

Writer's E-Mail Address: bkeating@gunster.com

February 20, 2018

**HAND DELIVERY**

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

**REDACTED**

RECEIVED-PPSC  
2018 FEB 20 PM 4: 29  
COMMISSION  
CLERK

**Re: [New Filing]-- Petition for approval of Area Extension Plan Rate Extension Agreement with United States Sugar Corporation, by Florida City Gas.**

Dear Ms. Stauffer:

Enclosed for filing, please find the original and 7 copies of Florida City Gas's Request for Confidential Classification of certain information contained in its Petition for Approval of Area Extension Plan Extension Agreement with United States Sugar Corporation and the attached Agreement itself. Also enclosed are one highlighted and two redacted copies of the pages containing confidential information in conformance with Rule 25-22.006, F.A.C.

Thank you for your assistance in connection with this filing. If you have any questions whatsoever, please do not hesitate to let me know.

Sincerely,



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

COM \_\_\_\_\_  
AFD 1 redacted  
APA \_\_\_\_\_  
ECO 5 redacted  
ENG 1 redacted  
GCL \_\_\_\_\_  
IDM \_\_\_\_\_  
CLK \_\_\_\_\_

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Petition for approval of Area Extension Plan Rate Extension Agreement with United States Sugar Corporation, by Florida City Gas	Docket No. Filed: February 20, 2018
--	--

---

REQUEST FOR CONFIDENTIAL CLASSIFICATION

Florida City Gas (FCG or the Company), by and through its undersigned counsel, pursuant to Section 366.093, Florida Statutes, and consistent with Rule 25-22.006(4), Florida Administrative Code, hereby submits its Request for Confidential Classification to protect from public disclosure certain information contained within the Area Extension Plan Rate Extension Agreements (“AEP Agreement”), as well as within the Petition for Approval submitted with the AEP Agreement:

**I. Background**

1. As set forth in greater detail in the Petition for Approval of the AEP Agreement, a complete, redacted version of which is submitted under separate cover, the extension of the AEP surcharge true-up period and amortization period that was approved by the Commission in Order No. PSC-2016-0066-PAA-GU ended. Were FCG to recalculate the AEP surcharge for this project as allowed, the recalculated surcharge would still be significantly higher than the existing surcharge, in spite of the previously noted extension. The significant difference would be an undue burden to the customers participating in the Glades AEP Project and would likely present a competitive barrier to other customers coming on the line, even assuming that new customer volumes might ultimately make it possible for the AEP surcharge to be terminated earlier than otherwise possible.

2. Because the Company continues to be sensitive to the issues faced by its customers in this area, and given the benefits of maintaining the existing large customers served by the Glades AEP Project on FCG's system, the Company and U.S. Sugar reached a mutually beneficial agreement that will further extend the AEP for all Glades customers, while also reducing the Company's risk of significant stranded investment.

## **II. Request**

3. Certain terms contained within the AEP Agreement, and explained within the Petition, are unique to this AEP given the unusual circumstances that have occurred on this AEP project. These terms are competitively sensitive and considered by both FCG and U.S. Sugar to be confidential business information. To the best of FCG's knowledge, the referenced information has not otherwise been disclosed publicly.

4. Disclosure of the referenced information could impair FCG's ability to negotiate future contracts for its services with other large customers, which could ultimately cause harm to the Company and its ratepayers. The information for which FCG seeks confidential classification is information that meets the definition of "proprietary confidential business information" as set forth in Section 366.093(3), Florida Statutes, which provides:

(3) Proprietary confidential business information means information, regardless of form or characteristics, which is owned or controlled by the person or company, is intended to be and is treated by the person or company as private in that the disclosure of the information would cause harm to the ratepayers or the person's or company's business operations, and has not been disclosed unless disclosed pursuant to a statutory provision, an order of a court or administrative body, or private agreement that provides that the information will not be released to the public. Proprietary confidential business information includes, but is not limited to:

- (a) Trade secrets.
- (b) Internal auditing controls and reports of internal auditors.
- (c) Security measures, systems, or procedures.



(d) Information concerning bids or other contractual data, the disclosure of which would impair the efforts of the public utility or its affiliates to contract for goods or services on favorable terms.

(e) Information relating to competitive interests, the disclosure of which would impair the competitive business of the provider of the information.

(f) Employee personnel information unrelated to compensation, duties, qualifications, or responsibilities.

5. Specifically, FCG seeks confidential classification of the highlighted information on page 4, lines 3-4 of paragraph 14 of the Petition, lines 3-5 of paragraph 1.0 of the AEP Agreement, and lines 3-4 of paragraph 4.0 of the AEP Agreement, as well as all lines in all columns of the Exhibit A to the AEP Agreement. This is information that reflects the calculation of the AEP rate for the AEP Agreement, which the Company considers to be proprietary confidential business information consistent with Section 366.093(3)(d) and (e), Florida Statutes.

