

# DICKSTEINSHAPIRO<sub>LLP</sub>

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## By Electronic Filing

April 11, 2008

Ms. Kimberly D. Bose  
Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, DC 20426

Re: Response to March 17, 2008 Data Request  
OEP/DPC/CB-1  
Floridian Natural Gas Storage Company, LLC  
FERC Docket No. CP08-13-000  
§375.308(x)(3)

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Dear Ms. Bose:

In connection with the Application of Floridian Natural Gas Storage Company, LLC ("FGS") for a certificate of public convenience and necessity to construct, own and operate a new natural gas storage facility filed on October 31, 2007 (the "Application") in the above-referenced docket, FGS hereby files the attached Response to the March 17, 2008 Data Request made in FERC Docket No. CP08-13-000.

FGS's Response contains only Public material and FGS is making this filing electronically. Electronic copies of this filing are being sent by email to all parties to this proceeding, as well as to the persons identified below.

**DICKSTEINSHAPIRO**LLP

Ms. Kimberly D. Bose  
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If you have any questions about any of these submissions, please do not hesitate to contact me at (202) 420-2745 or Beth Webb at (202) 420-4782.

Sincerely,



Joan M. Darby

Enclosures

cc: All Parties  
Sheila Hernandez, FERC  
Charles Brown, FERC  
Barbara Mohrman, ERM  
Tim Gray, Florida Department of Environmental Protection  
John Wrublik, US Fish and Wildlife Service  
Ted Walden, US Environmental Protection Agency, Region 4  
Eric Reusch, U.S. Army Corps of Engineers  
Tom Colios, South Florida Water Management District  
Joseph Walsh, Florida Fish and Wildlife Conservation Commission

**FLORIDIAN GAS STORAGE PROJECT**

**Docket No. CP08-13-000**

**FGS RESPONSE TO  
MARCH 17, 2008 DATA REQUEST**

**April 11, 2008**

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**Floridian Gas Storage Project**  
**Docket No. CP08-13-000**  
**FGS RESPONSE TO**  
**MARCH 17, 2008 DATA REQUEST**  
**April 11, 2008**

1. **In examining and evaluating market-based storage rate proposals under the 1996 *Alternative Rate Policy Statement*,<sup>1</sup> the Commission considers storage providers in close proximity to the applicant, to ensure that the cost of providing storage service including transportation charges are comparable. Floridian Natural's proposed geographic market area includes storage fields in the Gulf Coast region of Texas, Louisiana and Mississippi as competitors with its storage field located in south eastern Florida. The only transportation access to those Gulf Coast storage fields is provided by Gulfstream Natural Gas System, L.L.C. (Gulfstream) and Florida Gas Transmission Company (FGT). Further under the *Alternative Rate Policy Statement*, to be considered a good alternative, a competing storage provider must be: (a) reasonable substitute; (b) available at a competitive price; (c) applicant is unable to raise its rates more than ten percent higher than the market; and (d) the applicant is unable to exercise market power. Given this context, please address the following:**
  - a. **Provide the firm and interruptible transportation rates to transport gas on both Gulfstream and FGT from the Gulf Coast storage fields in Texas, Louisiana, and Mississippi to Floridian Natural's storage facility in Martin County, Florida.**

**Answer to 1.a.:**

FGT provides firm transport service under two rate schedules - FTS-1 and FTS-2. All customers that had firm transportation contracts with FGT prior to the FGT Phase IV expansion are subject to Rate Schedule FTS-1, while all new customers served by the FGT Phase IV, V, VI and VII expansions are subject to Rate Schedule FTS-2 (see Table A directly below). FGT has recently announced and pre-filed with FERC (FERC Docket No. PF08-17-000) a major Phase VIII expansion, which will have a rate structure similar to that shown in Table A, but the rates under Rate Schedule FTS-3 will be higher. While that new Rate Schedule has not yet been published, prices being quoted in the market for firm service are in the \$1.25 to \$1.30 range.

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<sup>1</sup> *Alternatives to Traditional Cost-of-Service Ratemaking for Natural Gas Pipelines*; Regulation of Negotiated Transportation Services of Natural Gas Pipelines, 74 FERC ¶ 61,076, *reh'g denied*, 75 FERC ¶ 61,024 (1996), *petitions for review den'd sub nom. Burlington Resources Oil & Gas Co. v. FERC*, 172 F.3d 918 (D.C. Cir. 1998) (*Alternative Rate Policy Statement*).

Gulfstream provides firm transport service under Rate Schedule FTS-1. Rate Schedule FTS-1 customers pay a Capacity Reservation Rate in addition to a Deliverability Reservation Rate that allows for flexibility on hourly off-takes (See Table B below). Tables A and B also provide information on the rates that customers pay for interruptible service on FGT and Gulfstream.

**Table A:**

<b>Florida Gas Transmission Company, LLC</b>		
<b><sup>1</sup>FIRM MARKET AREA TRANSPORTATION -FTS 1</b>		
<b>Reservation</b>	<b>FROM</b>	<b>TO Market Area-FGS (\$/MMBtu)</b>
	TX/LA/MS	0.3855
<b>Usage</b>	<b>From</b>	<b>To Market Area-FGS (\$/MMBtu)</b>
	TX/LA/MS	0.0345
<b>Fuel</b>	<b>From</b>	<b>To Market Area-FGS</b>
	TX/LA/MS	3.68%
<b>Fuel Charge<sup>2</sup></b>	<b>From</b>	<b>To Market Area-FGS (\$/MMBtu)</b>
	TX/LA/MS	0.355856
<b>Firm Transportation Rate (w/out surcharges)</b>		<b>0.775856</b>
<b><sup>3</sup>Firm Transportation Rate (with surcharges)</b>		<b>0.797856</b>
<b><sup>4</sup>FIRM MARKET AREA TRANSPORTATION -FTS 2</b>		
<b>Reservation</b>	<b>FROM</b>	<b>TO Market Area-FGS (\$/MMBtu)</b>
	TX/LA/MS	0.769
<b>Usage</b>	<b>From</b>	<b>To Market Area-FGS (\$/MMBtu)</b>
	TX/LA/MS	0.007
<b>Fuel</b>	<b>From</b>	<b>To Market Area-FGS</b>
	TX/LA/MS	3.68%
<b>Fuel Charge</b>	<b>From</b>	<b>To Market Area-FGS (\$/MMBtu)</b>
	TX/LA/MS	0.355856
<b>Firm Transportation Rate (w/out surcharges)</b>		<b>1.131856</b>
<b>Firm Transportation Rate (with surcharges)</b>		<b>1.153856</b>
<b><sup>5</sup>INTERRUPTIBLE MARKET AREA TRANSPORTATION</b>		
<b>Usage</b>	<b>FROM</b>	<b>To Market Area-FGS (\$/MMBtu)</b>
	TX/LA/MS	0.598
<b>Fuel</b>	<b>FROM</b>	<b>To Market Area-FGS</b>
	TX/LA/MS	3.68%
<b>Fuel Charge</b>	<b>FROM</b>	<b>To Market Area-FGS (\$/MMBtu)</b>
	TX/LA/MS	0.355856
<b>Interruptible Transportation Rate (w/out surcharges)</b>		<b>0.953856</b>
<b>Interruptible Transportation Rate (with surcharges)</b>		<b>0.975856</b>
<b>Note:</b> An added Fuel Reimbursement Charge Percentage of 0.25% per compressor station is applicable to forward and backhauls, where quantities are received and delivered in the Market Area.		

**Table B:**

<b>Gulfstream Natural Gas System, L.L.C.</b>			
<b><sup>6</sup>FIRM TRANSPORTATION - FTS 1</b>			
<b>Capacity Reservation</b>	<b>From</b>	<b>TO</b>	<b>(\$/MMBtu)</b>
	AL	FL	0.2698
<b>Usage</b>	<b>From</b>	<b>TO</b>	<b>(\$/MMBtu)</b>
	AL	FL	0.0055
<b>Fuel<sup>7</sup></b>	<b>From</b>	<b>TO</b>	
	AL	FL	1.33%
<b>Fuel Charge</b>	<b>From</b>	<b>To</b>	<b>(\$/MMBtu)</b>
	AL	FL	0.128611
<b>Deliverability Reservation<sup>8</sup></b>		<b>Maximum Hourly Quantity Percentage</b>	<b>(\$/MMBtu)</b>
		4.20%	0.2698
		5.00%	0.3238
		6.00%	0.3886
		7.00%	0.4533
		8.00%	0.5181
<b>Firm Transportation Rate (w/out surcharges)</b>		<b>4.20%</b>	<b>0.673711</b>
		<b>5.00%</b>	<b>0.727711</b>
		<b>6.00%</b>	<b>0.792511</b>
		<b>7.00%</b>	<b>0.857211</b>
		<b>8.00%</b>	<b>0.922011</b>
<b><sup>9</sup>Firm Transportation Rate (with surcharges)</b>		<b>4.20%</b>	<b>0.675611</b>
		<b>5.00%</b>	<b>0.729611</b>
		<b>6.00%</b>	<b>0.794411</b>
		<b>7.00%</b>	<b>0.859111</b>
		<b>8.00%</b>	<b>0.923911</b>
<b><sup>10</sup>INTERRUPTIBLE TRANSPORTATION - ITS 1</b>			
<b>Usage</b>	<b>From</b>	<b>To</b>	<b>(\$/MMBtu)</b>
	AL	FL	0.7934
<b>Fuel</b>	<b>From</b>	<b>To</b>	<b>(\$/MMBtu)</b>
	AL	FL	1.33%
<b>Fuel Charge</b>	<b>From</b>	<b>To</b>	<b>(\$/MMBtu)</b>
	AL	FL	0.128611
<b>Interruptible Transportation Rate (w/out surcharges)</b>			<b>0.922011</b>
<b>Interruptible Transportation Rate (with surcharges)</b>			<b>0.923911</b>

**Footnotes:**

<sup>1</sup>Firm Market Area Transportation-Base-FTS 1 rates obtained from filed tariff Tenth Revised Sheet No. 7.

<sup>2</sup>Henry Hub Mid-point Delivery Price of \$9.67/MMBtu per Platts Gas Daily, April 4, 2008 publication is used in calculating the fuel charge.

<sup>3</sup>The Effective Unit Fuel Surcharge of \$0.0201 obtained from filed tariff and the ACA surcharge of \$0.0019 are added in the firm and interruptible transportation rates (with surcharges).

<sup>4</sup>Firm Market Area Transportation-Incremental-FTS 2 rates obtained from filed tariff Eighth Revised Sheet No. 8.

<sup>5</sup>Interruptible Market Area Transportation rates obtained from filed tariff Seventh Revised Sheet No. 9.

<sup>6</sup>Firm Transportation-FTS 1 rates obtained from filed tariff First Revised Sheet No. 5.

<sup>7</sup>Gas for Transporter's Use % obtained from filed tariff Seventh Revised Sheet No. 8.

<sup>8</sup>The 5 rates are for 5 options to nominate 5 different MHQs (MHQ is defined as Maximum Hourly Quantity). Shippers take service pursuant to a "postage stamp" rate: no matter where a shipper receives or delivers the gas the usage and capacity reservation charges are the same but the deliverability reservation charge varies depending on how much the shipper wants to nominate per hour and per day.

<sup>9</sup>ACA surcharge of \$0.0019 is added in the firm and interruptible transportation rate (with surcharges).

<sup>10</sup>Interruptible Transportation-ITS 1 rates obtained from filed tariff First Revised Sheet No. 5.

Sponsored by:  
Theodore R. Breton  
April 11, 2008

**b. Explain whether firm transportation capacity is available on Gulfstream and FGT and the amount of such firm transportation capacity.**

**Answer to 1.b.:**

Every Florida company that is a target FGS Project customer currently holds capacity on FGT, Gulfstream or Cypress. In fact, the majority of the capacity on all of these pipelines is owned by target FGS Project customers. (See Sources 1 and 2 directly below for the respective indices of customers.) Thus, firm transportation capacity on these pipelines is available to potential FGS Project customers to move gas to the FGS Project for storage, and the publicly-stated availability of firm transportation capacity on FGT and Gulfstream is not determinative of whether pipeline capacity is available to target customers.

