year. In a typical year, Peoples' anticipates approximately less than 50 Grade 2 leaks in the system requiring resurvey. Assuming there are two residual resurveys required for a repaired Grade 2 below ground leak, the new regulations would generate an additional 250 inspections to clear the leaks. In addition to the 250 inspections, Peoples utilizes two major software compliance tracking systems (Leak Information and Damage Reporting System "LIaDRS" and Essentials) that would require logic updates or changes to accommodate the requirement in order to trigger the correct re-inspection interval. Additional research would be required to determine the cost associated with updating the systems to provide proper tracking and compliance oversight, however, Peoples does not anticipate the cost to be significant.

**PEOPLES GAS SYSTEM  
DOCKET NO: 160121-GU  
STAFF'S 1ST DATA REQUEST  
REQUEST NO. 2  
PAGE: 1 OF 1  
FILED: AUGUST 12, 2016**

2. Please provide estimates of the costs to perform follow-up inspections for Grade 1 and Grade 2 leaks, respectively. To simplify the presentations for a wide range of possible site-specific circumstances, please use a low-end "simple" scenario where there is relatively easy access to the repaired area and a high-end "complex" scenario where there are significant impediments to accessing the repaired area such as overlying pavement. To the extent practicable, please include specific cost elements such as labor rates and costs of materials as applicable. Also, please include a qualitative assessment of the relative frequency with which the simple and complex scenarios generally occur in comparison to the overall number of leak repair inspections performed during a typical year.
  - A. Follow up inspections for Grade 2 leaks would essentially require the same amount of effort to take a bar hole reading in the "simple" and "complex" scenario assuming there are existing drill holes in the concrete/asphalt from the initial repair and/or investigation with limited material cost. As such, Peoples estimates an additional cost of approximately \$70.00 per survey. This cost assumes an average of 30-minute travel time and 90 minutes of survey/logging time for a total of 2 hours per additional inspection.