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April 6, 2018

E-Portal

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

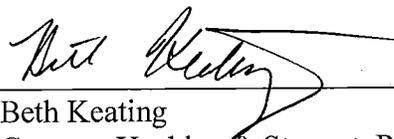
Re: Docket No. 20180043-GU – Petition for approval of Area Extension Plan Rate Extension Agreement with United States Sugar Corporation, by Florida City Gas.

Dear Ms. Stauffer:

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

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
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Docket No. 20180043-GU – Petition for approval of Area Extension Plan Rate Extension Agreement with United States Sugar Corporation, by Florida City Gas.

Responses to Staff's Second Set of Data Requests

1. Please state the Maximum Allowable Construction Cost (MACC) for the Glades AEP when it came into service in November of 2012. The spreadsheet originally submitted in the petition and the spreadsheet provided in FCG's responses to Staff's First Data Request show differing MACC values.

FCG RESPONSE:

The Maximum Allowable Construction Cost (MACC) for the Glades AEP when placed into service in November of 2012 was \$5,958,718. The original MACC was a projection made based on the Company's estimated customer connections and throughput.

2. If the MACC has changed at any point, please provide clarification on when and why.

FCG RESPONSE:

The Company recalculated the MACC based upon actual revenues for the 12 months ended September 2017. Per the Agreement, recovery is based solely upon the capital required to connect U.S. Sugar to the Company's distribution system via the Glades AEP line. To ensure that the surcharge recovers an amount needed to make the Company whole, the Company recalculated the MACC for the project with actual revenues for the 12 months ended September 2017. The recalculation is consistent with the terms of the agreement, as well as the tariff mechanism that contemplates periodic true-ups.

3. Please refer to item eight of FCG's responses to Staff's First Data Request. Please discuss why it is appropriate to have all Glades customers' AEP rates be contingent on a specific customer's special contract. In this case, the special contract refers to a rate recalculation when U.S. Sugar demonstrates a six percent increase in natural gas consumption.

FCG RESPONSE:

This Agreement protects all other customers being charged the Glades AEP surcharge because without this Agreement the surcharge would increase from \$0.241 per therm to \$0.629 per therm. U.S. Sugar is the largest consumer of natural gas on the Glades AEP line, and was the main reason for the project. A 6% increase in annual natural gas consumption made by U.S. Sugar and its subsidiaries and affiliates would result in a reduction to the Glades AEP surcharge, and therefore benefitting the remaining Glades AEP customers.

This Agreement also protects the other customers on the Glades AEP line from the impacts of decreases in natural gas consumption by U.S. Sugar and its subsidiaries and affiliates, which would result in an increased surcharge if not for this Agreement.

4. On the spreadsheet provided in response to Staff's First Data Request, there is an "Assessment" of 0.503 percent. Please explain this fee and how it relates to the AEP tariff.

FCG RESPONSE:

A portion of Company's revenue streams, including AEP revenues, are subject to the Florida Public Service Commission's Assessment Fee of 0.503%. The spreadsheet provides monthly AEP Revenue Collections less the FPSC Assessment fee of 0.503%, as that is the amount that will be applied to the Recoverable Balance for the project.

5. In the first paragraph of page two of the Agreement, should the sentence state the projected increase was from \$0.241 per therm to \$0.515 per therm?

FCG RESPONSE:

The sentence is correct on the filed Agreement. The current projected increase of the Glades AEP surcharge is from \$0.241 per therm to \$0.629 per therm. The \$0.515 per therm amount is what the Glades AEP surcharge would have been increased to in 2015 had the Commission not granted the prior extension of the Glades AEP recovery period back in 2015.

6. In the recent rate case, the FPSC approved modifications to the AEP tariff to include true-up calculations on years three, five, seven, and nine. Will this change only affect new AEP projects? If it affects the Glades AEP, please explain how.

FCG RESPONSE:

The tariff change will apply to current and new AEP projects, but will not apply to the Glades AEP. Any future true-ups to the Glades AEP rate would be subject to the parameters outlined within the Agreement, if it is approved by the Commission. All other AEP projects will continue to be subject to true-up as set forth in the Company's Commission-approved tariff.