Most FGS Project customers will use the firm transportation capacity that they already hold on these pipelines to move the natural gas that they wish to store in the FGS Project. Additionally, FGS Project customers are most likely to move volumes into FGS Project storage during off-peak periods for the pipelines; because the firm pipeline capacity is sized based on the peak day demand during the summer months, the pipelines are significantly underutilized during the shoulder months or off peak periods and have more than enough capacity available to fill the FGS facility; without storage in Florida, this capacity would go unused. Moreover, when these customers do withdraw volumes from FGS Project storage during peak periods, firm transportation is available by backhaul from the storage facility to upstream points on FGT and Gulfstream where these customers' dual-fired power plants are located and these backhaul deliveries upstream of the storage facility will in effect create additional capacity on the pipelines. Injecting large quantities of high pressure natural gas into the lowest pressure points at the end of these pipeline systems physically creates additional capacity upstream of that point. This is one of the primary reasons why the FGS Project was located in South Florida.

In response to Data Request 1.b., additional firm transportation capacity is available on both FGT and Gulfstream. The amount of firm transportation capacity available for additional contracting to customers on these pipelines varies from month to month. (See Tables C and D below for capacity details.) While the availability of firm capacity on both FGT and Gulfstream has historically been limited (FGT has averaged about 12 MMcf/d and Gulfstream has averaged about 45 MMcf/d, as shown on Tables C and D below), and Gulfstream will be fully subscribed in 2009, several projects to expand capacity into Florida, as described hereafter, are pending before the FERC, most of which will be in operation before the FGS Project commences service in 2012.

Both FGT and Gulfstream have proposed expansions of capacity to serve Florida. FGT recently commenced the pre-filing process with FERC for its Phase VIII Expansion (FERC Docket No. PF08-17-000), which will increase capacity by 800,000 MMBtu/d. That proposal includes looping the mainline, adding horsepower at new and existing compressor stations, acquiring the Florida Power & Light (FPL) Martin Plant lateral, and constructing new laterals. The FGT Phase VIII expansion has a planned in-service date of April 1, 2011, with rates for firm service being quoted in the market in the \$1.25 to \$1.30 per MMBtu range.

In May 2007, Gulfstream proposed a mainline expansion and initiated an open season (which closed August 31, 2007) to add an additional 750,000 MMBtu/d of incremental firm transportation capacity. New service from this expansion is anticipated to be available beginning in late 2011. Rates for this Gulfstream firm service are being quoted in the market in the \$1.25 to \$1.45 per MMBtu range.

In November, 2007, Southern Natural Gas (SNG) proposed and began marketing an expansion of its system running from northern Louisiana and central Mississippi, through Alabama and Georgia to an interconnect with FGT in Suwannee County, Florida. This proposed expansion of 400,000 to 1,000,000 MMBtu/day is being quoted in the market at a negotiated rate of \$0.68 per MMBtu, \$0.048 variable cost, plus 1.78% fuel. The SNG expansion is being marketed specifically to provide Florida access to “multiple storage options” of SNG existing storage, third party storage, and SNG storage developments, as well as Elba Island.

This summer the Southeast Supply Header project is expected to begin operation. This new 270-mile pipeline extends from the Perryville Hub in northeastern Louisiana to Alabama where it interconnects with both Gulfstream and FGT, providing Florida access to onshore production from East and North Texas and Northern Louisiana (in contrast to the more common offshore supplies from the Gulf of Mexico), as well as to gas storage in Mississippi, thereby increasing deliverability into both Gulfstream and FGT. Rates are expected to be in the range of \$0.30 per MMBtu.

**Source 1:**

<http://www.hottap.panhandleenergy.com/index.jsp?companyName=FGT&pg=IOC&frames=none>

**Florida Gas Transmission Company, LLC**

**Index of Customers**

Date Requested: Apr 09 2008 7:40 AM

 [download -- tab-delimited file](#)

Pipeline Id : 34

Report Date : 04/01/2008

Orig\Rev Ind : O (O - Original Filing, R - Revised Filing)

First Day Of Calendar Quarter : 04/01/2008

Unit of Measurement for Transportation/Storage : B ? MMBtu

Contact Name/Phone : Stephen Veatch (713)989-2024

Shipper Name	Shipper Id	Shipper Affiliate	Rate Sch	Contract Number	Eff Date	Exp Date	Days till Expire	Neg Rates	Trans Qty	Foot Note	Agents/ Points
FLORIDA PUBLIC UTILITIES COMPANY	6924427	N	FTS-1	100740	12/15/01	07/31/10	365	N	1792		Points
NATIONAL GYPSUM COMPANY	808836894	N	FTS-2	101413	09/01/02	02/28/15	0	N	324		Agents Points
SOUTHERN COMPANY SERVICES, INC.	6925341	N	FTS-2	101502	11/01/02	10/31/22	0	N	0	X6	
TAMPA ELECTRIC COMPANY	6924286	N	FTS-1	101716	12/01/02	07/31/20	0	N	5899	X4	
TAMPA ELECTRIC COMPANY	6924286	N	FTS-1	101716-105189	02/08/06	01/31/17	0	N	1000	X4	Points
RELIANT ENERGY SERVICES, INC.	361439698	N	FTS-2	101946	06/01/03	05/31/23	0	N	54367	X9	Points
ORLANDO UTILITIES COMMISSION	4076071	N	FTS-2	101950	11/01/03	10/31/23	0	N	80000	X9	Agents Points
IPSCO STEEL (ALABAMA) INC.	200675734	N	FTS-WD	102037	05/01/03	03/31/09	365	N	2000		Points
FLORIDA PUBLIC UTILITIES COMPANY	6924427	N	FTS-2	102048	06/01/03	05/31/23	0	N	600	X4	
FLORIDA PUBLIC UTILITIES COMPANY	6924427	N	FTS-2	102048-107033	11/01/07	02/29/16	0	N	822	X4	
FLORIDA PUBLIC UTILITIES COMPANY	6924427	N	FTS-2	102048-107034	11/01/07	03/31/22	0	N	115	X4	

FLORIDA PUBLIC UTILITIES COMPANY	6924427	N	FTS-2	102048-107035	11/01/07	02/29/16	0	N	285	X4	Points
MOSAIC FERTILIZER, LLC	602503976	N	FTS-1	102665	11/01/03	10/31/16	365	N	216		Agents Points
CUTRALE CITRUS JUICES USA, INC.	958547432	N	FTS-2	102761	12/01/03	03/31/16	0	N	0	X6	
CUTRALE CITRUS JUICES USA, INC.	958547432	N	FTS-2	102772	04/01/04	02/28/17	0	N	1000		Agents Points
DEFUNIAK SPRINGS, CITY OF	25253659	N	SFTS	103101	03/01/04	12/31/16	365	N	1500		Points
OKALOOSA GAS DISTRICT	10387272	N	FTS-1	103171	04/01/04	07/31/15	365	N	0	X6/X8	
TAMPA ELECTRIC COMPANY	6924286	N	FTS-2	103543	11/01/04	03/31/11	0	N	0	X6	
U.S. AGRI-CHEMICALS CORPORATION	199702051	N	FTS-2	103568	09/01/04	02/29/16	0	N	0	X6	
VIRGINIA POWER ENERGY MARKETING, INC.	27046650	N	FTS-1	103798	11/01/04	12/31/09	365	N	341		Points
VIRGINIA POWER ENERGY MARKETING, INC.	27046650	N	FTS-1	103799	11/01/04	12/31/09	365	N	342		Points
VIRGINIA POWER ENERGY MARKETING, INC.	27046650	N	FTS-1	103800	11/01/04	02/28/19	0	N	2605		Points
VIRGINIA POWER ENERGY MARKETING, INC.	27046650	N	FTS-2	103801	11/01/04	02/28/15	0	N	3053		Points
VIRGINIA POWER ENERGY MARKETING, INC.	27046650	N	FTS-2	103802	11/01/04	02/28/15	0	N	3053		Points
VIRGINIA POWER ENERGY MARKETING, INC.	27046650	N	FTS-1	103803	11/01/04	02/28/19	365	N	2606		Points
OKALOOSA GAS DISTRICT	10387272	N	FTS-WD	104169	04/01/04	03/31/10	0	N	5000		Agents Points
ORLANDO UTILITIES COMMISSION	4076071	N	FTS-2	104345	11/01/06	03/31/23	0	N	0	X6	
LIVE OAK, CITY OF	70866777	N	FTS-1	104359	06/01/05	01/31/17	365	N	711		Agents Points
FLORIDA GAS UTILITY	966335010	N	FTS-1	104409	06/01/05	05/31/08	0	N	16946		Points
FLORIDA GAS UTILITY	966335010	N	FTS-1	104409-104354	06/01/05	09/30/10	0	N	765	X5	Points
FLORIDA GAS UTILITY	966335010	N	FTS-1	104409-104355	06/01/05	09/30/13	365	N	1281	X5	Points
FLORIDA GAS UTILITY	966335010	N	FTS-1	104409-104356	06/01/05	07/31/15	0	N	650	X5	Points
FLORIDA GAS UTILITY	966335010	N	FTS-1	104409-104357	06/01/05	07/31/10	0	N	558	X5	Points

FLORIDA GAS UTILITY	966335010	N	FTS-1	104409-104358	06/01/05	07/31/10	0	N	4790	X5	Points
FLORIDA GAS UTILITY	966335010	N	FTS-1	104409-104360	06/01/05	07/31/10	0	N	3550	X5	Points
FLORIDA GAS UTILITY	966335010	N	FTS-1	104409-104361	06/01/05	02/28/11	0	N	1500	X2/X5	Points
FLORIDA GAS UTILITY	966335010	N	FTS-1	104409-104362	06/01/05	07/31/15	365	N	943	X5	Points
FLORIDA GAS UTILITY	966335010	N	FTS-1	104409-104363	06/01/05	02/29/12	0	N	2909	X5	Points
GENEVA COUNTY GAS DISTRICT	81390429	N	SFTS	104486	07/01/05	01/31/17	365	N	1411		Agents Points
FLORIDA MUNICIPAL POWER AGENCY	798326856	N	FTS-1	104678	09/01/05	11/30/72	0	N	0	X6/X7	
NATIONAL GYPSUM COMPANY	808836894	N	FTS-2	104689	09/01/05	02/28/15	0	N	2800		Agents Points
CORAL ENERGY RESOURCES, L.P.	15014421	N	FTS-WD	105690	11/01/06	10/31/10	0	N	2000		Points
BP ENERGY COMPANY	625275755	N	FTS-1	105778	09/01/06	01/31/17	365	N	500		Points
PEOPLES GAS SYSTEM, A DIVISION OF TAMPA	6922736	N	FTS-1	105988	11/01/06	07/31/10	0	N	4000		Points
ORLANDO UTILITIES COMMISSION	4076071	N	FTS-2	106037	11/01/06	02/29/16	0	N	1400		Points
INFINITE ENERGY, INC.	968786749	N	FTS-1	106061	02/01/07	01/31/09	0	N	2100		Points
PROGRESS ENERGY FLORIDA, INC.	6923700	N	FTS-2	106522	05/01/07	04/30/27	0	N	0	X6	
PROGRESS ENERGY FLORIDA, INC.	6923700	N	FTS-2	106598	10/01/07	04/30/27	0	N	25000	X9	Points
INFINITE ENERGY, INC.	968786749	N	FTS-2	106797	07/19/07	10/31/09	0	N	10000		Points
ENBRIDGE MARKETING (U.S.) L.P.	800442761	N	FTS-WD	106954	10/01/07	09/30/08	0	N	15000		Points
BG ENERGY MERCHANTS, LLC	621216428	N	FTS-2	106966	10/01/07	10/31/08	0	N	10000		Points
INFINITE ENERGY, INC.	968786749	N	FTS-WD	107249	12/01/07	04/30/08	0	N	5000	X3	Points
FLORIDA POWER & LIGHT COMPANY	6922371	N	FTS-1	3247	11/01/89	07/31/15	0	N	280000	X9	Points
ALUMINUM COMPANY OF AMERICA	1339472	N	FTS-2	3601	03/01/95	02/28/15	0	N	289		Agents Points
CITRUS WORLD, INC	4091732	N	FTS-2	3605	03/01/95	02/28/15	0	N	1200		Agents Points
CITRUS WORLD, INC	4091732	N	FTS-2	3606	03/01/95	02/28/15	0	N	1656		Agents Points
PIVOTAL UTILITY HOLDINGS, INC.	56711344	N	FTS-2	3608	03/01/95	02/28/15	0	N	2570		Agents Points

