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IN REPLY REFER TO:

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

March 14, 2014

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

**REDACTED**

**Re: Docket No. 140034-GU -- Petition for approval of special gas transportation service agreement with RockTen CP, LLC, by Peoples Gas System**

Dear Ms. Stauffer:

We enclose for filing with the Commission:

1. the original and five (5) <sup>4</sup> copies of Peoples Gas System's responses to Staff's First Data Request (Nos. 1-14) in the above docket (confidential treatment being requested for portions of such responses);
2. the original and seven (7) copies of Peoples Gas System's Request for Specified Confidential Classification of portions of its responses to Staff's data request; and
3. single unredacted copies of those portions of Peoples' request on which the sensitive information for which confidential treatment is sought has been highlighted.

In the original and all seven (7) "public" copies of the responses to Staff's First Data Request the sensitive information has been redacted.

Please acknowledge your receipt and the date of filing of the enclosures on the enclosed duplicate copy of this letter, and return the same to me in the preaddressed envelope which is also enclosed.

COMMISSION  
CLERK

14 MAR 17 AM 10:17

RECEIVED-FPSC

Carlotta S. Stauffer, Director  
March 14, 2014  
Page 2

Thank you for your usual assistance.

Sincerely,

A handwritten signature in blue ink that reads "Ansley Watson, Jr." in a cursive style.

ANSLEY WATSON, JR.

AWjr/a

cc: Suzanne Brownless, Esquire (via e-mail attachment)

PEOPLES GAS SYSTEM  
DOCKET NO. 140034-GU  
STAFF'S FIRST DATA REQUEST  
REQUEST NO. 1  
PAGE 1 OF 1  
FILED: MARCH 17, 2014

1. Absent the proposed Agreement, which PGS tariff would apply to each of the three RockTenn facilities (Fernandina Beach, Jacksonville, and Panama City)?
  - A. Absent the proposed special contract, the PGS IS rate would apply to each of the three RockTenn facilities (Fernandina Beach, Jacksonville and Panama City.) The IS rate is applicable to those customers that use greater than 4 million, but less than 50 million therms annually.

COM \_\_\_\_\_  
AFD \_\_\_\_\_  
APA \_\_\_\_\_  
ECO 3 \_\_\_\_\_  
ENG \_\_\_\_\_  
GCL 1 \_\_\_\_\_  
IDM \_\_\_\_\_  
TEL \_\_\_\_\_  
CLK \_\_\_\_\_

PEOPLES GAS SYSTEM  
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2. Please state the annual amount received for the most recent 12-month period for each of the three facilities under PGS's applicable tariff?

A. The annual base rate revenue for the most recent 12-month period ending February 28, 2013 for each RockTenn facility is as follows:

Panama City - [REDACTED]

Jacksonville - [REDACTED]

Fernandina Beach - [REDACTED]

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3. Section 5.1 of the Agreement states that the monthly transportation service charge will be in accordance with PGS Rate Schedule CIS. PGS's Rate Schedule CIS, Fourth Revised Sheet No. 7.607, states that the distribution charge to the customer requires evaluation by PGS of competitive conditions. Please provide a detailed description of the competitive conditions pertaining to service to each of the three RockTenn facilities and the PGS evaluation of those conditions that warrants assignment to Rate Schedule CIS.
- A. PGS has used the CIS rate schedule in the special contract because it does not have a specific rate associated to it and provides for all of the provisions and rules and regulations that are applicable to transportation service.

The competitive conditions that pertain to each of the three RockTenn facilities that warrant assignment to Rate Schedule CIS (and a special contract) are as follows:

**All Facilities:**

All three RockTenn facilities are under competitive pressure within the RockTenn organization in that they "compete" with other RockTenn facilities in the Southeast (including plants in Alabama and South Carolina) for capital and production. Generally, the most efficient (low cost) mills are those that are awarded capital to expand. The Florida locations provide hundreds of skilled jobs in the state of Florida and each contributes economically to the counties in which they are located. PGS is entering into this agreement with RockTenn to help preserve the viability of each of the three mills located in Florida, as well as the jobs and economic benefit each facility affords to its respective community.

