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February 16, 2018

BY E-PORTAL

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

Re: DOCKET NO. 20170179-GU - Petition for rate increase and approval of depreciation study by Florida City Gas.

Dear Ms. Stauffer:

Attached, for electronic filing, please find the testimony and exhibits of Florida City Gas' rebuttal witness Stephen Wassell. (Document 9 of 10)

Sincerely,

A handwritten signature in cursive script, appearing to read 'Beth Keating', written over a horizontal line.

Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 601
Tallahassee, FL 32301
(850) 521-1706

ATTACHMENTS

cc:// Office of Public Counsel
FEA

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Before the Florida Public Service Commission

Docket No. 20170179-GU: Petition for rate increase by Florida City Gas.

Prepared Rebuttal Testimony of Stephen Wassell

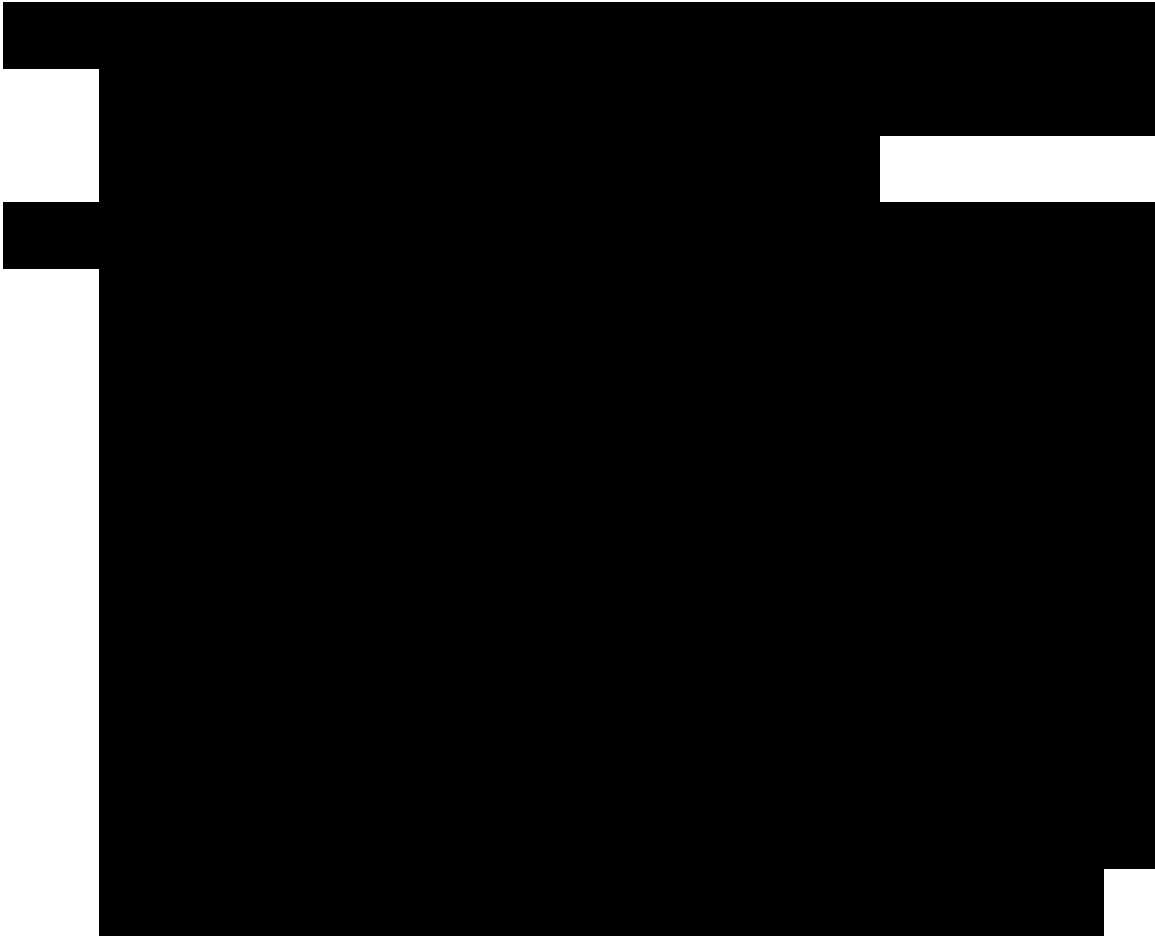
Date of Filing: February 16, 2018

- Q. Please state your name and business address.
- A. My name is Stephen Wassell, and my business address is 10 Peachtree Place, Atlanta, Georgia 30309. I am vice president of Storage & Peaking Operations for Southern Company Gas.
- Q. Have you previously filed testimony in this proceeding?
- A. Yes.
- Q. What is the purpose of your rebuttal testimony?
- A. The purpose of my testimony is to respond to specific criticisms in the testimony of Office of Public Counsel (OPC) Witness David Dismukes.
- Q. Are you sponsoring any rebuttal exhibits?
- A. Yes, I am sponsoring Exhibit SLW-1.
- Q. Regarding construction of the LNG facility, Witness Dismukes states that “the current cost estimate importantly does not include any contingency, which is commonly included in estimates of major capital projects.”¹ Is this accurate?

