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November 6, 2019

**VIA E-PORTAL**

Mr. Adam Teitzman  
Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

**Re: Docket No. 20190191-GU - Petition for approval to amend tariff provisions on capacity for transportation service to be consistent with tariff filed with rate case settlement, by Florida City Gas.**

Dear Mr. Teitzman:

Attached for electronic filing, please find Florida City Gas's Responses to Staff's First Data Requests in the referenced docket.

Thank you for your assistance with this filing. As always, please don't hesitate to let me know if you have any questions or concerns.

Sincerely,



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

MEK

QUESTION:

Has FCG released any capacity to Third Party Suppliers in the past calendar year?

RESPONSE:

No. See FCG's Response to Staff's First Data Requests Nos. 3 and 4.

QUESTION:

Please explain how much capacity FCG currently holds and whether it is enough to serve all its sales customers, all or most essential use transportation customers, and all other transportation customers.

RESPONSE:

FCG has firm capacity contract entitlements by season. The table below reflects the seasonal capacity currently held by FCG, as well as FCG's forecasted use in 2020 for the Sales Customers and Essential Use Transportation Customers.

Season	System Total (MMBtu/day)	105% Sales (MMBtu/day)	Essential Use Transportation (MMBtu/day)	Capacity Shortfall for Essential Use Transportation	Shortfall Rounded
Nov-Mar	68,955	45,012	37,875	13,933	14000
May-Sept	32,235	14,984	26,763	9,512	10000
Apr.	38,704	17,111	29,184	7,592	8000
Oct.	46,949	19,317	30,756	3,124	3000

As shown in the table above, FCG currently has enough capacity to serve 105% of its Sales Customers but does not have enough remaining capacity to serve all of its Essential Use Transportation Customers. FCG further notes that its firm capacity is also broken down by division (7 total) and city gate (20 total). FCG not only faces a system-wide capacity shortfall but also a firm capacity shortfall by division as well as city gate.

QUESTION:

Has FCG purchased any additional capacity since the 2017 rate case? Please explain.

RESPONSE:

No. FCG continues to evaluate and monitor its future capacity needs and has been exploring alternatives for additional capacity. During the 2017 rate case, FCG proposed to negotiate and acquire 20,000 Dth of additional capacity from FGT. To date, however, FCG has been unable to successfully negotiate and acquire any new capacity from the interstate pipelines on commercially reasonable terms and conditions. It is FCG's understanding that new additional interstate pipeline capacity will require expansion of facilities by the interstate pipeline(s). As such, it is unknown at this time when such new additional capacity will become available.

QUESTION:

On page 4 of the petition, FCG references additional capacity. Please discuss any plans to acquire additional capacity and whether any additional capacity will be released to third party suppliers.

RESPONSE:

As explained in FCG's Response to Staff's First Data Request No. 3, it is unknown at this time when new additional interstate pipeline capacity will become available. FCG will continue to monitor and work with the interstate pipelines to identify opportunities to acquire additional pipeline capacity. See FCG's Response to Staff's First Data Request Nos. 5, 12, and 13 for a description of when capacity may and is required to be released to Third Party Suppliers.

QUESTION:

If FCG acquires additional capacity and has adequate capacity to meet the sales and essential use customers' needs, will third party suppliers that serve non-essential use transportation customers be required to purchase capacity from FCG?

RESPONSE:

Under the proposed revisions to Tariff Sheet No. 22, unless and until FCG holds capacity sufficient to satisfy 100% of the capacity needed to serve both its Sales Customers and its Essential Use Customers, the Tariff Rule 15(J) requires FCG to release capacity above the 105% capacity needed to serve the Sales Customers (if it elects to make any such release) according to the following priority:

1. Cycle Read Customers (ADDQ) based on the Marketer's market share;
2. Essential Use Daily Read Customers (DCQ) based on the Marketer's market share; and
3. Non-Essential Use Daily Read Customers based on the Marketer's market share

Thus, if FCG elects to release capacity before it has sufficient capacity need to serve 100% of the Essential Use Customers, Third Party Suppliers serving non-Essential Use Customers may be allocated capacity, if there is any capacity remaining, after the first two customer groups (ADDQ and DCQ) in the priority have been assigned capacity.