**Fernandina Beach:**

In early 2011, RockTenn was considering a self-build pipeline construction project. After discussions with PGS, the parties were able to execute a 20 year full requirements agreement. As such, the RockTenn Fernandina Beach mill began utilizing natural gas service with PGS in November 2012.

This mill also has the capability of using fuel oil, bark and coal in place of natural gas.

**Panama City:**

The Panama City mill is located approximately 5.8 miles from Florida Gas Transmission and given the vast quantities of natural gas consumed coupled with the estimated cost of the bypass facilities, the bypass threat from the Panama

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City mill could be a likely possibility, if PGS is not capable of providing service to RockTenn at a competitive rate.

The Panama City mill is also capable of burning alternative fuel, such as oil and coal.

**Jacksonville:**

The Jacksonville mill is located approximately 10.6 miles from Florida Gas Transmission and similar to the Panama City mill, given the vast quantities of natural gas consumed coupled with the estimated cost of the bypass facilities, the bypass threat from the Jacksonville mill could be a likely possibility, if PGS is not capable of providing service to RockTenn at a competitive rate.

The Jacksonville mill is also a steam host for Cedar Bay Generating Station and as such, PGS routinely competes with steam produced from coal at this RockTenn location.

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4. Exhibit B to the petition states that the Jacksonville and Panama City mills have the ability to bypass. Has a study been done to determine the cost of bypass for each of the two facilities? If yes, please provide the study; if not, please explain why.

A. See the bypass cost evaluation for RockTenn's Jacksonville and Panama City mills below.

Assuming the revenue for the most recent 12 month period, the payback period for the Jacksonville mill is 4 years and the payback period for the Panama City mill is 2.2 years.

<i>RockTenn Bypass Study</i>						
Customer	Description	Qty.	Unit	\$/ft	Total \$	Total
RockTenn PC	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
RockTenn Jax	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

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5. Does the mill in Fernandina Beach have the ability to bypass? If not, please explain the basis for providing the Fernandina Beach mill with a special contract?
  - A. See PGS response to Data Request No. 3. The Fernandina Beach self-build/bypass option was eliminated (at least for the term of the contract) when RockTenn entered into a 20 year full requirements transportation agreement with PGS.

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DOCKET NO. 140034-GU  
STAFF'S FIRST DATA REQUEST  
REQUEST NO. 6  
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6. Referring to Exhibit C to the petition, please explain and show the derivation of the amount shown in Line 1, Operation and Maintenance.
- A. See below.

CONFIDENTIAL  
ATTORNEY-CLIENT PRIVILEGE  
ATTORNEY WORK PRODUCT  
Cost of Service Study  
RockTenn Fernandina Beach  
Peoples Gas System, a Division of Tampa Electric Company

Estimated O&M Expense

Line	Description	Amount
1	Meter (prove) [REDACTED] year @	\$ [REDACTED]
2	Repaint station(s) every 2 years @ \$2,500 each	\$ 3,864
3	Maintenance and calibration of EFM Equipment	\$ [REDACTED] year
4	replacement board	\$ 800
	replacement modem	\$ 300
	replacement battery (5 years)	\$ 10
	Misc. materials	\$ 200
5	Annual Regulator Testing and Repair [REDACTED]	\$ [REDACTED]
	Misc. materials	\$ 704
6	Line Maintenance - CP, Leak Surveys, Locates	\$ [REDACTED]
7	Miscellaneous Expense	\$ 2,750
8	Total Estimated O&M Expenses	\$ [REDACTED]
	Total length of pipeline(s) to serve ~ 35 miles	

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7. Please provide a cost of service study similar to Exhibit C for the Jacksonville and Panama City mills.
  - A. See attached cost of service studies.

