

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

February 2, 2018

Hand Delivery

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

REDACTED

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

Dear Ms. Stauffer:

Attached for filing, please find the original and seven copies of Florida City Gas's Request for Confidential Classification for certain information provided in the Direct Testimonies of OPC Witnesses Dismukes and Willis. Also, consistent with Rule 25-22.006, F.A.C., one highlighted and two redacted copies of the subject material have been included.

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

Kind regards,



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

cc:/ (Service List)

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for rate increase by Florida City
Gas.

DOCKET NO. 20170179-GU

DATED: February 2, 2018

**REQUEST FOR CONFIDENTIAL CLASSIFICATION
AND REQUEST FOR PROTECTIVE ORDER**

FLORIDA CITY GAS (FCG or the Company), by and through undersigned counsel, and pursuant to Rule 25-22.006, Fla. Admin. Code, requests that the Florida Public Service Commission (the Commission) enter an order protecting from public disclosure certain information identified in the Direct Testimonies of David E. Dismukes and Marshall W. Willis, submitted by the Office of Public Counsel on February 1, 2018. The Company seeks confidential classification of the highlighted information contained in Commission Document No. 00878-2018, as refined by the highlighted version included with this Request. The identified information is considered by FCG to be information that meets the definition of “proprietary confidential business information” as set forth in Section 366.093(3), Florida Statutes; thus, the Company asks that the Commission maintain this information as confidential. In support of this Request, FCG states:

1. On October 23, 2017, FCG filed its Petition for Rate Increase, and *inter alia* the prefiled direct testimony and supporting exhibits of its witnesses and Minimum Filing Requirements.

2. On February 1, 2018, the Citizens of the State of Florida, through the Office of Public Counsel (OPC), filed the Direct Testimony and Exhibits of David Dismukes, as well as the Direct Testimony and Exhibits of Marshall Willis, on behalf of the Citizens of Florida.

Within each of the referenced testimonies, there is certain information that FCG deems as confidential and is gleaned from testimony and discovery documents for which the Company has previously requested confidential treatment in this proceeding.

3. 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.

4. The information in Witness Dismukes’s testimony should be classified as proprietary confidential business information because its disclosure would impair the FCG's competitive interests by disclosing information provided in the context of contract negotiations, which would also impair FCG’s ability to negotiate for goods and services on fair and reasonable terms. The identified information in Witness Willis’s testimony should be classified as proprietary confidential business information, as the Company treats it as highly confidential. The information is derived from documents only provided for OPC’s review at the Gunster Law

Firm’s offices, namely FCG’s response to OPC’s Document Production Request No. 34.¹ These documents represent information shared in the context of Southern Company Gas board meetings and reflects Company goals and strategies that, if deemed public, could impair the Company’s competitive interests.

5. FCG seeks confidential classification as follows:

Testimony	Page/Lines -Document	Rationale
Direct Testimony of Marshall Willis	Highlighted information at p. 16, lines 6, 7, 8, 10, 11, and 12	Proprietary Confidential Business Information that is competitively sensitive and meets the definition in Section 366.093(3)(e), F.S.
Direct Testimony of David Dismukes	Highlighted information at page 14, lines 7, 8, 9, and 10; and page 58, line 22, and page 59, lines 1-2.	Proprietary Confidential Business Information that is competitively sensitive and meets the definition in Section 366.093(3)(d) and (e), F.S.

6. Release of any of this information would ultimately impair the Company's ability to provide services to its ratepayers.

¹ FCG notes that in Mr. Willis’ testimony, he references Interrogatory 34, but the referenced information was actually provided as a response to Document Request No. 34.

7. Submitted herewith, in substantial compliance with Rule 25-22.006, Florida Administrative Code, are one highlighted and two redacted versions the identified pages.

8. FCG further requests that the Commission issue a protective order, in accordance with Rule 25-22.006(6), Florida Administrative Code, to continue to protect this information as provided to the Office of Public Counsel, which is a party to this proceeding.