CHESAPEAKE UTILITIES CORPORATION	827335183	N	FTS-2	3609	03/01/95	02/28/15	0	N	1000		Agents Points
CUTRALE CITRUS JUICES USA, INC.	958547432	N	FTS-2	3612	03/01/95	02/28/15	0	N	3415		Agents Points
CORONET INDUSTRIES, INC.	808313522	N	FTS-2	3613	03/01/95	02/29/16	0	N	1853		Agents Points
LAKELAND, CITY OF	959116302	N	FTS-2	3620	03/01/95	02/28/17	0	N	14136	X9	Points
FELDSPAR CORPORATION	41046707	N	FTS-2	3622	03/01/95	02/28/15	0	N	400		Agents Points
FLORIDA POWER & LIGHT COMPANY	6922371	N	FTS-2	3623	03/01/95	02/28/15	0	N	254000	X4/X9	
FLORIDA POWER & LIGHT COMPANY	6922371	N	FTS-2	3623-5936	10/01/00	04/30/21	0	N	160000	X4/X9	
FLORIDA POWER & LIGHT COMPANY	6922371	N	FTS-2	3623-6003	04/01/02	03/31/22	0	N	145000	X4/X9	Points
FLORIDA PUBLIC UTILITIES COMPANY	6924427	N	FTS-2	3624	03/01/95	02/28/15	0	N	10564		Points
FLORIDA GAS UTILITY	966335010	N	FTS-2	3630	03/01/95	05/31/23	0	N	62265	X2/X5	Points
FLORIDA GAS UTILITY	966335010	N	FTS-2	3630-101949	06/01/03	05/31/23	0	N	500	X5	Points
FLORIDA GAS UTILITY	966335010	N	FTS-2	3630-107324	03/01/95	02/29/16	0	N	6000	X5	Points
FLORIDA GAS UTILITY	966335010	N	FTS-2	3630-107325	03/01/95	02/28/15	0	N	1781	X5	Points
FLORIDA GAS UTILITY	966335010	N	FTS-2	3630-107341	03/01/95	02/29/16	0	N	0	X5/X6	
FLORIDA GAS UTILITY	966335010	N	FTS-2	3630-107343	03/01/95	02/29/16	0	N	8000	X5	Points
FLORIDA GAS UTILITY	966335010	N	FTS-2	3630-107346	03/01/95	04/30/21	0	N	45984	X2/X5	Points
REEDY CREEK IMPROVEMENT DISTRICT	91306597	N	FTS-2	3631	03/01/95	02/28/15	0	N	1535		Points
RINKER MATERIALS CORPORATION	4137915	N	FTS-2	3633	03/01/95	02/29/16	0	N	215		Agents Points
U.S. AGRI-CHEMICALS CORPORATION	199702051	N	FTS-2	3634	03/01/95	02/29/16	0	N	0	X6	
ST. JOE NATURAL GAS COMPANY	8803884	N	FTS-2	3635	03/01/95	02/28/15	0	N	500		Points
TALLAHASSEE, CITY OF	930321073	N	FTS-2	3636	03/01/95	02/28/15	0	N	25925	X9	Points
POLK POWER PARTNERS, L.P.	825740475	N	FTS-2	3637	03/01/95	02/29/16	0	N	9860		Agents Points
ORLANDO COGEN II	803775113	N	FTS-2	3640	03/01/95	02/28/15	0	N	10700		Points
ORLANDO COGEN FUEL, INC	966849465	N	FTS-2	3641	03/01/95	02/28/15	0	N	11800		Points

FLORIDA PUBLIC UTILITIES COMPANY	6924427	N	FTS-1	5009	11/01/93	07/31/10	0	N	23016	X9	Points
LAKELAND, CITY OF	959116302	N	FTS-1	5025	11/01/93	07/31/10	0	N	4172	X9	Points
PIVOTAL UTILITY HOLDINGS, INC.	56711344	N	FTS-1	5034	11/01/93	07/31/10	0	N	20672	X9	Agents Points
PEOPLES GAS SYSTEM, A DIVISION OF TAMPA	6922736	N	FTS-1	5047	11/01/93	01/31/17	0	N	270184	X4/X9	
PEOPLES GAS SYSTEM, A DIVISION OF TAMPA	6922736	N	FTS-1	5047-5846	07/01/98	01/31/17	0	N	1911	X4	
PEOPLES GAS SYSTEM, A DIVISION OF TAMPA	6922736	N	FTS-1	5047-5890	10/01/98	07/31/13	0	N	7200	X4	Agents Points
MOSAIC FERTILIZER, LLC	602503976	N	FTS-1	5054	11/01/93	07/31/15	0	N	1500		Agents Points
CHESAPEAKE UTILITIES CORPORATION	827335183	N	FTS-1	5057	11/01/93	07/31/10	0	N	23519	X9	Points
INDIANTOWN GAS COMPANY, INC.	32361669	N	FTS-1	5066	11/01/93	07/31/10	0	N	1100		Agents Points
UNITED TECHNOLOGIES, PRATT & WHITNEY	1447952	N	SFTS	5072	11/01/93	09/30/14	0	N	1364		Agents Points
TALLAHASSEE, CITY OF	930321073	N	FTS-1	5080	11/01/93	07/31/10	0	N	34761	X9	Points
STATE OF FLORIDA, DEPARTMENT OF MANAGEME	809396955	N	FTS-1	5085	11/01/93	09/30/13	0	N	1722		Agents Points
GEORGIA PACIFIC CORPORATION	4056248	N	FTS-1	5107	11/01/93	07/31/13	0	N	2000		Agents Points
ST. JOE NATURAL GAS COMPANY	8803884	N	FTS-1	5109	11/01/93	02/28/19	0	N	1590		Points
REEDY CREEK IMPROVEMENT DISTRICT	91306597	N	FTS-1	5114	11/01/93	07/31/15	0	N	13243		Points
FLORIDA GAS UTILITY	966335010	N	FTS-1	5141	10/01/93	01/31/27	0	N	49136	X2/X5/X7	Points
FLORIDA GAS UTILITY	966335010	N	FTS-1	5141-107349	10/01/93	07/31/10	0	N	2732	X2/X5	Points
FLORIDA GAS UTILITY	966335010	N	FTS-1	5141-107350	10/01/93	07/31/10	0	N	7507	X5	Points
FLORIDA GAS UTILITY	966335010	N	FTS-1	5141-107351	10/01/93	07/31/10	0	N	7172	X5	Points
FLORIDA GAS UTILITY	966335010	N	FTS-1	5141-107352	10/01/93	01/31/17	0	N	7219	X2/X5	Points
FLORIDA GAS UTILITY	966335010	N	FTS-1	5141-107354	10/01/93	01/31/27	0	N	1100	X2/X5	Points
FLORIDA GAS UTILITY	966335010	N	FTS-1	5141-107358	10/01/93	01/31/17	0	N	6500	X2/X5	Points
FLORIDA GAS UTILITY	966335010	N	FTS-1	5141-107360	10/01/93	07/31/10	0	N	1700	X5	Points

FLORIDA GAS UTILITY	966335010	N	FTS-1	5141-107362	10/01/93	01/31/17	0	N	10617	X5	Points
FLORIDA GAS UTILITY	966335010	N	FTS-1	5141-107363	10/01/93	07/31/10	0	N	2529	X5	Points
FLORIDA GAS UTILITY	966335010	N	FTS-1	5141-5761	01/01/98	01/31/17	365	N	400	X5	
FLORIDA GAS UTILITY	966335010	N	FTS-1	5141-6162	07/01/01	01/31/17	365	N	1660		Points
PROGRESS ENERGY FLORIDA, INC.	6923700	N	FTS-2	5295	03/01/95	02/28/15	0	N	22400		Points
PEOPLES GAS SYSTEM, A DIVISION OF TAMPA	6922736	N	FTS-2	5319	03/01/95	02/28/15	0	N	20000	X4	
PEOPLES GAS SYSTEM, A DIVISION OF TAMPA	6922736	N	FTS-2	5319-3619	03/01/95	02/28/15	0	N	3400	X4	
PEOPLES GAS SYSTEM, A DIVISION OF TAMPA	6922736	N	FTS-2	5319-5909	11/01/98	02/28/15	0	N	10000	X4	
PEOPLES GAS SYSTEM, A DIVISION OF TAMPA	6922736	N	FTS-2	5319-5940	05/01/01	04/30/21	0	N	15000	X4	
PEOPLES GAS SYSTEM, A DIVISION OF TAMPA	6922736	N	FTS-2	5319-6148	05/01/01	04/30/21	0	N	3500	X4	Points
MOSAIC FERTILIZER, LLC	602503976	N	FTS-1	5326	04/01/94	01/31/17	0	N	670		Agents Points
CITRUS WORLD, INC	4091732	N	FTS-2	5363	03/01/95	02/28/15	0	N	1150		Agents Points
PIVOTAL UTILITY HOLDINGS, INC.	56711344	N	FTS-2	5364	03/01/95	02/28/15	0	N	12655		Agents Points
NFH MANAGEMENT CORPORATION	967019803	N	FTS-2	5365	03/01/95	02/28/15	0	N	10		Points
JEA	77580223	N	FTS-1	5405	01/01/95	07/31/10	0	N	20000	X4	
JEA	77580223	N	FTS-1	5405-5103	11/01/93	07/31/10	0	N	5000	X4	Agents Points
ORANGE COGENERATION LIMITED PARTNERSHIP	101093706	N	FTS-2	5480	07/01/95	02/28/16	0	N	9850		Agents Points
CORONET INDUSTRIES, INC.	808313522	N	FTS-2	5500	09/01/95	08/31/15	0	N	1500		Agents Points
ALABAMA ELECTRIC COOPERATIVE, INC.	6900005	N	FTS-WD	5538	11/01/95	10/31/10	0	N	15907		Agents Points
MOSAIC FERTILIZER, LLC	602503976	N	FTS-1	5539	12/01/95	07/31/15	365	N	900		Agents Points
GEORGIA PACIFIC CORPORATION	4056248	N	FTS-2	5566	07/01/96	08/31/15	0	N	500		Agents Points
STATE OF FLORIDA, DEPARTMENT OF MANAGEMEM	809396955	N	FTS-2	5626	02/01/97	02/28/15	0	N	300		Agents Points
CENTERPOINT ENERGY ENTEX	46700779	N	FTS-WD	5628	07/01/96	06/30/17	0	N	30		Points