If FCG acquires capacity above and beyond 100% of the capacity needed to serve both its Sales Customers and its Essential Use Customers, FCG will release this additional capacity to Third Party Suppliers in a non-discriminatory manner. Thus, Third Party Suppliers serving non-Essential Use Customers may be allocated capacity if FCG acquires capacity above and beyond 100% of the capacity needed to serve both its Sales Customers and its Essential Use Customers

Pursuant to existing Tariff Sheet No. 67, Third Party Suppliers that do not demonstrate sufficient interstate firm capacity are required to accept assignment of such capacity. Thus, all Third Party Suppliers, including those serving non-Essential Use Customers, can avoid being allocated any capacity from FCG by demonstrating that they have sufficient capacity necessary to serve their Transportation Customers. Relatedly, to the extent that a Third Party Shipper is allocated capacity by FCG and seeks to pass those costs onto the Transportation Customer, such Transportation Customers always have the options to either "shop" for a new Third Party Shipper with a more competitive price or to return to Sale Service.

QUESTION:

Please describe FCG's process of releasing capacity to Third Party Suppliers, including how often capacity is released (i.e., is it done monthly, daily, when are nominations due, etc.)

RESPONSE:

See FCG's Response to Staff's First Data Request Nos. 5, 12, and 13 for a description of when capacity may and is required to be released to Third Party Suppliers. Pursuant to existing Tariff Sheet No. 23, each month FCG will calculate market share for each Third Party Supplier and will make monthly capacity allocations to each Third Party Supplier based upon their market share as calculated on the twentieth (20th) calendar day of the preceding month. On the twentieth (20th) calendar day of the preceding month, FCG will post the total capacity allocated to a Third Party Supplier on the electronic bulletin board for viewing only by such Third Party Shipper.

QUESTION:

Please explain how FCG determines who is considered "Essential Use".

RESPONSE:

Essential Use Customers can be either Sales Customers that receive their natural gas supply from FCG or Transportation Customers that receive their natural gas supply from a Third Party Supplier. Essential Use Customers provide services that are necessary to sustain life, public health, and safety or provide essential services in the event of an emergency. Essential Use Customers are critical to the health, safety, and welfare of Florida and its citizens, which directly and indirectly benefit from the services and facilities provided by these Essential Use Customers. Some of these critical customers rely on natural gas for back-up power generation during emergencies. Below are examples of the types of natural gas customers that are considered to be Essential Use Customers:

- a. Government and other agencies providing fire, police and prison services.
- b. Government agencies providing services for national defense.
- c. Facilities that serve as emergency shelters for the public and use natural gas for essential services and back-up power generation.
- d. Hospitals, skilled nursing and assisted living facilities.
- e. Laundry and linen services that support hospitals and emergency shelter facilities
- f. Communication utilities and cellular companies that provide services for the public health, welfare, and security.
- g. Navigation, communication traffic control, and landing and departure facilities for commercial air and sea operations.
- h. Public transportation services that utilize compressed natural gas for engine fuel or natural gas for back-up generation necessary to provide public services.
- i. Electric generating facilities and supporting fuel and fuel transportation services critical to continuity of electric power system operation.
- j. Radio and television broadcasting stations used for broadcasting emergency messages, instruction, and other public information related to public safety.
- k. Water and sewage treatment utilities.
- l. Petroleum refineries, vital ancillary facilities, and other customers in the critical fuels chain of production or delivery.
- m. Flood control pumping stations and water management facilities
- n. Other customers or facilities that use for natural gas to provide services critical to support life and protect property in the event of a public emergency.



QUESTION:

Please explain the nature of the “operational issues” mentioned in paragraph 12 of the petition.

RESPONSE:

FCG has an obligation to have sufficient firm capacity to provide safe and reliable gas to its Sales Customers. In addition, as explained in FCG's Response to Staff's First Data Request Nos. 7 and 12, FCG must be ready, willing, and able to provide back-up service to Essential Use Transportation Customers that are critical to the health, safety, and welfare of Florida and its citizens. However, under the current version of Tariff Rule 15(J), FCG does not have the option to hold sufficient capacity necessary to serve both its Sales and Essential Use Customers. The inability to hold capacity to serve Essential Use Customers is inconsistent, from an operational perspective, with FCG's obligation to be ready, willing, and able to provide service to Essential Use Transportation Customers.

QUESTION:

Please explain which customer group bears the cost for extra capacity if it is purchased and not released.