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CONFIDENTIAL  
ATTORNEY-CLIENT PRIVILEGE  
ATTORNEY WORK PRODUCT  
Cost of Service Study  
RockTenn Panama City  
Peoples Gas System, a Division of Tampa Electric Company

Cost of Service

Line	Description	Amount
1	Operation and Maintenance	\$ [REDACTED]
2	Depreciation	4.20% [REDACTED]
3	Taxes other than income	\$ [REDACTED]
4	Income Taxes	\$ [REDACTED]
5	Return Requirements	\$ [REDACTED]
6	Total Cost of Service	\$ [REDACTED]

NOTES:

Taxes other than income - Property Taxes and Revenue Related

2012 Property tax expense	\$	[REDACTED]
13 month average rate base - 12/31/2012 ESR	(1) \$	635,491,000
Average tax rate		1.35%
Rate Base	\$	[REDACTED]
Property Tax Expense	\$	[REDACTED]
RAF Percentage		0.50%
2012 Annual Revenue	\$	[REDACTED]
Revenue Related Taxes	\$	[REDACTED]
Total Taxes Other than Income	\$	[REDACTED]

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CONFIDENTIAL  
ATTORNEY-CLIENT PRIVILEGE  
ATTORNEY WORK PRODUCT  
Cost of Service Study  
RockTenn Jacksonville  
Peoples Gas System, a Division of Tampa Electric Company

Cost of Service

Line	Description	Amount
1	Operation and Maintenance	\$ [REDACTED]
2	Depreciation	4.20% \$ [REDACTED]
3	Taxes other than Income	\$ [REDACTED]
4	Income Taxes	\$ [REDACTED]
5	Return Requirements	\$ [REDACTED]
6	Total Cost of Service	\$ [REDACTED]

NOTES

Taxes other than Income - Property Taxes and Revenue Related

2012 Property tax expense	\$ [REDACTED]
13 month average rate base - 12/31/2012 ESR	(1) \$ 635,491,000
Average tax rate	1.35%
Rate Base	\$ [REDACTED]
Property Tax Expense	\$ [REDACTED]
RAF Percentage	0.50%
2012 Annual Revenue	\$ [REDACTED]
Revenue Related Taxes	\$ [REDACTED]
Total Taxes Other than Income	\$ [REDACTED]

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8. What would be the impact to other PGS' ratepayers if RockTenn opted for service from another supplier?
  - A. If RockTenn opted for service from another supplier of gas transportation service, PGS would have to continue to carry on its books and maintain (for a period of time until they were abandoned) those assets no longer being utilized by RockTenn. In this instance, the billing determinants from PGS' overall customer base would be reduced by RockTenn's quantities, but PGS' total cost of service would remain equal to that prior to RockTenn's departure from the PGS system. This would indicate that the rates to other PGS ratepayers would increase. Maintaining RockTenn as a customer provides a benefit to PGS' other ratepayers because PGS' fixed costs are spread across a greater number of billing determinants and the revenues derived from providing transportation service to RockTenn exceed the cost of providing such service.

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9. Under provisions of the Agreement, will PGS be required to secure capacity on any interstate or intrastate pipeline for purposes of serving the RockTenn facilities, and is such capacity available?
  - A. PGS has temporarily released to RockTenn capacity from PGS' existing interstate pipeline capacity portfolio and therefore PGS will not be required to secure additional capacity on any interstate or intrastate pipeline for the purpose of serving RockTenn. This capacity release to RockTenn has effectively reduced (and will continue to reduce for the term of the special contract) the capacity component of costs recovered through PGS' Purchased Gas Adjustment Clause. In addition, if such capacity is needed on a peak day, RockTenn as an interruptible customer, is required to allow PGS to utilize the temporarily released capacity in order to provide service to PGS' higher priority customers.

PEOPLES GAS SYSTEM  
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10. Please explain why the Fixed Monthly Charges as shown in Section 4.6 of the proposed Agreement differ for the facilities?
- A. The fixed monthly charge for the Fernandina Beach mill is different than that of the Panama City and Jacksonville mills because PGS must recover the portion of the cost of the expansion of the 35 mile 12-inch line attributable to RockTenn that PGS had to construct in order to serve the RockTenn Fernandina Beach mill.

These fixed monthly charges were developed as market based rates that allow PGS to recover its cost of service and the cost of PGS' expansion to serve RockTenn's Fernandina Beach mill over the term of the agreement.