TOMS FOODS, INC.	107533234	N	FTS-1	5685	01/01/97	11/30/11	0	N	91		Agents Points
ORLANDO UTILITIES COMMISSION	4076071	N	FTS-2	5721	09/01/97	02/28/15	0	N	7793	X9	Points
NOBLE ENERGY MARKETING, INC.	825060023	N	FTS- WD	5750	11/01/97	03/31/09	0	N	15000		Points
CLARKE-MOBILE COUNTIES GAS DISTRICT	71948723	N	FTS- WD	5762	01/01/98	12/31/15	0	N	12000		Points
LAKELAND, CITY OF	959116302	N	FTS-1	5787	03/01/98	04/30/10	0	N	3500		Points
LAKELAND, CITY OF	959116302	N	FTS-2	5788	03/01/98	03/31/15	0	N	7500		Points
PROGRESS ENERGY FLORIDA, INC.	6923700	N	FTS-1	5815	04/01/98	07/31/25	0	N	44028	X4	
PROGRESS ENERGY FLORIDA, INC.	6923700	N	FTS-1	5815-5039	11/01/93	12/31/11	0	N	742	X4	
PROGRESS ENERGY FLORIDA, INC.	6923700	N	FTS-1	5815-5244	11/01/93	12/31/11	0	N	9300	X4	
PROGRESS ENERGY FLORIDA, INC.	6923700	N	FTS-1	5815-5477	11/01/96	07/31/10	0	N	10215	X4	
PROGRESS ENERGY FLORIDA, INC.	6923700	N	FTS-1	5815-5529	01/01/98	07/31/10	0	N	7346	X4	
PROGRESS ENERGY FLORIDA, INC.	6923700	N	FTS-1	5815-5531	01/01/98	07/31/15	0	N	10000	X4	
PROGRESS ENERGY FLORIDA, INC.	6923700	N	FTS-1	5815-5532	12/01/97	07/31/25	0	N	925	X4	
PROGRESS ENERGY FLORIDA, INC.	6923700	N	FTS-1	5815-5590	01/01/98	07/31/10	0	N	5500	X4	Points
PROGRESS ENERGY FLORIDA, INC.	6923700	N	FTS-2	5816	04/01/98	02/29/16	0	N	7000	X4	
PROGRESS ENERGY FLORIDA, INC.	6923700	N	FTS-2	5816-5533	12/01/97	02/28/15	0	N	4075	X4	
PROGRESS ENERGY FLORIDA, INC.	6923700	N	FTS-2	5816-5591	01/01/98	02/29/16	0	N	2925	X4	Points
GAINESVILLE REGIONAL UTILITIES	82635004	N	FTS-1	5884	10/01/98	07/31/10	0	N	27861	X9	Agents Points
GAINESVILLE REGIONAL UTILITIES	82635004	N	FTS-2	5885	10/01/98	02/29/16	0	N	0	X6	
ALABAMA POWER COMPANY	6900120	N	FTS- WD	5895	12/01/98	11/30/18	0	N	32000		Agents Points
PROGRESS ENERGY FLORIDA, INC.	6923700	N	FTS-2	5935	05/01/01	04/30/21	0	N	10000	X9	Points
GEORGIA PACIFIC CORPORATION	4056248	N	FTS-2	5937	05/01/01	04/30/21	0	N	275		Agents Points
SOUTHERN COMPANY SERVICES, INC.	6925341	N	FTS- WD	5977	06/01/00	05/31/10	0	N	25000		Points

OKALOOSA GAS DISTRICT	10387272	N	FTS-1	5986	08/01/99	01/31/17	0	N	0	X6	
SOUTHERN COMPANY SERVICES, INC.	6925341	N	FTS-2	5997	12/19/01	03/31/22	0	Y	87000		Points
RELIANT ENERGY SERVICES, INC.	361439698	N	FTS-1	6005	11/01/99	07/31/14	0	N	3193	X9	Points
RELIANT ENERGY SERVICES, INC.	361439698	N	FTS-2	6006	11/01/99	02/28/15	0	N	2807	X9	Points
ALABAMA ELECTRIC COOPERATIVE, INC.	6900005	N	FTS-WD	6011	12/01/01	11/30/13	0	Y	80000		Agents Points
CITY OF MADISON	87756664	N	FTS-1	6014	11/01/99	01/31/17	0	N	339		Agents Points
JEA	77580223	N	FTS-2	6034	04/01/02	03/31/22	0	N	14000		Agents Points
PEOPLES GAS SYSTEM, A DIVISION OF TAMPA	6922736	N	FTS-2	6035	04/01/02	03/31/22	0	N	1000		Points
TALLAHASSEE, CITY OF	930321073	N	FTS-2	6036	04/01/02	03/31/22	0	N	1000	X9	Points
U. S. AGRI-CHEMICALS CORPORATION	199702051	N	FTS-2	6037	04/01/02	03/31/22	0	N	0	X6	
SOUTHEAST ALABAMA GAS DISTRICT	9850058	N	FTS-WD	6059	12/01/00	10/31/10	0	N	0	X6	
CRESCENT CITY NATURAL GAS	43367317	N	FTS-1	6068	06/01/00	01/31/17	365	N	445		Agents Points
CHATTAHOOCHEE, CITY OF	782620629	N	FTS-1	6069	06/01/00	01/31/17	365	N	874		Agents Points
FLORALA, CITY OF	1288604	N	FTS-1	6070	06/01/00	01/31/17	0	N	500		Agents Points
TAMPA ELECTRIC COMPANY	6924286	N	FTS-2	6088	04/01/02	04/30/23	0	N	140000	X9	Points
LAKE APOPKA NATURAL GAS DISTRICT	72559644	N	FTS-1	6098	10/01/00	01/31/17	0	N	0	X6	
LAKE APOPKA NATURAL GAS DISTRICT	72559644	N	FTS-2	6099	10/01/00	02/28/15	0	N	9688		Agents Points
SEMINOLE ELECTRIC COOPERATIVE, INC.	78332657	N	FTS-1	6136	01/01/02	12/31/11	0	N	9861		Points
SEMINOLE ELECTRIC COOPERATIVE, INC.	78332657	N	FTS-2	6137	01/01/02	11/30/18	0	N	15139		Points

1 Contract quantities reported here may change from season to season.

2 Division aggregate quantities at all points is limited to MDTQ.

3 Short term seasonal firms.

4 Shipper's contracts have been consolidated.

5 Shipper's entitlements have been aggregated into a contract.

6 Seasonal contracts where current MDTQ is zero.

7 Aggregated contract 104678 has an expiration date of 11/30/2072.

8 FTS-1 Contract 103171 was converted to a WD Contract 104169 with effective date of 04/01/2004 (per Rate Case Settlementn RP04-12 filed 8/13/2004). 104169 expires 3/31/2110 then converts back to 103171 on 4/1/2010 until then 103171 will show zero.

9 Total Delivery MDQs are limited to MDTQ of contract.

**Source 2:** <http://www.1line.gulfstreamgas.com/webbi/ebb/GSFrame.jsp>

**Gulfstream Natural Gas System, L.L.C. : Index Of Customers**

Effective Date: 4/1/2008

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Please click on the Svc Req K field for any applicable agent and/or point information.

Records 1 through 13 of 13

Svc Req Name	Svc Req	Affil	Rate Schedule	Svc Req K	Begin Date	End Date	Rollover Period	Negotiated Rate	MDQ (dth)	MSQ (dth)	Footnote
"Calpine Energy Services, LP"	169668212	N	FTS	<a href="#">9006487-R1</a>	11/1/2003	10/31/2023	0	Y	68000	0	
"City of Lakeland, Florida"	20997912	N	FTS	<a href="#">9034863-R1</a>	4/1/2006	5/31/2022	0	Y	30000	0	
"Peoples Gas System, Inc."	6922736	N	FTS	<a href="#">9000126-R1</a>	8/1/2002	7/31/2027	0	Y	35000	0	
Central Florida Gas Company	185379989	N	FTS	<a href="#">9000107-R1</a>	6/1/2002	5/31/2022	0	Y	10000	0	
Florida Municipal Power Agency	798326856	N	FTS	<a href="#">9000809-R1</a>	7/7/2003	12/31/2012	0	Y	10000	0	
Florida Power Corporation	6923700	N	FTS	<a href="#">9000666-R1</a>	6/1/2005	5/31/2025	0	Y	50000	0	
Florida Power Corporation	6923700	N	FTS	<a href="#">9000105-R1</a>	12/1/2002	8/31/2022	0	Y	90000	0	
Florida Power Corporation	6923700	N	FTS	<a href="#">9065408-R1</a>	4/1/2008	8/31/2008	0	Y	30000	0	
Florida Power Corporation	6923700	N	FTS	<a href="#">9000665-R1</a>	7/16/2003	5/31/2024	0	Y	30000	0	
Florida Power and Light Company	6922371	N	FTS	<a href="#">9000828-R1</a>	6/1/2005	5/31/2028	0	Y	350000	0	
Seminole Electric Cooperative Incorporated	78332657	N	FTS	<a href="#">9000062-R1</a>	6/1/2002	5/31/2020	0	Y	32000	0	
Tampa Electric Company	6924286	N	FTS	<a href="#">9065410-R1</a>	3/1/2008	12/31/2028	0	Y	5000	0	
Tampa Electric Company	6924286	N	FTS	<a href="#">9024996-R1</a>	8/1/2005	12/31/2028	0	Y	48000	0	

Footnote ID	Footnote
1	"Varying MDQ quantities as follows: 72,000 dth - Nov1-Mar31; 90,000 dth - Apr1-Oct31."
2	Original contract effective date: 6/01/2002

**Table C:**

<b>Florida Gas Transmission Company, LLC</b>					
<b>Month-Year</b>	<b>Available Capacity for Firm Contracting (MMcf/d)</b>	<b>Firm Transportation Quantity (MMcf/d)</b>	<b>Total Pipeline Capacity<sup>1</sup> (MMcf/d)</b>	<b>Total Pipeline Throughput<sup>2</sup> (MMcf/d)</b>	<b>Available Interruptible Capacity (MMcf/d)</b>
Jan-06	13	2,237	2,250	1,321	929
Feb-06	13	2,237	2,250	2,083	167
Mar-06	13	2,237	2,250	1,621	629
Apr-06	14	2,236	2,250	1,820	430
May-06	4	2,246	2,250	1,906	344
Jun-06	12	2,238	2,250	1,988	262
Jul-06	12	2,238	2,250	1,945	305
Aug-06	12	2,238	2,250	1,951	299
Sep-06	11	2,239	2,250	1,983	267
Oct-06	11	2,239	2,250	1,763	487
Nov-06	11	2,239	2,250	1,374	876
Dec-06	11	2,239	2,250	1,393	857
Jan-07	11	2,239	2,250	1,422	828
Feb-07	11	2,239	2,250	1,431	819
Mar-07	11	2,239	2,250	1,452	798
Apr-07	11	2,239	2,250	1,581	669
May-07	12	2,238	2,250	1,463	787
Jun-07	12	2,238	2,250	1,633	617
Jul-07	12	2,238	2,250	1,855	395
Aug-07	12	2,238	2,250	1,936	314
Sep-07	12	2,238	2,250	1,799	451
Oct-07	12	2,238	2,250	1,834	416
Nov-07	12	2,238	2,250	1,436	814
Dec-07	13	2,237	2,250	1,481	769
Jan-08	13	2,237	2,250	1,519	731
<b>Average</b>	<b>12</b>	<b>2,238</b>	<b>2,250</b>	<b>1,680</b>	<b>570</b>

**Table D:**

<b>Gulfstream Natural Gas System, L.L.C.</b>					
<b>Month-Year</b>	<b>Available Capacity for Firm Contracting (MMcf/d)</b>	<b>Firm Transportation Quantity (MMcf/d)</b>	<b>Total Pipeline Capacity<sup>3</sup> (MMcf/d)</b>	<b>Total Pipeline Throughput<sup>4</sup> (MMcf/d)</b>	<b>Available Interruptible Capacity (MMcf/d)</b>
Apr-05	18	1,096	1,114	286	828
May-05	2	1,112	1,114	402	712
Jun-05	91	1,023	1,114	659	455
Jul-05	3	1,111	1,114	842	272
Aug-05	0	1,114	1,114	838	276
Sep-05	124	990	1,114	647	467
Oct-05	0	1,114	1,114	585	529
Nov-05	3	1,111	1,114	537	577
Dec-05	0	1,114	1,114	504	610
Jan-06	7	1,107	1,114	487	627
Feb-06	32	1,082	1,114	528	586
Mar-06	60	1,054	1,114	588	526
Apr-06	0	1,114	1,114	712	402
May-06	69	1,045	1,114	813	301
Jun-06	262	852	1,114	949	165
Jul-06	116	998	1,114	975	139
Aug-06	190	924	1,114	891	223
Sep-06	209	905	1,114	837	277
Oct-06	105	1,009	1,114	698	416
Nov-06	0	1,114	1,114	582	532
Dec-06	0	1,114	1,114	491	623
Jan-07	0	1,114	1,114	484	630
Feb-07	0	1,114	1,114	597	517
Mar-07	0	1,114	1,114	547	567
Apr-07	0	1,114	1,114	676	438
May-07	0	1,114	1,114	796	318
Jun-07	0	1,114	1,114	850	264
Jul-07	0	1,114	1,114	968	146
Aug-07	0	1,114	1,114	1,038	76
Sep-07	271	843	1,114	901	213
Oct-07	0	1,114	1,114	871	243
Nov-07	0	1,114	1,114	635	479
Dec-07	0	1,114	1,114	573	541
Jan-08	0	1,114	1,114	569	545
Feb-08	0	1,114	1,114	574	540
<b>Average</b>	<b>45</b>	<b>1,069</b>	<b>1,114</b>	<b>684</b>	<b>430</b>

**Footnotes:**

<sup>1</sup>Pipeline Capacity on FGT entering Florida (Source: FGT informational postings).