6. Submitted herewith are one highlighted copy of the pages containing highlighted material, as well as two redacted copies of the same material, in accordance with Rule 25-22.006, F.A.C.

WHEREFORE, FCG respectfully requests that:

1. The Commission enter an order granting confidential classification of the highlighted information in Florida City Gas's Petition for Approval of Area Extension Plan Rate Extension Agreement, as well as highlighted information in the AEP Agreement and Exhibit A attached thereto; and
2. The Commission grant confidential classification for this information for a period of at least 18 months.

Docket No.  
*Florida City Gas*

Respectfully submitted this 20<sup>th</sup> day of February, 2018, by:



---

Beth Keating, Esquire  
Florida Bar No. 0022756  
Gunster Law Firm  
215 South Monroe Street  
Suite 601  
Tallahassee, FL 32301  
*Attorneys for Florida City Gas*

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true and correct copy of the foregoing has been served upon the following by Electronic Mail this 20<sup>th</sup> day of February, 2018.

Jennifer Crawford Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, FL 32399-0850 jcrawfor@psc.state.fl.us	J.R. Kelly Office of Public Counsel c/o The Florida Legislature 111 W. Madison Street, Room 812 Tallahassee, FL 32399-1400 <u>Kelly.JR@leg.state.fl.us</u>
--	---

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

13. The Rate Extension Agreement, which is attached and incorporated herein as Exhibit A, represents a reasonable approach addressing the challenges of the Glades AEP Project.<sup>5</sup>

14. Under the Rate Extension Agreement, the Glades AEP surcharge will be set at \$0.301 per therm for all customers instead of the recalculated rate of \$0.629 per therm. FCG emphasizes that this amount [REDACTED]

[REDACTED] The new AEP surcharge will reduce recovery on this AEP by more than \$5 million.

15. The reset surcharge will be extended through November 2027 for all Glades customers on the Glades AEP Project, which represents an additional 3-year extension of the AEP surcharge.

17. Prior to the expiration of the extension, the surcharge will be recalculated - in November 2020 and November 2022 - to capture changes in annual consumption. Thereafter, U.S. Sugar will be able to seek an additional recalculation of the AEP surcharge upon demonstration of a 6% increase in annual natural gas consumption by U.S. Sugar and its subsidiaries and affiliates.

18. Under the Rate Extension Agreement, U.S. Sugar has committed that its Southern Gardens Citrus facility will remain on FCG's system until FCG has fully recovered 87.13% of \$16,491,199 contribution in aid of construction (*the total amount, which includes amounts already paid*) associated with the Glades AEP Project, or it will pay the outstanding balance.

19. Other U.S. Sugar subsidiaries and affiliates served by the Glades AEP Project will commit to remain on the system as long as natural gas service remains an economically viable option. If any subsidiary determines that natural gas service with FCG is no longer economically

---

<sup>5</sup> FCG notes that while the Rate Extension Agreement is executed, the parties to the agreement have included Section 7.0 thereof, which contemplates that Commission approval is necessary for operation of the contract. Moreover, while not styled as an FGS Agreement, due to the timing and potentially significant economic impact to the customers on this AEP, the Company has endeavored to treat this with the urgency consistent with an FGS Agreement, which are executed prior to filing, consistent with FCG Original Tariff Sheet No. 48.



**RATE EXTENSION AGREEMENT**

Page | 2

AEP surcharge for Customer and others in the Glades Project was projected to increase from \$0.241 per therm to \$0.629 per therm; and

**WHEREAS**, the extension of the AEP recalculation ended October 31, 2017, and as such, the recalculated, higher AEP surcharge would be assessed to Customer and others served by the Glades pipeline with the December 2017 bill; and

**WHEREAS**, an increase in AEP charge would have significant negative consequences to Customer and others in the Glades Project as acknowledged in Order No. PSC-2016-0066-PAA-GU; and

**WHEREAS**, Customer's operation has significant economic consequences for Clewiston and the surrounding areas; and

**WHEREAS**, the FPSC has recognized the benefits to the general body of ratepayers of retaining large customers on LDC systems; and

**WHEREAS**, retention of Customer as contemplated in this Agreement will have no adverse impacts to FCG's ratepayers nor will it put the ratepayers at increased risk;

**NOW, THEREFORE**, in consideration of the premises and the mutual covenants and agreements herein contained, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, and intending to be bound hereby, the Parties do therefore agree as follows:

1.0 Surcharge Amount. Effective January 31, 2018, ("Effective Date"), the AEP charge for the Glades Project will be set at \$0.301 per therm for all customers, which

[REDACTED]

consistent with the model contained in Exhibit A as attached hereto and incorporated herein by reference.