WHEREFORE, FCG respectfully requests that:

1. The Commission enter an order protecting the information in the following files, in its entirety, from public disclosure as proprietary confidential business information the identified, highlighted information in the testimonies of OPC Witnesses Dismukes and Willis, as described in the body of this Request.

2. The Commission issue a protective order, in accordance with Rule 25-22.006(6), Florida Administrative Code, to protect this information as provided to the Office of Public Counsel; and

2. The Commission grant confidential classification for this information for a period of at least 18 months.

Respectfully submitted this 2nd 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 filing has been served by Hand Delivery or Electronic Mail (w/o confidential attachments) this 2nd day of February, 2018, upon the following:

Walter Trierweiler
Florida Public Service Commission
General Counsel's Office
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Virginia Ponder
Office of the Public
Counsel c/o The Florida
Legislature
111 West Madison St., Rm 812
Tallahassee, FL 32399-1400

A.J. Unsicker/L.L. Zieman/N.A. Cepak/R.K. Moore
c/o AFLOA/JACE-ULFSC
139 Barnes Drive, Suite 1
Tyndall AFB FL 32403
(850) 283-6347
andrew.unsicker@us.af.mil
ULFSC.Tyndall@US.AF.MIL
lanny.zieman.1@us.af.mil
natalie.cepak.2@us.af.mil
ryan.moore.5@us.af.mil
Andrew.Jernigan.3@us.af.mil
ebony.payton.ctr@us.af.mil

By: _____



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

1 one sentence explanation for each position but gave no further detail as to excess
2 overtime, new compliance work or new work requirements.

3
4 I also reviewed FCG's discovery responses to OPC Interrogatory No. 34, specifically
5 those related to Operation Goals of the Company. **##BEGIN CONFIDENTIAL##** I
6 specifically reviewed the documents labeled [REDACTED]
7 which contains Company goal targets as well as actual results. [REDACTED]

8 [REDACTED] The
9 periods included were from August 2016 through July 2017. I found only one goal,
10 shown on Bates Stamp No. 16755, which did not meet or exceed the target goals. [REDACTED]

11 [REDACTED]
12 [REDACTED]
13 No other metrics were provided for that period which demonstrated or indicated any
14 problem that needed to be resolved with additional employees.**##END**
15 **CONFIDENTIAL##**

16
17 I further reviewed Attachment 2-75 which was the Company's response to OPC
18 Interrogatory No. 75. This interrogatory asked for the number of customers by year
19 from 2006 to the base year 2016. A review of the document shows that customers have
20 only increased by 4.07% from 2006 to the base year 2016 while, according to the
21 Company's response to OPC Interrogatory No. 1(b), employees have increased 16.08%
22 from 2013 to the base year of 2016, far outpacing customer growth. This clearly does
23 not demonstrate the need for more employees.

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1 despite the fact that the Company characterizes its proposed LNG facility as the
2 “cornerstone” of its capacity-related solutions.⁴⁷

3

4 **Q HOW MUCH IS THE COMPANY ANTICIPATING PAYING FOR THIS**
5 **ADDITIONAL FGT TRANSMISSION CAPACITY?**

6 A. **##BEGIN CONFIDENTIAL##**The Company states that its quoted reservation cost
7 for incremental capacity on the FGT pipeline is [REDACTED]⁴⁸ The Company
8 also states that on an annualized basis, this translates to total amount of [REDACTED]
9 [REDACTED]⁴⁹ This implies that the total cost associated with the
10 proposed reservation of an incremental 20,000 Dth/d will be [REDACTED]
11 **##END CONFIDENTIAL##.**

12 **Q. HAS THE COMPANY PROVIDED AN ESTIMATE OF THE COSTS**
13 **ASSOCIATED WITH THE CONSTRUCTION OF THE LNG FACILITY?**

14 A. Yes. The Company estimates that the proposed facility will cost \$58 million.⁵⁰ Exhibit
15 DED-1 presents a detailed breakdown of the total cost and individual cost components.
16 The current cost estimate importantly does not include any contingency, which is
17 commonly included in estimates of major capital projects. The Company, however,
18 notes that its current cost estimate is not fixed and that the accuracy of the cost estimate
19 will improve as the project gets closer to completion.⁵¹

⁴⁷ Petition for Approval of Rate Increase, Request for Approval of Depreciation Study, and Request for Interim Rate Relief by Florida City Gas, ¶12.