<sup>2</sup>Total pipeline actual flows on FGT entering Florida (Source: Lippman Consulting).

<sup>3</sup>Pipeline Capacity on Gulfstream entering Florida (Source: Gulfstream informational postings).

<sup>4</sup>Total pipeline actual flows on Gulfstream entering Florida (Source: Lippman Consulting).

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 Theodore R. Breton  
 April 11, 2008

- c. If firm capacity is not available, explain the transportation capacity constraints on Gulfstream's and FGT's respective systems, the number of constraint days for the last three years and the quantity of interruptible transportation service nominations that were not scheduled or were bumped.**

**Answer to 1.c.:**

While there is firm pipeline capacity available on a month to month basis (see response to Data Request 1.b. above), there are transportation capacity constraints. The number of days during which the FGT and Gulfstream pipelines are fully utilized and interruptible capacity is constrained has varied historically. There have not been any significant constraints in the market area of the two pipelines in the winter. The weather is the prime driver of capacity constraints on the pipelines in the summer, with July typically being the hottest month of the year in Florida. Correspondingly, the gas demand has been the highest in the month of July, owing to the significant increase in the use of gas to generate electricity for air-conditioning load.

When pipeline capacity is relatively constrained, it is difficult to determine the precise degree of constraint. Two approaches were used to investigate the level and frequency of constraints on the pipeline systems. First, reported capacity on the pipelines' Electronic Bulletin Boards ("EBB") on their Websites was analyzed. Second, the frequency of the apparent constraints was confirmed with representatives of the pipelines.

The actual flow/capacity information available on FGT's and Gulfstream's Websites is limited. We have been able to review information for the period from 2004 to date. While the number of constrained days could vary in any given year depending primarily on weather, this information indicates that, on average, there were 18 days of interruptions on FGT during the summer season, but a significantly lower average of 5 interruption days on Gulfstream during the summer season. Based on this information, it appears that there were 3-5 days during the summer season when both pipelines (FGT and Gulfstream) were physically constrained on the same day.

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**d. Explain whether the storage rates that Floridian Natural is competing against are those offered by the alternative storage providers in the Gulf Coast region plus the transportation charge to deliver gas to Floridian Natural’s market in Florida.**

**Answer to 1.d.:**

Most gas used by Florida’s large gas users, who are also the FGS Project’s target customers, is transported to Florida from the U.S. Gulf region. An identical “postage stamp rate” is charged for all such transportation regardless of where the gas enters or leaves the system (i.e., the rates are not mileage-based). As a result, customers that store gas in Gulf Coast storage facilities pay the same transportation charge, no matter which Gulf region storage facility they utilize. The FGS Project customers would pay the same transportation charge to have their gas transported to the FGS Project facility for storage. The only difference between these customers is whether the transportation cost is incurred before or after the gas is injected into the storage facility. Accordingly, the relevant comparison for alternative storage facilities is the storage charge. Because the transportation costs net out, the FGS Project is essentially competing against the salt dome storage services in the Gulf Coast region, which are uniformly less expensive than the cryogenic tank service to be provided by the FGS Project. In addition, FGS Project customers will also have to pay an additional rate to have their gas transported from the FGS Project to their delivery points. The foregoing is discussed at page 22 of the originally filed testimony.

That the FGS Project is competing against alternative storage providers in the Gulf Coast region is confirmed by the fact that Gulf Coast storage providers are already providing storage services to the same Florida utilities that the FGS Project is soliciting for business. The FGS Project is aware, based on publicly available information, that the following Florida utilities have subscribed for gas storage services in the Gulf Coast region:

**Table E:**

Subscribed Capacity by Florida Customers				
Storage Facility	State	FL Utility	Contract Capacity (Bcf)	Contract Length
<sup>1</sup> MoBay Gas Storage	AL	FPL	6	"anchor tenant" (15 yr)
<sup>2</sup> Bay Gas Storage	AL	FPL	2	5 yr-end 2012
<sup>3</sup> Bay Gas Storage	AL	Progress Energy FL	N/A	N/A
<sup>4</sup> Bay Gas Storage	AL	Gulf Power Company	0.83	N/A
<sup>5</sup> Bay Gas Storage	AL	TECO	N/A	N/A
<sup>6</sup> Bay Gas Storage	AL	Florida City Gas	N/A	N/A

**Footnotes:**

- <sup>1</sup>Source: Florida Municipal Electric Association, *Relay* Mar.-Apr. 07, www.publicpower.com.
- <sup>2</sup>Source: FPLResponse to FPSC Staff’s Data Request: FPSC Docket: 060362 and 060001-EI(Aug. 25, 2006).
- <sup>3</sup>Source: [http://www.mobile-gas.com/pageview.asp?PageType=ND&edit\\_id=19&NEID=54](http://www.mobile-gas.com/pageview.asp?PageType=ND&edit_id=19&NEID=54).
- <sup>4</sup>Source: Gulf Power Response to FPSC Staff’s Data Request: FPSC Docket: 060001-EI (Aug. 25, 2006).
- <sup>5</sup>Source: [www.tecoenergy.com/data/files/csr/CSRRespons\\_Customers.pdf](http://www.tecoenergy.com/data/files/csr/CSRRespons_Customers.pdf).
- <sup>6</sup>Source: Order No. PSC-07-0934-FOF-GU, FPSC Docket No. 070003-GU (Nov. 26, 2007).

(Also see attached source documentation).

From their experience in the market, the FGS Project representatives believe that other Gulf Coast storage providers (including Southern Pines Energy Center and Petal Storage) are providing services directly to Florida utilities and that Mississippi Hub, Southern Natural Gas and others are in negotiations to do so. The FGS Project representatives are not able to verify this information from publicly available sources. Many storage providers file semi-annual storage reports under Section 284.13(e) and 284.126(c) of the Commission's regulations, but these reports are usually filed on a confidential basis. The FGS Project representatives therefore request that, in addition to considering the information on the Gulf Coast gas storage contracted for by Florida utilities, provided here by the FGS Project, the Commission staff review the confidential semi-annual storage reports filed by Gulf Coast storage providers.

What the information provided by the FGS Project representatives demonstrates is that, although the FGS Project is the first gas storage project located in Florida, it is certainly not the first storage project in the relevant market, as established by the FGS Project's market power study. That study concludes that the FGS Project is competing directly against other storage providers in the Gulf Coast region, and does not possess market power.

Sponsored by:  
Theodore R. Breton and David Sharp  
April 11, 2008

**Source Documentation:**

**Source 1:**

Florida Municipal Electric Association, *Relay* Mar.-Apr. 07, www.publicpower.com

**What is the Calypso Deepwater Port?**

**Concept**

- A submersible system that enables an offshore receiving port to receive natural gas (LNG) shipments.
- Delivery of natural gas will be made directly from LNG vessels through a riser and flow line system to the DWP submersible system located five miles off the Florida coast.

**System Vessel Dimensions**

Item	Length	Beam	Height
LNG	170 m	30 m	11 m
DWP	120 m	40 m	11 m
LNGC	100 m	20 m	11 m

**Components of the Calypso DWP**

- One submersible buoy system (receiving vessel) designed to receive a transport and re-gasification vessel (TRV) which receives compressed and shipped to LNG cargo.
- One submersible buoy system (delivery vessel) designed to transport gas from the receiving vessel and to re-gasification (TRV). A conventional (CV) cargo will both send to and receive directly cargo from TRV.
- Two 50-ton buoys, one for each-way mooring, to tie the Calypso system.

**Project Performance Specifications:**

- “Closed loop” system—minimum usage of vessels for re-gasification.
- Capable of handling one million standard cubic feet of natural gas per day.

**Deepwater Port Operations Worldwide**

Deepwater ports have been in operation in the energy industry since 1977.

Although the Calypso DWP needs to lease operations and vessels the vessels during hurricanes, the technology is robust and designed to withstand such high environments. Designed later in the Florida DWP in the Gulf of Mexico area of the South Sea, off the coast of Norway. As shown, the vessel is:

- Mounted to a buoy system anchored in a water depth of approximately 1,000 feet offshore in California.
- Delivering product during an event where it will withstand wave heights of 50 feet (equivalent to Category 5 hurricane) and wind speeds of 150 mph (equivalent to Category 5 hurricane) when required.

**Location of the Proposed Calypso Deepwater Port**

- No coastal land used for storage and re-gasification of LNG.
- Proposed location is beyond coastal zone limits.
- Proposed location minimizes potential impact.
- Calypso DWP design will enable vessels to safely discharge from their moorings to avoid the vessel's bow.

The Calypso Deepwater Port (DWP) is located in Florida waters approximately 5 to 10 miles off the coast of Florida, southeast of Fort Lauderdale.

A safety zone that is 1 nautical mile will be established around each buoy to reduce the likelihood of vessel collisions, sea conflicts, and to increase any security threat.

Two existing mooring buoys located in 400-500 foot water depth and owned by USCG.

View of Actual LNG Vessel 11 Miles Off the Coast of Broward County at 11:14 AM, March 2007

LNG terminals and peak-shaving plants around the world. The facility and its tanks will be designed to endure hurricane conditions.

“What we are doing is taking a well-tested, proven technology and bringing it to Florida,” said Sharp. “We are giving the utilities in Florida a new tool to help them be more efficient and improve reliability.”

Falcon Gas Storage Company Inc.’s MoBay Storage Hub Project is currently under construction in Alabama. On April 1, 2008, the 50 billion cubic feet (bcf) facility will begin offering Florida utilities and natural gas consumers natural gas storage utilizing an underground depleted gas reservoir directly connected to the Gulfstream pipeline and FGT pipeline through Transco as well as Gulf South and South East Supply Header, a pipeline bringing Texas Barnett Shale gas into the Southeast. More than 20bcf of MoBay’s capacity is under contract. An additional 15 bcf is in advanced negotiations. Florida Power & Light is an anchor customer for MoBay.

The combined pipeline take-away capacity at MoBay is 6.9 Bcf per day to the east and 3.9 Bcf per day to the west. The proposed MoBay compressor station will be located directly adjacent to Gulfstream Station 410 in Mobile County, Alabama. Florida uses two to four Bcf per day.

“The presence of our facility allows a diverse market place to posture a large amount of inventory available for the Florida markets,” said Michael Moore, MoBay director of marketing for the eastern region. “Storage levels, price and supply volatility kinks make natural gas a more viable choice for diversifying.”