RESPONSE:

The costs for capacity that is held (not released) by FCG are recovered through the Purchase Gas Adjustment. This remains unchanged under both the current and proposed Tariff Sheet No. 22. Consistent with existing Tariff Sheet No. 23, all charges associated with capacity that is released by FCG are billed to the Third Party Supplier that receives the capacity – Sales Customers do not pay the costs for the released capacity. Pursuant to existing Tariff Sheet No. 67, Third Party Suppliers that do not demonstrate sufficient interstate firm capacity are required to accept assignment of capacity that is released. See FCG's responses to Staff's First Data Request Nos. 12 and 13 for an explanation of FCG's capacity obligations (hold/release) under both the existing and proposed Tariff Sheet No. 22.

QUESTION:

Please describe the circumstances under which FCG can release capacity under the current tariff.

RESPONSE:

FCG's current obligations to hold and release capacity are set forth in Rule 15(J) of the FCG Tariff, Tariff Sheet Nos. 22-23, effective August 14, 2018. As stated in FCG's Petition, the current version of Tariff Sheet No. 22 is identical to Sheet No. 22 as submitted with the Company's initial Rate Case MFRs in Docket No. 20170179-GU.<sup>1</sup> Sheet No. 22 was, however, revised consistent with the Settlement terms the Parties agreed to in that docket. The revised version was filed in Docket No. 20170179-GU on March 23, 2017, and included in the record as Hearing Exhibit 121 during the March 26, 2017 hearing wherein the Commission approved the Parties' Settlement. After the hearing, in response to inquiries from staff, the Company resubmitted the tariff. In error, the Company resubmitted the version of Tariff Sheet No. 22 that had been included with the Company's MFRs. Specifically, Tariff Sheet No. 22 submitted with the April 12, 2018 version of the Tariff incorrectly deleted certain language designed to clarify the amount of capacity that should be held and when additional capacity would be released, consistent with settlement discussions in Docket No. 20170179-GU around the allocation of costs for capacity held in reserve.

Under the current, and incorrect, version of Tariff Rule 15(J), FCG must hold sufficient capacity to serve its Sales Customers on a Design Day, plus a reserve margin not less than 5% (*i.e.*, must hold minimum of 105% Sales Design Day). Thus, FCG may release capacity to Third Party Suppliers once it holds a minimum of 105% Sales Design Day. Current Tariff Rule 15(J) does not state when FCG is required to release the capacity over and above the minimum 105% Sales Design Day threshold.

FCG further notes that, unless and until FCG holds capacity sufficient to satisfy 100% of the total throughput on its distribution system, current Tariff Rule 15(J) requires FCG to release the capacity over and above the minimum 105% Sales Design Day according to the following priority:

1. Cycle Read Customers (ADDQ) based on the Marketer's market share;
2. Essential Use Daily Read Customers (DCQ) based on the Marketer's market share; and
3. Non-Essential Use Daily Read Customers based on the Marketer's market share

Importantly, current Tariff Rule 15(J) does not provide FCG with the option to hold sufficient capacity necessary to serve both its Sales and Essential Use Customers.

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<sup>1</sup> The Company notes that the full tariff was resubmitted August 9, 2018, to reflect the acquisition of FCG by FP&L.

QUESTION:

Please describe the circumstances under which FCG is required to release capacity under the current tariff.

RESPONSE:

Current Tariff Rule 15(J) does not state when FCG is required to release the capacity over and above the minimum 105% Sales Design Day threshold. See FCG's response to Staff's First Data Request No. 10.

QUESTION:

Please describe the circumstances under which FCG can release capacity under the proposed tariff.

RESPONSE:

Under the current, and incorrect, version of Tariff Rule 15(J), FCG must hold sufficient capacity to serve a minimum of 105% Sales Design Day. See FCG's response to Staff's First Data Request No. 10. Importantly, current Tariff Rule 15(J) does not clearly provide FCG with the option to hold sufficient capacity necessary to serve both its Sales and Essential Use Customers.

Essential Use Customers include both Sales and Transportation Customers. As explained in FCG's response to Staff's First Data Request No. 7, Essential Use Customers are natural gas customers that provide services necessary to sustain life, public health, and safety or provide essential services in the event of an emergency. FCG must be ready, willing, and able to provide back-up service to these customers that are critical to the health, safety, and welfare of Florida and its citizens, which directly and indirectly benefit from the services and facilities provided by these Essential Use Customers. As such, FCG must ensure that it has sufficient capacity to provide natural gas service to the Essential Use Customers.

FCG has an obligation to provide firm delivery of natural gas to its Sale Customers, including those that are Essential Use. For Essential Use Customers that are Transportation Customers, FCG must be ready to serve these critical customers in the event that they leave Transportation service and return to Sales service, and/or to provide backup service to these critical customers in the event of an emergency or if their Third Party Supplier defaults or otherwise is unable to deliver the gas necessary for the Essential Use Customer.