2.0 Continuation of AEP Surcharge. This Agreement shall remain in effect from the Effective Date through the end of November 2027. At the end of the 12-year Amortization Period, Customer and its affiliates, including, but not limited to the Plant, which are being served by the Glades pipeline, will continue to be assessed the \$0.301 per therm AEP charge per Exhibit A for the remainder of the Term of this Agreement, except as otherwise contemplated in Section 4.0 below.

3.0 Release of Non-Affiliates. The Parties agree and acknowledge that, at the end of the 12-year Amortization Period, the AEP charge will be eliminated for all other customers served by the Glades pipeline that are not otherwise affiliated with USSC, in accordance with FCG's tariff and the FPSC's Order No. PSC-2016-0066-PAA-GU.



4.0 Recalculation of AEP Charge. The AEP charge will be recalculated in November 2020 and November 2022 to capture changes in annual consumption only. Each recalculation [REDACTED] consistent with FCG's AEP tariff. Subsequent to the recalculation in 2022 through the end of the Term of this Agreement, Customer may request one additional recalculation of the AEP, which shall be implemented by FCG upon demonstration by Customer of a 6% overall increase in natural gas consumption by Customer from the FCG system occurring during the period subsequent to the year 9 recalculation (November 2022) and the date of the request for the additional recalculation.

5.0 Service Commitment.

5.1 Southern Gardens. Customer commits that Plant will either maintain service with FCG for, at a minimum, the period of time necessary for FCG to fully recover the Contribution or, consistent with Exhibit A, Customer will pay the then outstanding balance for AEP investments to serve their facilities, excluding the ROE, within 45 days of termination of service by Customer.

5.2 Affiliates and Subsidiaries. Customer shall cause all other USSC affiliates and subsidiaries served by the Glades pipeline to maintain natural gas service with FCG as long as natural gas service is an economically viable option. In the event that Customer determines that natural gas is no longer an economically viable option for the USSC affiliates and subsidiaries, Customer shall provide FCG with reasonable and verifiable documentation supporting Customer's conclusion that natural gas service is no longer an economically viable option for any or all of the USSC affiliates and subsidiaries and shall provide no less than 60 days' notice of intent to suspend or terminate service. Consistent with Section 5.1 above, this Section 5.2 shall not apply to Plant.

5.3 Early Termination of Obligation. Customer may terminate its obligations hereunder prior to the end of the Term by submitting, in full, payment for the remainder of the amount of its obligation hereunder, which is 87.13% of the Contribution. The Parties recognize and agree that the Contribution will change as payments are made consistent with this Agreement and FCG's tariff, and if natural gas consumption on the Glades pipeline changes.