Falcon’s wholly-owned NorTex Gas Storage Company owns and operates more than 27 Bcf of working gas storage capacity and 750,000 Mcf of deliverability at its Hill-Lake and Worsham-Steed gas storage facilities, and 450,000 Mcf of gas transporta-

**Source 2:**

FPL Response to FPSC Staff's Data Request: Docket: 060362 and 060001-EI (Aug. 25, 2006)

Florida Power & Light Company  
Docket No. 060362 and 060001-EI  
Staff's Data Request  
Page 1 of 15

**Q. 1 Please provide a complete copy of FPL's contract or agreement with Bay Gas storage.**

A. The documents responsive to this request are confidential and are being provided with FPL's Notice of Intent to Seek Confidential Classification.

**Q. 2 Please provide a brief history of FPL's involvement with Bay Gas.**

A. FPL engaged in several interruptible storage arrangements with Bay Gas beginning in 2000. These were short-term transactions that FPL utilized to help reduce fuel price volatility and ensure adequate supply. On November 1, 2003, FPL entered into a four-year firm storage agreement with Bay Gas for 1,000,000 MMBtu of storage capacity. On July 19, 2005, FPL executed a five-year firm storage agreement with Bay Gas for 2,000,000 MMBtu of storage capacity beginning on July 1, 2007. This 2005 agreement replaces FPL's 2003 four-year agreement with Bay Gas. The new agreement runs through June 30, 2012.

**Source 3:**

[http://www.mobile-gas.com/pageview.asp?PageType=ND&edit\\_id=19&NEID=54](http://www.mobile-gas.com/pageview.asp?PageType=ND&edit_id=19&NEID=54)

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**News**

### Bay Gas Storage Reaches Agreement with Progress Energy Florida

Bay Gas Storage Co., Ltd. a subsidiary of EnergySouth, Inc. (NASDAQ: ENSI), has reached a multiyear agreement with Progress Energy Florida, Inc. to supply natural gas storage services to the Florida utility beginning in the summer of 2008. Bay Gas is currently developing a third cavern and associated surface facilities that will double the company's existing natural gas storage capacity. The company's third cavern is expected to be in service by the summer of 2007.

An affiliate of Progress Energy, a Fortune 250 company headquartered in Raleigh, North Carolina, Progress Energy Florida serves approximately 1.5 million customers in northern and central Florida.

"Interest in service at Bay Gas Storage has been brisk, and we're delighted to have Progress Energy Florida as our newest customer," said Greg Welch, President of Bay Gas Storage Company. "As we near full subscription of our third cavern, planning is underway for our next expansion," Welch added.

Bay Gas Storage currently operates two salt-dome natural gas storage caverns at its storage facility located about 40 miles north of Mobile. The company has direct pipeline interconnects with Florida Gas Transmission Company (FGT), Gulf South Pipeline and Mobile Gas Service Corporation.

Bay Gas Storage's two existing caverns have a combined working-gas capacity of approximately 6.0 Bcf with injection and withdrawal capacities of 200 MMcf and 610 MMcf per day, respectively and are currently fully subscribed on a firm basis. The third cavern expansion will add approximately 5.0 Bcf of working-gas capacity along with injection and withdrawal capacities of 250 MMcf and 600 MMcf per day, respectively. Upon completion of the third cavern, Bay Gas Storage will have a total working gas capacity of 11.0 Bcf.

[Back to News List](#)

EnergySouth, Inc.

Home | EnergySouth | Mobile Gas | Bay Gas | Site Map | Admin  
EnergySouth Inc. 2828 Dauphin Street Mobile, AL 36606 - 251.450.4774  
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**Source 4:**

Gulf Power Response to FPSC Staff's Data Request: FPSC Docket: 060001-EI (Aug. 25, 2006)

Staff's First Data Request  
Docket 060001-EI  
GULF POWER COMPANY  
August 25, 2006  
Page 1 of 5

1. Please list all natural gas storage facilities where Gulf has firm capacity commitments, and for each facility, state the amount of Gulf's firm capacity commitment.

ANSWER:

Bay Gas Storage Company, Ltd.  
Mobile, AL  
Gulf Power firm capacity = 830,120 MMBtu

2. Please provide a complete copy of each contract for natural gas storage at each facility listed above.

ANSWER:

The documents requested are being supplied under separate cover pursuant to a notice of intent to seek confidential treatment.

3. When did Gulf begin using natural gas storage on a firm basis?

ANSWER:

Gulf Power began using gas storage on a firm basis on September 1, 1997 for Plant Crist.

4. Please state all fees and charges that Gulf pays for natural gas storage. Provide copies for the last six months of any invoice, statement, or bill of sale which sets out the fees and charges paid for natural gas storage.

ANSWER:

Gulf pays the following types of charges for natural gas storage: a Firm Storage Monthly Demand Charge calculated per MMBtu in storage; an Injection Charge calculated per MMBtu of gas received for injection; a Withdrawal Charge calculated per MMBtu of gas withdrawn; and a Fuel Charge calculated on a percentage of all volumes of gas received for injection.

The documents requested are being supplied under separate cover pursuant to a notice of intent to seek confidential treatment.

**Source 5:**

[www.tecoenergy.com/data/files/csr/CSRRespon\\_Customers.pdf](http://www.tecoenergy.com/data/files/csr/CSRRespon_Customers.pdf)



**TWO-WAY  
COMMUNICATION  
WITH CUSTOMERS**

### Tampa Electric's Customer Favorability Scores

<b>2001</b> – 96 percent	<b>2005</b> – 96 percent
<b>2002</b> – 96 percent	<b>2006</b> – 95 percent
<b>2003</b> – 95 percent	<b>First Quarter 2007</b> – 98 percent
<b>2004</b> – 96 percent	

  

**Transportation of Natural Gas**

Peoples Gas and Tampa Electric also have diversified natural gas transportation arrangements. Peoples Gas has long-term transportation agreements with Florida Gas Transmission, Southern Natural Gas and Gulfstream Natural Gas. Tampa Electric has long- and short-term agreements for its Bayside plant with Florida Gas Transmission and Gulfstream Natural Gas. Peoples Gas transportation agreements provide access to diverse supply resources from the Gulf Coast Onshore, Gulf of Mexico, Mid-continent and Eastern Interior supply basins.

Peoples Gas and Tampa Electric have also entered into contracts for over 40 percent of their expected natural gas needs for the winter of 2007 through 2008.

Other reliability-driven efforts have included Tampa Electric's storage capacity agreement with Bay Gas Storage near Mobile, Ala.

Various supply infrastructure projects are underway that should relieve concerns about the natural gas supply adequacy. These projects include (1) the eastern Gulf of Mexico and the Outer Continental Shelf, estimated to contain 300 trillion cubic feet of gas (a longer-term proposition); (2) two proposed pipeline expansions, the Southeast Supply Header and the Gulf South Pipeline, will bring over 1 billion cubic feet per day from the Fort Worth Basin and other sources into Florida by mid-2008; (3) the Cypress Pipeline will come on line in 2007, bringing significant quantities of natural gas into Florida from the Eba Island Terminal in Georgia; (4) at least four gas storage facilities are in various stages of development or expansion and will be able to satisfy shifts in demand; and (5) six new liquified natural gas (LNG)

terminals will be connected to pipelines by 2009, providing Florida with up to seven billion cubic feet per day of LNG.

For more than 40 years, Tampa Electric has maintained a reliable supply of coal for its customers through a transportation contract with TECO Transport. Because this business was originally formed to serve the utility, it is uniquely positioned to do so in a reliable and cost-effective way.

**Service Reliability**

With the Impacts of the 2004 and 2005 hurricane seasons, maintaining ongoing natural gas supplies became visible, frustrating and critical.

Nationally-recognized meteorologists are predicting a 15 to 20 year increase in hurricane and tropical storm activity. This is a significant challenge for all Florida utilities.

In 2005, excluding hurricanes, Tampa Electric's system averaged about one interruption per customer, the lowest among Florida's five investor-owned utilities. Though it has the lowest number of system interruptions, it has taken longer to restore power when interruptions do occur. The company's average time to restore service to customers has increased since 2001. Tampa Electric has addressed this with a 15 percent staffing increase in its Trouble Department in 2006 and with increased vegetation management and substation maintenance.

As a result of the 2004 and 2005 hurricane seasons, the FPSC initiated a proceeding to explore methods of designing and building transmission and distribution systems that would minimize long-term outages and restoration costs. Working with the FPSC,

OUR RESPONSIBILITY TO CUSTOMERS 21

**Source 6:**

FPSC Order No. PSC-07-0934-FOF-GU, FPSC Docket No. 070003-GU (Nov. 26, 2007)

ORDER NO. PSC-07-0934-FOF-GU  
DOCKET NO. 070003-GU  
PAGE 3

We find that the appropriate levelized purchased gas cost recovery (cap) factors for the period January 2008 through December 2008 are as follows:

Florida City Gas	114.875 cents per therm
Florida Public Utilities Company	150.001 cents per therm
Peoples Gas System	131.810 cents per therm
St. Joe Natural Gas Company	97.200 cents per therm

We find that these factors shall be effective for all meter readings on or after January 1, 2008, beginning with the first or applicable billing cycle, for the period January 2008 through December 2008.

Company Specific Purchased Gas Adjustment Issues

Florida City Gas

We find that the costs for the new Bay Gas Storage are appropriate for recovery. Recovery of these costs is consistent with Commission precedent. With the inception of Bay Gas storage service in 2008, the existing Hattiesburg storage costs will no longer be allocated to FCG customers.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the stipulations, findings, and rulings set forth in the body of this Order are hereby approved. It is further

ORDERED that each utility that was a party to this docket shall abide by the stipulations, findings, and rulings herein which are applicable to it. It is further

ORDERED that the utilities named herein are authorized to collect the purchased gas adjustment amounts and utilize the factors approved herein effective with all meter readings on or after January 1, 2008, beginning with the first or applicable billing cycle for the period January 2008 through December 2008.

**e. Please identify which of the Gulf Coast's storage facilities have firm capacity and the quantities available.**

**Answer to I.e.:**

See Table F below. Table F was compiled based on recent communications with the marketing groups as to current plans of competing facilities to identify the availability of third party storage capacity that would compete with the FGS Project. Additionally, capacity from these projects may become available through capacity releases from the projects' current customers.<sup>2</sup>

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Theodore R. Breton  
April 11, 2008

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<sup>2</sup> Since the filing of the FGS Project Application, two of the facilities included in my original analysis have apparently become fully contracted, as reflected in Table F below. This changed circumstance does not materially change the results, or affect the conclusions set forth in that testimony. Specifically, as reflected in Exhibits 3 and 4 attached hereto (which correspond to Exhibits 3 and 4 to my original testimony), the market without these two facilities has an HHI of 1642 and 1489 for working gas capacity and peak day deliverability, respectively, both still substantially below the 1800 threshold. Similarly, elimination of these two facilities increases the FGS Project's market share by only 1.6% and 1.4% in those two markets respectively. And finally, no single entity controls more than 22.9% and 22.7% of the two markets. Thus, even without taking these two facilities into account, the FGS Project does not have any of the indicia of market power. Moreover, the analysis remains extremely conservative in that, while it eliminates two facilities that have apparently become fully subscribed since the filing of the FGS Project Application, it has not been revised to reflect the availability of an additional 5.5 Bcf of Bay Gas Storage capacity and the additional 50 Bcf of MoBay Gas Storage capacity that has come on line since that time.