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11. Does PGS anticipate seeking recovery of the difference between the standard tariff rate and the rate specified in the special contract from the general body of ratepayers through the Competitive Rate Adjustment mechanism?
  - A. PGS is seeking approval of the special contract for the RockTenn facilities in Fernandina Beach, Panama City and Jacksonville. PGS does not intend to use the Competitive Rate Adjustment Clause to recover from other PGS ratepayers any portion of any difference between the otherwise applicable tariff rates and the rates specified in the special contract.

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12. Please explain how PGS proposes to address the revenue shortfall resulting from the Agreement in the next rate case.
  - A. PGS does not expect a revenue shortfall resulting from the special contract. Any incremental revenue generated above RockTenn's cost of service will provide a benefit to PGS' remaining body of ratepayers by serving to reduce PGS' revenue requirements in the Company's next rate case.

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13. What impact will the special contract have on PGS's general body of ratepayers due to the difference between the standard tariff and the rate specified in the Agreement?
  - A. Please refer to PGS' responses to Data Request Nos. 8 and 12.

PEOPLES GAS SYSTEM  
DOCKET NO. 140034-GU  
STAFF'S FIRST DATA REQUEST  
REQUEST NO. 14  
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14. How often, if ever, has PGS sought a Competitive Rate Adjustment for service provided to RockTenn or previous owners of the three facilities?
- A. PGS has not used the Competitive Rate Adjustment to recover any shortfall from its other customers for the Fernandina Beach or Panama City mills.

PGS entered into a Rate Schedule CIS transportation agreement with Stone Container Corporation (now known as RockTenn Jacksonville) as of January 1, 1999 and used the Competitive Rate Adjustment Clause to recover the discount provided by that agreement from November 1999 through May 31, 2013.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for approval of a special contract )  
with RockTenn CP, LLC, by Peoples Gas System. )  
\_\_\_\_\_ )

Docket No. 140034-GU

Submitted for Filing:  
3-17-14

**PEOPLES GAS SYSTEM'S REQUEST  
FOR SPECIFIED CONFIDENTIAL CLASSIFICATION**

Pursuant to Section 366.093, *Florida Statutes*, Peoples Gas System ("Peoples" or the "Company"), submits the following Request for Specified Confidential Classification of portions of the Company's responses to Staff's First Data Request (Nos. 1-14), which are submitted for filing in the above docket concurrently herewith:

1. Attached hereto as Exhibit A is a detailed justification for the requested confidential treatment of the highlighted portions of Peoples' responses.

2. The material for which specified confidential classification is sought is intended to be and is treated as private by Peoples, and has not been disclosed.

3. Peoples requests that the information for which it seeks confidential classification not be declassified until two months after the expiration of the term of the special contract. The detailed justification for non-disclosure of the highlighted portions of the Company's responses to Staff's data request (see Exhibit A attached hereto) also establishes good cause for the Commission's finding that the protection from disclosure should extend for a period longer than 18 months (see Section 366.093(4), *Florida Statutes*). The time period requested is necessary to protect the competitive information (*i.e.*, the quantities for which rates provided in the special contract will apply, and other information from which the rates or quantities might be calculated

from disclosure to Peoples' competitors and to other customers in order to allow Peoples, should it become necessary, to negotiate future gas service arrangements with other customers on favorable terms based on the specific factual circumstances of such customers. The period of time requested will ultimately protect Peoples and its customers by any such future

COM \_\_\_\_\_  
AFD \_\_\_\_\_  
APA \_\_\_\_\_  
ECO 6 \_\_\_\_\_  
ENG \_\_\_\_\_  
GCL 1 \_\_\_\_\_  
IDM \_\_\_\_\_  
TEL \_\_\_\_\_  
CLK \_\_\_\_\_

arrangements being entered into based only on the facts and circumstances then applicable. Should the Commission find that it no longer needs the highlighted confidential information in the Company's responses, Peoples respectfully requests that such information be returned to the Company.

4. Included with this Request are highlighted copies of the portions of the Company's data request responses. In addition, two redacted copies of those responses containing highlighted information are enclosed.

WHEREFORE, Peoples submits the foregoing as its request for confidential treatment of the information identified in Exhibit A.

