

Writer's Direct Dial Number: (850) 521-1706
Writer's E-Mail Address: bkeating@gunster.com

December 8, 2015

BY ELECTRONIC FILING/E-PORTAL

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

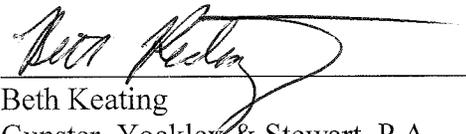
Re: Docket No. 150232-GU - Petition for approval of variance to delay Area Extension Program (AEP) true-up and extend amortization period by Florida City Gas.

Dear Ms. Stauffer:

Attached for filing, please find the Responses of Florida City Gas to the First Set of Data Requests issued to the Company by Commission Staff.

Thank you for your assistance with this filing. As always, please do not hesitate to contact me if you have any questions whatsoever.

Sincerely,


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

MEK

Cc:\ Sevini Guffey (PSC Staff/Division of Economics)
Martha Barrera (PSC Staff Counsel)
Elisabeth Draper (PSC Supervisor/Division of Economics)

Re: Docket No. 150232-GU - Petition for approval of variance to delay Area Extension Program (AEP) true-up and extend amortization period by Florida City Gas.

RESPONSES OF FLORIDA CITY GAS TO COMMISSION STAFF'S
FIRST DATA REQUESTS

1. What is USSC stated in paragraph 12?

Company Response: USSC referenced in paragraph 12 is an acronym of the Target Customer's name.

2. Paragraph 10 of the petition states that the AEP has not been frequently utilized by the Company. Please state how often FCG has used the AEP since its approval in 1995.

Company Response: Since its approval in 1995, FCG has used the AEP tariff for eight projects. In 2012, the Glades Expansion became the first project. Of the seven other projects since then, one was cancelled because a grant from the City of Fellsmere offset the excess construction cost, thereby eliminating the need for an AEP surcharge. All of the remaining AEP projects, excluding the Glades Expansion, are performing as expected, or better, and are on schedule for full recovery.

3. Paragraph 13 of the petition refers to a surcharge of \$0.241/therm calculated according to FCGs tariff. Please explain how the \$0.241/therm was derived.

Company Response: The cost to construct the extension, the annual volume of gas to be delivered through the extension, and the resulting revenues were projected. The Maximum Allowable Construction Cost ("MACC") was computed by multiplying the projected on-going revenue by 6 as provided in FCG's tariff. The amount of the investment to be recovered through the AEP rate was computed by deducting the MACC from the projected construction cost. The revenue requirement including the authorized return on the investment was computed assuming recovery of the investment over the 10 year amortization as provided in the tariff. The AEP rate was computed by dividing the projected revenue requirement by the total volume of gas projected to be distributed thorough the extension over the 10 year amortization period.

4. Paragraph 15 of the petition refers to the recalculated AEP surcharge of \$0.515/therm. Please explain how the \$0.515/therm was derived.

Company Response: **On a monthly basis, since the extension was placed in service in November 2012, the revenue requirement for the month has been computed based on the actual investment and the authorized rate of return. The revenue requirement has been compared with the AEP revenue collected through the application of the \$0.241/therm rate. AEP revenue in excess of the return requirement has been deducted from the remaining AEP investment to be recovered through the application of AEP rate. Based on the actual volumes of gas delivered through the extension during the twelve month ended August 31, 2015 and the volume for one additional customer that is projected to be connected, the monthly AEP revenue, the return, and the amount recovered was projected through October 31, 2015. Based on the volume for the 12 months ended August 2015 and one additional anticipated customer, the base revenues was projected and the resulting Maximum Allowable Construction Cost (“MACC”) was computed and deducted from the remaining AEP investment to be recovered. Using the same procedure as in the past and the monthly volume for the 12 months ended August 31, 2015 (including the projected additional customer), the monthly volumes were projected by month through October 2022. An AEP rate was then computed that would result in investment in excess of the recomputed MACC and the related return at FCG’s authorized return being recovered by October 31, 2022.**

5. Is FCG now charging the \$0.515 surcharge effective November 1, 2015 as stated in paragraph 15 of the petition?

Company Response: **No. FCG has continued to bill the \$0.241 surcharge.**

6. Paragraph 16 of the petition states that the actual project cost increases were related to unanticipated environmental issues. Please explain what those environmental issues were.

Company Response: **An environmental study determined that there were Indian burial grounds along the pipeline route. In lieu of an even more expensive reroute of the gas main, we were allowed to directionally drill under the ~1,200’ long burial ground area at 10’ of depth. The increased costs included rock drill labor rates, abrasive resistant overlay coated drill pipe and environmental and archeological consulting fees.**

7. Has FCG performed the October 31, 2015 AEP true-up as required by the AEP tariff or is FCG waiting on a Commission decision to defer the recalculation until October 31, 2017?

Company Response: **The true-up has been computed as provided in the AEP tariff but the implementation of the revised AEP rate has been deferred until the Commission's decision, consistent with the Company's request at page 8 of the Petition that the recalculation date be tolled pending a decision by the Commission.**

8. Please provide a description of the facilities FCG installed to provide service to the Target Customer.

Company Response: **The project consisted of 30 miles of a 6" transmission pipeline, pig launching and receiving sites, regulation at the target customer site, a regulation station at the City of Clewiston and a distribution system throughout the City of Clewiston to serve identified customers.**