**Table F:**

						Firm Capacity Available (MMcf)				
	Corporate/Operator	Location	Working Gas Capacity (MMcf)	Status/ Expected On-Line Date	Facility Name	2008	2009	2010	2011	2012
	<b>Duke Energy</b>									
1	Market Hub Partners, LP	Acadia Parish, LA	16,000	Existing	Egan	0	0	0	0	0
2	Centana Intrastate Pipeline Co.	Jefferson County, TX	8,592	Existing	Spindletop	0	2,500	2,500	6,000	6,000
		<b>Subtotal:</b>	<b>24,592</b>							
	<b>Energy South</b>									
3	Bay Gas Storage Company Ltd.	Washington County, AL	6,600	Existing	Bay Gas <sup>1</sup>	5,500	5,500	5,500	5,500	5,500
		<b>Subtotal:</b>	<b>6,600</b>							
	<b>Energy</b>									
4	Sabine Gas	Jefferson County, TX	6,500	Existing	Spindletop	0	0	0	0	0
		<b>Subtotal:</b>	<b>6,500</b>							
	<b>Sempra Energy</b>									
5	Sempra Energy	Calcasieu Parish, LA	17,600	Under Construction 2008 Summer	Liberty Gas Storage	0	0	5,000	5,000	5,000
		<b>Subtotal:</b>	<b>17,600</b>							
	<b>SG Resources</b>									
6	Arclight	Greene County, MS	24,000	Under Construction 2008 Q2	Southern Pines <sup>2</sup>	0	0	8,000	8,000	8,000
		<b>Subtotal:</b>	<b>24,000</b>							
	<b>Vulcan/Plains All-American</b>									
7	Vulcan/Plains All-American	Evangline Parish, LA	24,000	Under Construction 2009 Q4	Pine Prairie Energy Center	0	0	0	16,000	16,000
		<b>Subtotal:</b>	<b>24,000</b>							
	<b>Haddington Ventures/GE Financial Services</b>									
8		Saint Landry, LA	12,000	Under Construction 2008 Q3	Bobcat	0	2,000	2,000	2,000	2,000
		<b>Subtotal:</b>	<b>12,000</b>							

**Footnotes:**

<sup>1</sup>Additional capacity is available at the Bay Gas facility from the expansion of its third cavern (5.5 Bcf).

<sup>2</sup>Firm capacity available is equal to the size of the third cavern being developed as stated in *SG Resources Mississippi, L.L.C.* 118 FERC ¶ 61,048 (2007).

**Exhibit 3:**

**Exhibit No. 3: Working Gas Capacity of Existing and Under Construction Storage, LNG, and Pipeline Facilities Providing Competing Storage Related Services**

	Corporate/Operator	Facility Name	Location	Working Gas Capacity (MMcf)	Status/ Expected On-Line Date	Percent of Total	HHI <sup>1</sup>
<b>Floridian Natural Gas Storage Co., LLC.</b>							
1	Floridian Natural Gas Storage Co., LLC.	Floridian Gas Storage	Martin County, FL	8,000	Proposed	7.6%	58
				<b>Subtotal:</b> 8,000			
<b>Duke Energy</b>							
2	Centana Intrastate Pipeline Co.	Spindletop*	Jefferson County, TX	8,592	Existing	8.2%	67
				<b>Subtotal:</b> 8,592			
<b>Sempra Energy</b>							
3	Sempra Energy	Liberty Gas Storage	Calcasieu Parish, LA	17,600	Under Construction 2008 Summer	16.8%	282
				<b>Subtotal:</b> 17,600			
<b>SG Resources</b>							
4	Arclight	Southern Pines	Greene County, MS	24,000	Under Construction 2008 Q2	22.9%	525
				<b>Subtotal:</b> 24,000			
<b>Vulcan/Plains All-American</b>							
5	Vulcan/Plains All-American	Pine Prairie Energy Center	Evangline Parish, LA	24,000	Under Construction 2009 Q4	22.9%	525
				<b>Subtotal:</b> 24,000			
<b>Haddington Ventures</b>							
6		Bobcat	Saint Landry, LA	12,000	Under Construction 2008 Q3	11.5%	131
				<b>Subtotal:</b> 12,000			
<b>El Paso/Southern LNG (Via Cypress Pipeline)</b>							
7	El Paso/Southern LNG	Elba Exp. Phase II	Chatham County, GA	7,300	Existing	7.0%	49
				<b>Subtotal:</b> 7,300			
<b>Florida Gas Transmission Company, LLC.</b>							
8	Panhandle Energy/El Paso affiliate	FGT		2,200	Existing	2.1%	4
				<b>Subtotal:</b> 2,200			
<b>Williams/Spectra Energy</b>							
9	Williams	Gulfstream		1,100	Existing	1.0%	1.1
				<b>Subtotal:</b> 1,100			
<b>TOTAL WORKING GAS CAPACITY</b>				<b>104,792</b>		<b>100%</b>	<b>1642</b>

Note: This analysis excludes storage facilities that do not offer capacity to third parties. Expected on-line dates do not account for individual phases, but the full development of the project.

Sources: Natural Gas Intelligence, *Natural Gas Storage and LNG Facilities in the United States and Canada (2004)*; company web sites.

\*Spindletop storage facility is owned and operated separately by Duke Energy and Entergy.

Footnotes:

<sup>1</sup> HHI refers to the Herfindahl-Hirschmann Index which is a commonly-accepted measure of market concentration. It is calculated by squaring the market share of each firm competing in the market and then summing the resulting numbers.

**Exhibit 4:**

<b>Exhibit No. 4: Peak Day Deliverability of Competing Existing and Under Construction Storage, LNG and Pipeline Facilities Providing Storage Related Services During Unconstrained Pipeline Periods</b>							
<b>Corporate/Operator</b>	<b>Facility Name</b>	<b>Location</b>	<b>Max Deliverability (MMcf/day)</b>	<b>Status/ Expected On-Line Date</b>	<b>Percent of Total</b>	<b>HHI<sup>1</sup></b>	
<b>Floridian Natural Gas Storage Co., LLC.</b>							
1	Floridian Natural Gas Storage Co., LLC.	Floridian Gas Storage	Martin County, FL	800	Proposed	7.6%	57
			<b>Subtotal:</b>	<b>800</b>			
<b>Duke Energy</b>							
2	Centana Intrastate Pipeline Co.	Spindletop*	Jefferson County, TX	500	Existing	4.7%	22
			<b>Subtotal:</b>	<b>500</b>			
<b>Sempra Energy</b>							
3	Sempra Energy	Liberty Gas Storage	Calcasieu Parish, LA	1,000	Under Construction 2008 Summer	9.5%	90
			<b>Subtotal:</b>	<b>1,000</b>			
<b>SG Resources</b>							
4	Arclight	Southern Pines	Greene County, MS	1,200	Under Construction 2008 Q2	11.4%	129
			<b>Subtotal:</b>	<b>1,200</b>			
<b>Vulcan/Plains All-American</b>							
5	Vulcan/Plains All-American	Pine Prairie Energy Center	Evangline Parish, LA	2,400	Under Construction 2009 Q4	22.7%	517
			<b>Subtotal:</b>	<b>2,400</b>			
<b>Haddington Ventures</b>							
6		Bobcat	Saint Landry, LA	1,200	Under Construction 2008 Q3	11.4%	129
			<b>Subtotal:</b>	<b>1,200</b>			
<b>El Paso/Southern LNG (Via Cypress Pipeline)</b>							
7	El Paso/Southern LNG	Elba Exp. Phase II	Chatham County, GA	160	Existing	1.5%	2
			<b>Subtotal:</b>	<b>160</b>			
<b>Florida Gas Transmission Company, LLC.</b>							
8	Panhandle Energy/El Paso affiliate	FGT		2,200	Existing	20.8%	434
			<b>Subtotal:</b>	<b>2,200</b>			
<b>Williams/Spectra Energy</b>							
9	Williams	Gulfstream		1,100	Existing	10.4%	109
			<b>Subtotal:</b>	<b>1,100</b>			
<b>TOTAL MAXIMUM DELIVERABILITY</b>				<b>10,560</b>		<b>100%</b>	<b>1489</b>
<p>Note: This analysis excludes storage facilities that do not offer capacity to third parties. Expected on-line dates do not account for individual phases, but the full development of the project.</p> <p>Sources: Natural Gas Intelligence, <i>Natural Gas Storage and LNG Facilities in the United States and Canada (2004)</i>; company web sites.</p> <p>*Spindletop storage facility is owned and operated separately by Duke Energy and Entergy.</p> <p><u>Footnotes:</u></p> <p><sup>1</sup> HHI refers to the Herfindahl-Hirschmann Index which is a commonly-accepted measure of market concentration. It is calculated by squaring the market share of each firm competing in the market and then summing the resulting numbers.</p>							

**f. If there are transportation constraints on the Gulfstream and FGT systems, explain and support why the Gulf Coast storage providers can be considered good alternatives to Floridian Natural's storage facilities.**

**Answer to 1.f.:**

As discussed in response to Data Request 1.d. above, Gulf Coast storage facilities have already attracted Florida customers, demonstrating that Gulf Coast storage providers are good alternatives to the FGS Project.

Gulf Coast storage providers are without question good alternatives to the FGS Project on the vast majority of days each year when there are no transportation constraints on the Gulfstream and FGT systems. Even for the days when there are such constraints, these storage providers are good alternatives for potential FGS Project customers that already have long-term firm transportation rights on either FGT or Gulfstream and, as a result, have access to competing storage service in Gulf Coast region and from the FGS Project during all periods.

In my initial testimony, I also considered the situation where a potential FGS Project customer does not have sufficient firm transportation on either FGT or Gulfstream and has to consider, when determining whether to subscribe for storage service from the FGS Project, the peak day situation when both FGT and Gulfstream are capacity constrained and no short-term pipeline capacity is available for delivering natural gas into Florida. In such a peak day situation, the customer would not consider Gulf Coast storage providers as good alternatives to the FGS Project, but instead would consider whether alternate fuel oil or distillate were good alternatives to gas that could be stored by the FGS Project. As a result, world fuel oil prices (less the commodity cost of natural gas and the cost to have it delivered to the FGS Project during the off-peak periods) would always operate as a competitive restraint on the prices that the FGS Project could charge for its storage services. According to EIA statistics, the Florida market has historically been the largest user of fuel oil in the United States for power generation.

The above is discussed in my originally filed testimony on pages 16-21.

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**g. Explain how constraints on Gulfstream and FGT would impact Floridian Natural's ability to provide its proposed firm daily delivery storage service of 800 MMscfd.**

**Answer to 1.g.:**

Most customers will only subscribe for firm daily delivery storage service from the FGS Project if they have firm transportation rights on FGT or Gulfstream that assure delivery of their gas stored by the FGS Project to their delivery locations during the peak periods on the two pipelines. Other customers that desire service from the FGS Project to capture any arbitrage value of stored gas between different periods of the year will sell gas to other firm transportation customers of FGT and Gulfstream. Because of the FGS Project's location in south Florida, peak day firm transportation is available by backhaul on FGT and Gulfstream from the storage facility to upstream points on FGT and Gulfstream where most of the potential FGS Project customers (dual-fired power plants) are located and, on a more limited basis, by forward haul to points further south in Florida on FGT's and Gulfstream's systems. The FGS Project is located downstream of major compressor stations on both FGT and Gulfstream. During peak hours on peak demand days when these pipelines are experiencing their lowest pressures at the south end of their systems, FGS will be capable of delivering at high pressures (MAOP of each pipeline) and this will create additional deliverability downstream of the FGS Project facility, the amount of which will vary based on the individual day's demand and the pressure of the pipeline receiving from the FGS Project.

In addition, it should be noted that on the peak days when FGT and Gulfstream are constrained, FGS Project customers will not be injecting gas into the FGS Project and therefore will not need transportation on FGT or Gulfstream. Instead, on those days, they will likely be withdrawing gas from the FGS Project and thereby effectively increasing the peak day gas delivery capability of FGT and Gulfstream in Florida.