Respectfully submitted,



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Ansley Watson, Jr.  
Macfarlane Ferguson & McMullen  
P. O. Box 1531  
Tampa, Florida 33601-1531  
Telephone: (813) 273-4200 or -4321  
Facsimile: (813) 273-4396 or -4397  
E-mail: [aw@macfar.com](mailto:aw@macfar.com)

Attorneys for Peoples Gas System

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of the foregoing Request for Confidential Treatment, filed on behalf of Peoples Gas System, has been furnished by regular U.S. Mail to the Office of Public Counsel, 812 Claude Pepper Building, 111 W. Madison Street, Tallahassee, Florida 32399-1400, and to Suzanne Brownless, Esquire, Office of General Counsel, Florida Public Service Commission, 2540 Shumard Oak Blvd., Tallahassee, Florida 32399-0850, this 14th day of March, 2014.



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Ansley Watson, Jr.

## PEOPLES' RESPONSES TO STAFF'S FIRST DATA REQUEST

The information in the Company's responses to Staff's First Data Request for which Peoples seeks specified confidential treatment, and non-disclosure pursuant to Chapter 119, *Florida Statutes*, is highlighted on the following pages of responses:

### Request No. 2, Page 1 of 1:

For each of the three RockTenn mills, the information consists of the total annual base rate revenue under Peoples' tariff rate, from which the annual quantity for each facility could be calculated or closely estimated.

### Request No. 4, Page 1 of 1:

The information consists of the annual quantity for each of the Panama City and Jacksonville mills, from which the rates for service to RockTenn at these facilities could be algebraically determined or closely estimated, together with Peoples' calculation of the costs for each facility to bypass the Peoples distribution system. Peoples considers both the methodology for the calculation of bypass costs and the results of the calculations to be proprietary.

### Request No. 6, Page 1 of 1:

The information consists of employee pay information, or information from which such pay information could be algebraically determined. This information is kept strictly confidential by Peoples to prevent other utilities and businesses from stealing Peoples employees, and to prevent morale issues in instances where employees may have the same position but different rates of pay. See Florida Power & Light Company v. Florida Public Service Commission, 31 So.3d 860 (Fla. 2010).

### Request No. 7, Pages 2 of 3 and 3 of 3:

These pages are cost of service studies for RockTenn's Jacksonville and Panama City mills.

### **Rationale for Specified Confidential Classification**

The highlighted information identified above consists of the various rates at which Peoples will provide gas service to RockTenn under the special contract, the various thresholds below which such rates will apply, other information affecting the level of the rate to be charged, the formula pursuant to which certain of the rates are calculated, and Peoples' cost of service and other information from which rates or annual quantities could be calculated or closely estimated algebraically. It also consists of Peoples method for calculating the costs a customer or potential customer would incur to bypass the Peoples distribution system to take gas service from another transporter, and the results of such calculations for RockTenn's Jacksonville and Panama City mills. All is information directly relating to Peoples' competitive interests which, if made public, "would impair the competitive business" of Peoples in the event it should become necessary to negotiate similar arrangements with other customers or potential customers in the

future. Section 366.093(3)(d), *Florida Statutes*. Disclosure of Peoples' cost to provide service to RockTenn would give other customers or potential customers a benchmark or target toward which to negotiate in dealing with Peoples, notwithstanding that their particular circumstances may not be the same as, or even similar to, those of RockTenn (which circumstances prompted Peoples to enter into the special contract for which the Commission's approval is sought in this docket).

Disclosure of this information, which consists of information from which the rates or annual quantities could be algebraically determined or closely estimated would damage Peoples in its ability to engage in possible future negotiations with this customer on rates and terms of service which are most favorable to Peoples and its ratepayers, and hamper the Company in its ability to negotiate in the future with other customers and potential customers who may be contemplating either the bypass of Peoples' distribution system or switching to a fuel other than natural gas, or never choosing to use the Peoples' distribution system at all. It is reasonably likely that the end result of disclosing this information would be a reduction in revenues to Peoples and/or a loss of future customers or potential customers to alternative suppliers, including those of an alternate fuel.

Two redacted copies of the pages referenced above are appended to this Exhibit A.

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2. Please state the annual amount received for the most recent 12-month period for each of the three facilities under PGS's applicable tariff?