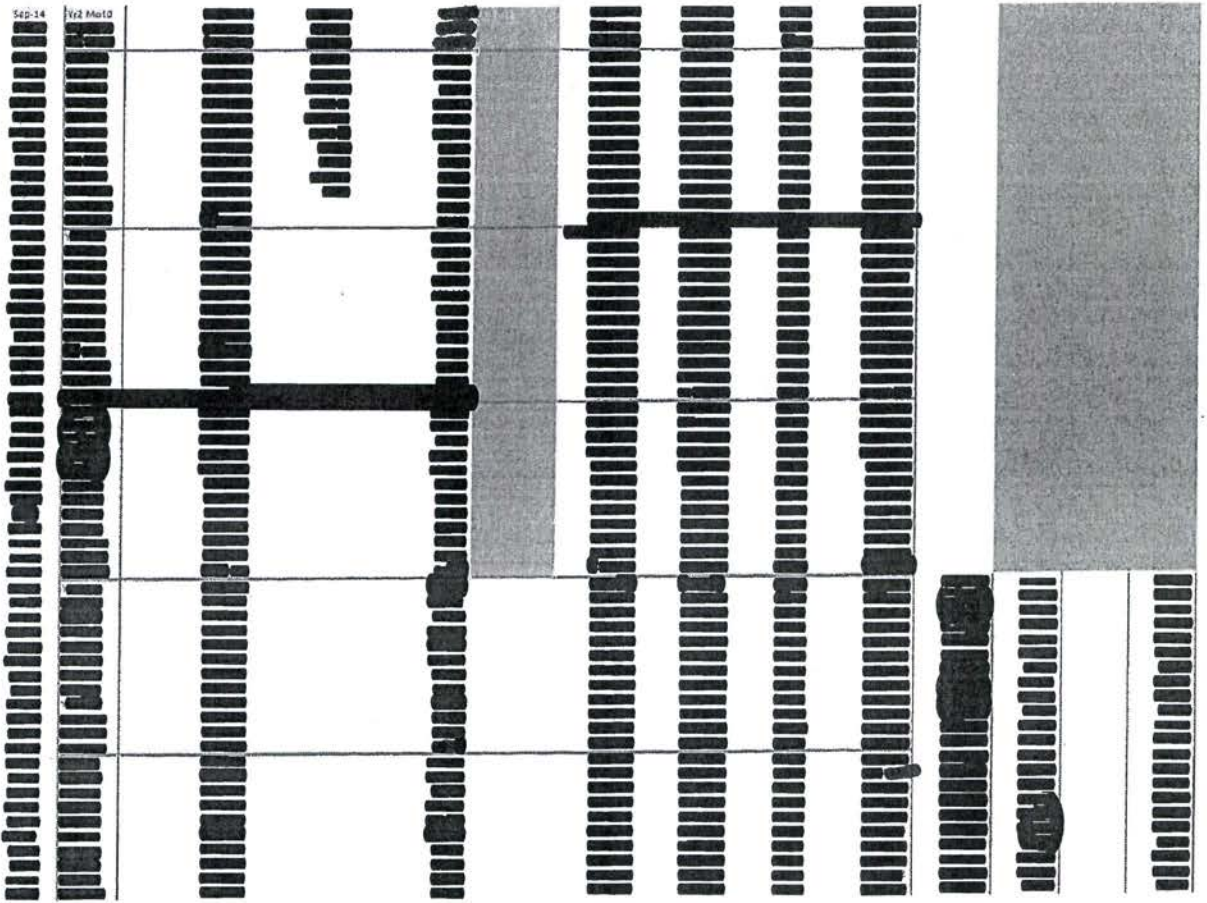
6.0 Definitions: For purposes of this Agreement, "economically viable" shall be construed as meaning that the sum total cost of utilizing natural gas a fuel source is equal to, or less than, the sum total cost of utilizing another fuel source, including the cost of any new or revised equipment installations necessary to utilize a fuel source other than natural gas.

7.0 Governmental Authorizations; Compliance with Law. This Agreement shall be subject to all valid applicable state, local and federal laws, orders, directives, rules and regulations of any governmental body, agency or official having jurisdiction over this



Sep-14

Viz Photo





Oct-19	Y17 M0117	
Nov-19	Y17 M0118	
Dec-19	Y17 M0119	
Jan-20	Y18 M001	
Feb-20	Y18 M002	
Mar-20	Y18 M003	
Apr-20	Y18 M004	
May-20	Y18 M005	
Jun-20	Y18 M006	
Jul-20	Y18 M007	
Aug-20	Y18 M008	
Sep-20	Y18 M009	
Oct-20	Y18 M010	
Nov-20	Y18 M011	
Dec-20	Y17 M011	
Jan-21	Y19 M02	
Feb-21	Y19 M03	
Mar-21	Y19 M04	
Apr-21	Y19 M05	
May-21	Y19 M06	
Jun-21	Y19 M07	
Jul-21	Y19 M08	
Aug-21	Y19 M09	
Sep-21	Y19 M010	
Oct-21	Y19 M011	
Nov-21	Y19 M012	
Dec-21	Y19 M012	
Jan-22	Y19 M03	
Feb-22	Y19 M04	
Mar-22	Y19 M05	
Apr-22	Y19 M06	
May-22	Y19 M07	
Jun-22	Y19 M08	
Jul-22	Y19 M09	
Aug-22	Y19 M09	
Sep-22	Y19 M010	
Oct-22	Y19 M011	
Nov-22	Y19 M012	
Dec-22	Y19 M012	
Jan-23	Y19 M03	
Feb-23	Y19 M04	
Mar-23	Y19 M05	
Apr-23	Y19 M06	
May-23	Y19 M07	
Jun-23	Y19 M08	
Jul-23	Y19 M09	
Aug-23	Y19 M09	
Sep-23	Y19 M09	
Oct-23	Y19 M010	
Nov-23	Y19 M011	
Dec-23	Y19 M011	
Jan-24	Y19 M03	
Feb-24	Y19 M04	
Mar-24	Y19 M05	
Apr-24	Y19 M06	
May-24	Y19 M07	
Jun-24	Y19 M08	
Jul-24	Y19 M09	
Aug-24	Y19 M09	
Sep-24	Y19 M09	
Oct-24	Y19 M09	
Nov-24	Y19 M09	
Dec-24	Y19 M09	