The proposed revisions to Tariff Sheet No. 22 will clarify that FCG may elect to defer releasing capacity unless and until it has achieved 100% of the pipeline capacity necessary to serve both its Sales Customers and its Essential Use Customers. The proposed revisions to Tariff Rule 15(J) are consistent with the terms the Parties to the Settlement agreed to and the tariff sheet that was entered into the record of Docket No. 20170179-GU as Hearing Exhibit 121 and approved by the Commission at the March 26, 2018 hearing.

Under this proposed revision, FCG will at all times continue to hold 105% capacity (including the required reserve margin) to serve the needs of all of its Sales Customers, including Sales Customers that are Essential Use Customers. In addition to the 105% capacity needed to serve the Sales Customers, FCG will also have the option to hold up to 100% of the capacity needed to serve the Essential Use Customers that are Transportation Customers. Stated otherwise, FCG will have the option to either (i) release capacity above the 105% capacity needed to serve the Sales Customers or (ii) hold up to 100% of the capacity needed to serve the Essential Use Customers that are Transportation Customers.

FCG further notes that, unless and until FCG holds capacity sufficient to satisfy 100% of the capacity needed to serve both its Sales Customers and its Essential Use Customers, the revised Tariff Rule 15(J) requires FCG to release capacity over and above the minimum 105% for Sales Customers (if it elects to make any such release) according to the following priority:

1. Cycle Read Customers (ADDQ) based on the Marketer's market share;
2. Essential Use Daily Read Customers (DCQ) based on the Marketer's market share; and
3. Non-Essential Use Daily Read Customers based on the Marketer's market share

Pursuant to existing Tariff Sheet No. 67, Third Party Suppliers that do not demonstrate sufficient interstate firm capacity are required to accept assignment of such capacity.

QUESTION:

Please describe the circumstances under which FCG is required to release capacity under the proposed tariff.

RESPONSE:

Under the proposed revisions to Tariff Sheet No. 22, if FCG acquires any capacity above and beyond 100% of the capacity needed to serve both its Sales Customers and its Essential Use Customers, FCG is required to release this additional capacity to Third Party Suppliers. Any such capacity releases would be done in a nondiscriminatory manner. Pursuant to existing Tariff Sheet No. 67, Third Party Suppliers that do not demonstrate sufficient interstate firm capacity are required to accept assignment of such capacity.

QUESTION:

Has FCG notified its Third Party Suppliers of the proposed tariff provision and explained how it could potentially impact them? Please explain.

RESPONSE:

FCG has not separately notified Third Party Suppliers of this tariff filing. As explained in FCG's Petition, the purpose of the revision to Tariff Sheet No. 22 is to reinstate language clarifying FCG's obligations to both hold and release capacity that was included in the tariff sheets filed and considered by the Commission at the hearing on the Stipulation and Settlement entered in the Company's last rate case, Docket No. 20170179-GU, but was, due to an internal Company error, not included in the final version of the Tariff that was attached to the Commission's final order, Order No. PSC-2019-0190-FOF-GU. FCG provided notice of the rate case consistent with the Commission's rules and practices. Thus, all interested parties were provided with the requisite notice that FCG's tariff rates, rules, and services were being considered during the rate case and subject to change pending the Commission's final disposition in the rate case. Notably, no Third Party Suppliers intervened or otherwise participated in the last rate case.

Notwithstanding, FCG commits to provide notice of the approved tariff change to all Third Party Suppliers that currently provide service on FCG's system. Within thirty (30) days from the date of the Commission's Final Order approving the tariff provision, FCG will communicate the approved tariff change to Third Party Suppliers through its standard and regularly used method for communicating with Third Party Suppliers. To the extent that any Third Party Suppliers have any questions about the Commission-approved tariff, FCG will timely respond to and work with any such Third Party Supplier to fully address their questions, if any.



**CERTIFICATE OF SERVICE**

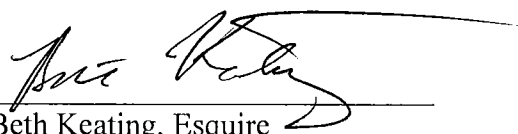
I **HEREBY CERTIFY** that a true and correct copy of the foregoing has been furnished by electronic mail on this 6th day of November 2019 to the following:

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