A. The annual base rate revenue for the most recent 12-month period ending February 28, 2013 for each RockTenn facility is as follows:

Panama City - [REDACTED]

Jacksonville - [REDACTED]

Fernandina Beach - [REDACTED]

PEOPLES GAS SYSTEM  
 DOCKET NO. 140034-GU  
 STAFF'S FIRST DATA REQUEST  
 REQUEST NO. 4  
 PAGE 1 OF 1  
 FILED: MARCH 17, 2014

4. Exhibit B to the petition states that the Jacksonville and Panama City mills have the ability to bypass. Has a study been done to determine the cost of bypass for each of the two facilities? If yes, please provide the study; if not, please explain why.

A. See the bypass cost evaluation for RockTenn's Jacksonville and Panama City mills below.

Assuming the revenue for the most recent 12 month period, the payback period for the Jacksonville mill is 4 years and the payback period for the Panama City mill is 2.2 years.

<i>RockTenn Bypass Study</i>						
Customer	Description	Qty.	Unit	\$/ft	Total \$	Total
RockTenn PC	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
RockTenn Jax	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

PEOPLES GAS SYSTEM  
DOCKET NO. 140034-GU  
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REQUEST NO. 6  
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6. Referring to Exhibit C to the petition, please explain and show the derivation of the amount shown in Line 1, Operation and Maintenance.
- A. See below.

CONFIDENTIAL  
ATTORNEY-CLIENT PRIVILEGE  
ATTORNEY WORK PRODUCT  
Cost of Service Study  
RockTenn Fernandina Beach  
Peoples Gas System, a Division of Tampa Electric Company

Estimated O&M Expense

Line	Description	Amount
1	Meter (prove) [REDACTED] year @	\$ [REDACTED]
2	Repaint station(s) every 2 years @ \$2,500 each	\$ 3,864
3	Maintenance and calibration of EFM Equipment	\$ [REDACTED] year
4		\$ 800
	replacement board	\$ 300
	replacement modem	\$ 10
	replacement battery (5 years)	\$ 200
	Misc. materials	\$ [REDACTED]
5	Annual Regulator Testing and Repair [REDACTED]	\$ [REDACTED]
	Misc. materials	\$ 704
6	Line Maintenance - CP, Leak Surveys, Locates	\$ [REDACTED]
7	Miscellaneous Expense	\$ 2,750
8	Total Estimated O&M Expenses	\$ [REDACTED]
	Total length of pipeline(s) to serve ~ 35 miles	

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CONFIDENTIAL  
ATTORNEY-CLIENT PRIVILEGE  
ATTORNEY WORK PRODUCT  
Cost of Service Study  
RockTenn Panama City  
Peoples Gas System, a Division of Tampa Electric Company

Cost of Service

Line	Description	Amount
1	Operation and Maintenance	\$ [REDACTED]
2	Depreciation	4.20% \$ [REDACTED]
3	Taxes other than Income	\$ [REDACTED]
4	Income Taxes	\$ [REDACTED]
5	Return Requirements	\$ [REDACTED]
6	Total Cost of Service	\$ [REDACTED]

NOTES:

Taxes other than Income - Property Taxes and Revenue Related

2012 Property tax expense	\$	[REDACTED]
13 month average rate base - 12/31/2012 ESR	(1) \$	635,491,000
Average tax rate		1.35%
Rate Base	\$	[REDACTED]
Property Tax Expense	\$	[REDACTED]
RAF Percentage		0.50%
2012 Annual Revenue	\$	[REDACTED]
Revenue Related Taxes	\$	[REDACTED]
Total Taxes Other than Income	\$	[REDACTED]

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Cost of Service Study  
RockTenn Jacksonville  
Peoples Gas System, a Division of Tampa Electric Company

Cost of Service

Line	Description	Amount
1	Operation and Maintenance:	\$ [REDACTED]
2	Depreciation	4.20% \$ [REDACTED]
3	Taxes other than Income	\$ [REDACTED]
4	Income Taxes	\$ [REDACTED]
5	Return Requirements	\$ [REDACTED]
6	Total Cost of Service	\$ [REDACTED]

NOTES:

Taxes other than Income - Property Taxes and Revenue Related

2012 Property tax expense	\$ [REDACTED]
13 month average rate base - 12/31/2012 ESR	(1) \$ 635,491,000
Average tax rate	1.35%
Rate Base	\$ [REDACTED]
Property Tax Expense	\$ [REDACTED]
RAF Percentage	0.50%
2012 Annual Revenue	\$ [REDACTED]
Revenue Related Taxes	\$ [REDACTED]
Total Taxes Other than Income	\$ [REDACTED]

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2. Please state the annual amount received for the most recent 12-month period for each of the three facilities under PGS's applicable tariff?