¹ Direct Testimony of David Dismukes, 14:19-15:1.

1 A. No. As stated in the response to POD 7-136, the project does include
2 contingency. It is included as part of the numbers in my estimate on page
3 9 of my Direct Testimony. The most recent estimate is \$47.3 million which
4 was developed by our engineering contractor, HDR. We have added a
5 contingency of 22.6%. With contingency the total amount budgeted is \$ 58
6 million as listed in the Direct Testimony.

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² Direct Testimony of David Dismukes, 49:1-9.

1 Q. Witness Dismukes says that “there are several alternatives available to
2 the Company if it believes that it needs reliable access to LNG supplies as
3 an alternative to pipeline-supplied natural gas.”³ Do you agree?

4 A. I certainly do not agree. As stated on page 9 of my Direct Testimony,
5 when LNG is needed at FCG, the states to the north are most certainly
6 having a peak day and as such the LNG will be in high demand for
7 supplying their own customers. The last few months have shown that in a
8 colder than normal winter the LNG supply will be utilized by peaking plants
9 leaving the industry short of LNG. Having tanks at our facility will
10 guarantee that LNG will be available when needed.

11

12 Q. Witness Dismukes states that FCG “failed to provide a detailed analysis
13 comparing the relative costs of connecting to either the Sabal Trail or FSC
14 systems.”⁴ Can you provide more detailed information?

15 A. Yes. To confirm the rule of thumb estimate of pipeline costing
16 approximately \$3.0 to \$5.0 million per mile, I examined actual construction
17 costs for pipelines large enough to make the connection in Martin County
18 proposed by Witness Dismukes. They are shown in my exhibit SLW-1.
19 Using a pipeline between 16” or 24” in diameter and a distance of
20 approximately 25 miles, we end up with an estimate of \$100 million using
21 the midrange of \$4 million per mile. It is also important to note that while
22 the cost is often seen as the main concern there are other items of
23 concern such as routing and environmental concerns which can cause

³ Direct Testimony of David Dismukes, 49:1-3.

⁴ Direct Testimony of David Dismukes, 51:7-8.

1 delays or possibly prevent the pipeline project from being permitted.
2 These issues can also add costs as well.

3

4 Q: Witness Dismukes states that FCG is planning to construct the LNG
5 facility in the Miami-Dade region but that there are no indications that
6 existing pipeline resources in the region are becoming more constrained.⁵

7 Why is FCG placing the facility in Miami-Dade County?

8 A: In addition to the reasons provided by Witness Becker, the facility is being
9 placed in the Homestead area of Miami-Dade County as it is the most
10 logical placement. The location of the facility near the southern end of our
11 distribution system allows the facility to feed all the customers south of the
12 Miami International Airport ("MIA"). This will displace FGT capacity on the
13 lower end of the system, which then enables the gas to be used upstream
14 through FGT's tap stations that deliver to FCG's system. It will also allow
15 additional capacity to be released to Third Party Suppliers as discussed in
16 Witness Nikolich's testimony. In addition, the location offers a lower cost
17 of land than other areas north of the Homestead area. The facility can't be
18 installed north of MIA on the system since the distribution system does not
19 have a high-pressure backbone as the area south of MIA does with the Jet
20 Fuel Line.

21

⁵ Direct Testimony of David Dismukes, 32:10-12.

1 Q: Witness Dismukes notes that it would require 1,080 Dth/d of incremental
2 capacity for FCG to meet its reserves in Brevard County.⁶ Why not place
3 the LNG facility north in Brevard?

4 A: The Brevard system is supplied using seven tap stations on FGT. While
5 the downstream piping is connected to some extent, there is not a high-
6 pressure backbone that is necessary to distribute the vaporized LNG to
7 utilize the 10MMcfd. This is why the facility was placed in the Homestead
8 area.

9

10 Q. Does this conclude your testimony?

11 A. Yes.

⁶ Direct Testimony of David Dismukes, 31:9-11.

Florida City Gas
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Exhibit SLW 1
Page 1 of 1

Project	Miles	Cost (in Millions)	Cost/Mile (in millions)	Type (Rural/Urban/Mixed)
Newnan 16"	16.9	\$44	\$2.6	Rural
Cumming 16"	10.7	\$53	\$5.0	Mixed
Dalton 20"	53.8	\$175	\$3.3	Rural
Dalton 24"	51.3	\$173	\$3.4	Rural
NGX 24"	10.2	\$57	\$5.6	Rural