⁴⁸ Direct Testimony of Gregory Becker, Exhibit GB-2.

⁴⁹ Direct Testimony of Gregory Becker, Exhibit GB-2.

⁵⁰ Direct Testimony of Stephen Wassell, 9:1-9.

⁵¹ Direct Testimony of Stephen Wassell, 9:12-13.

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1 Day study. That most recent study is provided in the Company's
2 response to POD 72. The comparison of the available options were
3 described and provided in witness Becker's testimony and exhibits.¹⁹³

4

5 **Q. DID THE COMPANY PROVIDE A COMPARISON OF THE POTENTIAL**
6 **COSTS ASSOCIATED WITH DIFFERENT SUPPLY ALTERNATIVES?**

7 A. Yes, as part of its filing, the Company provided what it characterizes as a comparison
8 of the potential costs associated with different potential supply alternatives.¹⁹⁴ This
9 analysis compares four potential supply options to provide the Company with an
10 incremental 10,000 Dth/d of supply capability. The first three potential supply options
11 examined by the Company were the annual reservation costs on the (1) Gulfstream
12 pipeline, (2) Sabal Trail and FSC pipelines, and (3) FGT pipeline. The fourth potential
13 supply option examined by the Company was the annual revenue requirement
14 associated with the proposed LNG storage facility.¹⁹⁵ It should be noted that the
15 Company's analysis is of limited value because it does not include costs associated
16 with establishing connections to pipelines to which it is not currently interconnected.

17

18 **Q. WHAT DID THIS LIMITED SCOPE COST COMPARISON SHOW?**

19 A. The Company's analysis finds that incremental reservations on the Gulfstream pipeline
20 would result in the lowest cost for incremental capacity. Indeed, the Company
21 calculated that an additional 10,000 Dth/d of capacity would only cost \$2.59 million
22 per year to reserve on this pipeline.¹⁹⁶ **##BEGIN CONFIDENTIAL##** [REDACTED]

¹⁹³ Company's response to OPC POD-71.

¹⁹⁴ Direct Testimony of Gregory Becker, Exhibit GB-2.

¹⁹⁵ Direct Testimony of Gregory Becker, Exhibit GB-2.

¹⁹⁶ Direct Testimony of Gregory Becker, Exhibit GB-2.

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1 [REDACTED]
2 [REDACTED]¹⁹⁷ ##END

3 **CONFIDENTIAL##** The proposed LNG storage facility is slightly more expensive
4 than incremental reservations on the FGT system, and is estimated to be slightly more
5 than \$5.745 million per year.¹⁹⁸

6
7 **Q. DID THE COMPANY EXPLAIN WHY IT DID NOT PURSUE**
8 **RESERVATIONS ON THE GULFSTREAM SYSTEM?**

9 A. The Company stated that it felt that Gulfstream’s tariff precluded it from transacting
10 on seasonably-available firm transport capacity on a long-term basis.¹⁹⁹ Furthermore,
11 the Company’s cost comparison notes that it does not include any costs associated with
12 infrastructure to deliver gas to the FCG system. The Company made no attempt to
13 investigate whether purchases from the Gulfstream system would be economical with
14 the installation of needed infrastructure to interconnect the pipeline to the Company’s
15 system.

16
17 **Q. IN SUMMARY, WHAT DOES THE COMPANY’S LIMITED SCOPE COST**
18 **COMPARISON SHOW?**

19 A. Contrary to the Company’s assertion that construction of the proposed LNG storage
20 facility represents the “most effective and cost effective” option, the Company’s
21 analysis shows that at least the acquisition of additional supply capabilities from the

¹⁹⁷ Direct Testimony of Gregory Becker, Exhibit GB-2.
¹⁹⁸ Direct Testimony of Gregory Becker, Exhibit GB-2.
¹⁹⁹ Direct Testimony of Gregory Becker, 23:1-2.