A. The annual base rate revenue for the most recent 12-month period ending February 28, 2013 for each RockTenn facility is as follows:

Panama City – [REDACTED]

Jacksonville – [REDACTED]

Fernandina Beach – [REDACTED]

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4. Exhibit B to the petition states that the Jacksonville and Panama City mills have the ability to bypass. Has a study been done to determine the cost of bypass for each of the two facilities? If yes, please provide the study; if not, please explain why.

A. See the bypass cost evaluation for RockTenn's Jacksonville and Panama City mills below.

Assuming the revenue for the most recent 12 month period, the payback period for the Jacksonville mill is 4 years and the payback period for the Panama City mill is 2.2 years.

<i>RockTenn Bypass Study</i>						
Customer	Description	Qty.	Unit	\$/ft	Total \$	Total
RockTenn PC	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
RockTenn Jax	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

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6. Referring to Exhibit C to the petition, please explain and show the derivation of the amount shown in Line 1, Operation and Maintenance.
- A. See below.

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Cost of Service Study  
RockTenn Fernandina Beach  
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Estimated O&M Expense

Line	Description	Amount
1	Meter (prove) [REDACTED] /year @	\$ [REDACTED]
2	Repaint station(s) every 2 years @ \$2,500 each	\$ 3,864
3	Maintenance and calibration of EFM Equipment	\$ [REDACTED] /year
4	replacement board	\$ 800
	replacement modem	\$ 300
	replacement battery (5 years)	\$ 10
	Misc. materials	\$ 200
5	Annual Regulator Testing and Repair [REDACTED]	\$ [REDACTED]
	Misc. materials	\$ 704
6	Line Maintenance - CP, Leak Surveys, Locates	\$ [REDACTED]
7	Miscellaneous Expense	\$ 2,750
8	Total Estimated O&M Expenses	\$ [REDACTED]
	Total length of pipeline(s) to serve ~ 35 miles	

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Cost of Service Study  
RockTenn Panama City  
Peoples Gas System, a Division of Tampa Electric Company

Cost of Service

Line	Description	Amount
1	Operation and Maintenance	\$ [REDACTED]
2	Depreciation	4.20% \$ [REDACTED]
3	Taxes other than Income	\$ [REDACTED]
4	Income Taxes	\$ [REDACTED]
5	Return Requirements	\$ [REDACTED]
6	<b>Total Cost of Service</b>	<b>\$ [REDACTED]</b>

NOTES:

Taxes other than Income - Property Taxes and Revenue Related

2012 Property tax expense	\$	[REDACTED]
13 month average rate base - 12/31/2012 ESR	(1) \$	635,491,000
Average tax rate		1.35%
Rate Base	\$	[REDACTED]
Property Tax Expense	\$	[REDACTED]
RAF Percentage		0.50%
2012 Annual Revenue	\$	[REDACTED]
Revenue Related Taxes	\$	[REDACTED]
Total Taxes Other than Income	\$	[REDACTED]

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Cost of Service Study  
RockTenn Jacksonville  
Peoples Gas System, a Division of Tampa Electric Company

Cost of Service

Line	Description	Amount
1	Operation and Maintenance:	\$ [REDACTED]
2	Depreciation	4.20% \$ [REDACTED]
3	Taxes other than Income	\$ [REDACTED]
4	Income Taxes	\$ [REDACTED]
5	Return Requirements	\$ [REDACTED]
6	Total Cost of Service	\$ [REDACTED]

NOTES:

Taxes other than Income - Property Taxes and Revenue Related

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Revenue Related Taxes	\$ [REDACTED]
Total Taxes Other than Income	\$ [REDACTED]