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2. **Floridian Natural states in the transmittal letter at pp 3-4 that access to its proposed storage facility will be provided by interconnects with Gulfstream and Florida Power and Light Company (FPLC) and that FPLC's 20-inch lateral line will provide the link between Floridian Natural and FGT's system. It is unclear from FPLC's intervention and comments filed November 29, 2007 and Floridian Natural's January 28, 2008 update to its application whether the interconnect with FPLC will be constructed. If the interconnect with FPLC is not constructed, explain:**
  - a. **How FGT will be able to provide service to and from Floridian Natural's storage facility.**

**Answer to 2.a.:**

The FGS Project anticipates that it will have two direct interconnections to the FGT facilities. FGT announced in February 2008 that it is proposing a Phase VIII expansion (FERC Docket No. PF08-17-000) that will increase the capacity of FGT's mainline system from the Mobile Bay, Alabama area to southern Florida to provide additional firm transportation capacity to serve the State (see press release below). This proposed new expansion, scheduled to be in service in 2011, will include a direct interconnection to FGS Project facilities (FGS Interconnect), with further details to be determined as FGT finalizes its proposed route, and will include acquisition of the FPL lateral referenced above. The FGS Project participated in the open season for the expansion project and has received a service proposal from FGT that includes interconnections at both the proposed new FGS Interconnect and at the interconnection with the FPL lateral. These new interconnections and the acquisition of the FPL lateral by FGT will allow FGT shippers to directly access FGS Project capacity on a firm or interruptible basis without the necessity for any additional arrangements between the FGS Project and FPL.

***Press Release***

**FLORIDA GAS TRANSMISSION COMPANY ANNOUNCES  
FLORIDA POWER AND LIGHT IS ANCHOR SHIPPER  
FOR PROPOSED PIPELINE PROJECT**

**HOUSTON, February 11, 2008** — Florida Gas Transmission Company (FGT) today announced that Florida Power and Light Company (FPL) has agreed to become the anchor shipper of a proposed natural gas pipeline expansion project through a 25-year service agreement for 400 million cubic feet per day (MMcf/d) of capacity.

As part of this precedent agreement, FGT will seek regulatory approval to build a proposed Phase VIII system expansion at an estimated cost of \$2 billion to provide approximately 800 MMcf/d of increased natural gas capacity into Florida. The proposed Phase VIII expansion

includes construction of approximately 500 miles of additional large diameter pipeline and the installation of approximately 170,000 horsepower of additional compression. Pending regulatory approvals, FGT is anticipating a spring 2011 in-service date for the project.

FGT, a subsidiary of Citrus Corp., operates a 5,000-mile natural gas pipeline system extending from south Texas to south Florida with current mainline capacity of 2.1 billion cubic feet per day. Citrus Corp is 50 percent owned by Southern Union Company (NYSE: SUG) and 50 percent owned by El Paso Corporation (NYSE: EP). The proposed project is expected to be financed through cash flows from operations and an appropriate level of debt at both the FGT and Citrus entity levels.

As proposed, the Phase VIII expansion will increase the capacity of FGT's mainline facilities from the Mobile Bay, Alabama, area to southern Florida to provide additional firm transportation service capacity throughout Florida to meet the state's rising energy demand. FGT previously announced an open season under which capacity is available to other interested shippers for the Phase VIII pipeline expansion. The open season extends from January 14 through February 15, and the results will determine the final scope of the project.

"With this commitment from Florida Power and Light, we have made the final investment decision to go forward with the Phase VIII expansion, subject to obtaining regulatory approvals," said Bob Hayes, senior vice president and chief commercial officer of Florida Gas Transmission. "Florida needs more generation capacity to meet the growing electric demand. Natural gas is a cleaner burning fossil fuel that could supply FPL and other customers with the fuel to meet the increasing electrical need with less environmental impact than alternative fuel sources. Currently 85 percent of the natural gas consumed in Florida is used for electric generation. FGT's Phase VIII expansion could help the state's utilities meet Florida's increasing energy needs because natural gas demand in the Florida peninsula is projected to grow over 1 billion cubic feet per day by 2015.

"FGT has worked with FPL for almost 50 years to bring cleaner burning natural gas to Florida," Hayes continued. "FPL was FGT's anchor customer when the pipeline was built into Florida in 1959 and this agreement represents the continuation of a successful partnership."

#### **About Florida Power and Light Company**

Florida Power & Light Company is the principal subsidiary of FPL Group, Inc. (NYSE: FPL), nationally known as a high quality, efficient and customer-driven organization focused on energy-related products and services. With annual revenues of nearly \$16 billion and a growing presence in 27 states, FPL Group is widely recognized as one of the country's premier power companies. Florida Power & Light Company serves 4.5 million customer accounts in Florida. FPL Energy, LLC, FPL Group's competitive energy subsidiary is a leader in producing electricity from clean and renewable fuels. Additional information is available on the Internet at [www.FPL.com](http://www.FPL.com), [www.FPLGroup.com](http://www.FPLGroup.com) and [www.FPLEnergy.com](http://www.FPLEnergy.com)

#### **About El Paso Corporation**

El Paso Corporation provides natural gas and related energy products in a safe, efficient, and dependable manner. The company owns North America's largest interstate natural gas pipeline system and one of North America's largest independent natural gas producers. For more information, visit <http://www.elpaso.com>.

### **About Southern Union Company**

Southern Union Company, headquartered in Houston, is one of the nation's leading diversified natural gas companies, engaged primarily in the transportation, storage, gathering, processing and distribution of natural gas. The company owns and operates one of the nation's largest natural gas pipeline systems with approximately 20,000 miles of gathering and transportation pipelines and North America's largest liquefied natural gas import terminal.

Through Panhandle Energy, Southern Union's interstate pipeline interests operate approximately 15,000 miles of interstate pipelines that transport natural gas from the Anadarko and San Juan basins, the Rockies, the Gulf of Mexico, Mobile Bay and South Texas to major markets in the Southeast, Midwest and Great Lakes region.

Southern Union Gas Services, with approximately 4,800 miles of pipelines, is engaged in the gathering, transmission, treating, processing and redelivery of natural gas and natural gas liquids in Texas and New Mexico.

Through its local distribution companies, Missouri Gas Energy and New England Gas Company, Southern Union also serves more than half a million natural gas end-user customers in Missouri and Massachusetts.

For further information, visit [www.sug.com](http://www.sug.com).

### **For further information:**

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713-989-7556

John F. Walsh, Vice President of Investor Relations  
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**b. Whether Gulfstream has sufficient capacity to provide the proposed 800 MMscfd of daily deliveries to serve Floridian Natural's customers.**

**Answer to 2.b.:**

Gulfstream's mainline pipeline is a 30-inch diameter line and has the operational capability to accept the full send out capacity of the FGS Project at 800,000 MMBtu/d. The FGS Project has the operational capability to inject at pressures up to the MAOP of the Gulfstream system.

Injecting large quantities of high pressure natural gas into the lowest pressure point at the end of the Gulfstream system physically creates additional capacity upstream of that point. This is one of the primary reasons why the FGS Project was located in south Florida at the end of the Gulfstream system. FGS Project customers' ability to deliver gas from the facility and into Gulfstream for delivery upstream via back haul should not be interrupted.

While Gulfstream will be fully subscribed in 2009, the likely FGS Project customers utilizing Gulfstream are likely to already hold firm transportation capacity on Gulfstream that can be used to move their storage volumes into the storage facility on a firm basis. Additionally, because the firm pipeline capacity on Gulfstream is sized based on the peak day demand during the summer months, the pipelines are significantly underutilized during the shoulder months or off peak periods and have more than enough capacity available to fill the FGS facility. Without storage in Florida, this capacity would go unused.

Finally, on May 17, 2007, Gulfstream announced an open season for an expansion of its system into Florida that will add an additional 750,000 MMBtu/d of capacity to be available in late 2011.

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**c. Why transportation or storage capacity available on FGT may be considered an alternative supplier of storage capacity to Floridian Natural.**

**Answer to 2.c.:**

The target customers of the FGS Project all have firm transportation contracts with FGT (and Gulfstream) and can utilize this capacity to transport natural gas from the Gulf Coast, either from storage or directly from producers, to markets in Florida, thereby competing with the FGS Project. Additionally each of these pipelines oversized the physical dimensions of its pipeline into the State so that it could effectively offer peaking service by allowing its customers to deliver into the pipeline on a 24-hour ratable basis, but to take receipts from the pipeline of the full day's nomination over 16 hours. FGT proposes similarly to oversize its new expansion capacity into the State.

In Order No. 678 (¶¶ 26-27), the Commission recognized that pipeline capacity is a good alternative to storage where the capacity is available soon enough, at a price low enough and with a quality of service high enough to substitute for the storage services. With respect to FGT (and Gulfstream), the capacity is already under contract with the target customers of the FGS Project (and more capacity, including peaking deliverability, will be available by the time the FGS Project commences service). The quality of pipeline deliveries into the market area is equivalent to or better than that of the FGS Project storage service, which is limited to 10 days of service per cycle of storage. For clarity, because the pipelines were originally oversized to effectively provide peak hourly storage service, peaking service comparable to the storage service provided by the FGS Project has always been available, and through the new proposed expansions, will continue to be available to customers in Florida. Finally, this comparable service is available at a competitive price: whether customers store gas in the pipelines or in the FGS Project, they pay the same pipeline transportation charge. See response above to Data Request 1.d .

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- 3. Theodore R. Breton explains in his Prepared Statement at p 12, that Floridian Natural's prime target customer base is natural-gas-fired electric power plants in Florida and that the vast majority of the plants use fuel oil (#6 residual fuel or # 2 fuel oil) as backup capability, which serves as an alterative to natural gas. Please explain:**
- a. Please explain the backup role of #6 residual fuel or #2 fuel oil for each electric power plant, including any operational or use restrictions such as environmental permit constraints.**

**Answer to 3.a.:**

Florida dual-fired power generation plants, which are primarily fueled by natural gas, typically utilize No. 2 or No. 6 fuel oil as a source of backup fuel during periods when sufficient natural gas supply is not available due to pipeline constraints, or at times of highly elevated natural gas prices. The fuel oil run time of gas-fired power plants is constrained by both permitting and operational constrictions. Many newer dual-fired units in the State of Florida are permitted to run on fuel oil for 700 – 1500 hours per year, which corresponds to 30 – 60 days of 24 hour operation. Additionally, fuel oil is typically delivered to the plant by truck and stored in on-site tanks, which usually have a capacity up to 10 days of supply.

The specific data requested by plant are not publicly available and, given the number of electric power plants that use fuel oil as backup capability, are not readily assembled. The response to Data Request 3.b. below, however, does identify the dual-fueled plants and the type of fuel oil each is capable of burning.

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**b. For each dual-fired electric power plant identify which type of fuel oil, #6 residual fuel or #2 fuel oil, they are capable of burning.**

**Answer to 3.b.:**

See Tables G and H, respectively, immediately below.

**Table G:**

**#6 Residual Fuel Capable Plants**

Owner Name	Plant Operator Name	Plant Name	Plant County	Fuel Type Burning Capability
Florida Power & Light Co	Florida Power & Light Co	Cape Canaveral	Brevard	#6-residual fuel
		Riviera	Palm Beach	#6-residual fuel
		Sanford (FL)	Volusia	#6-residual fuel
		Manatee (FPL)	Manatee	#6-residual fuel
		Martin (FL)	Martin	#6-residual fuel
		Port Everglades	Broward	#6-residual fuel
		Riviera	Palm Beach	#6-residual fuel
		Sanford (FL)	Volusia	#6-residual fuel
		Turkey Point	Miami Dade	#6-residual fuel
		Henry D King	Saint Lucie	#6-residual fuel
Fort Pierce Utility Authority Gainesville Regional Utilities	Fort Pierce Utility Authority Gainesville Regional Utilities	Deerhaven	Alachua	#6-residual fuel
		John R Kelly Unit 1	Alachua	#6-residual fuel
JEA	JEA	John R Kelly Unit 2	Alachua	#6-residual fuel
		J D Kennedy	Duval	#6-residual fuel
Lake Worth Utilities Lakeland Dept of Electric Water Utilities	Lake Worth Utilities Lakeland Dept of Electric Water Utilities	Northside Generating	Duval	#6-residual fuel
		Tom G Smith	Palm Beach	#6-residual fuel
Progress Energy Florida	Progress Energy Florida	C D McIntosh Jr	Polk	#6-residual fuel
		Larsen Memorial	Polk	#6-residual fuel
		Higgins	Pinellas	#6-residual fuel
		Anclote	Pasco	#6-residual fuel
		Avon Park	Highlands	#6-residual fuel
		Higgins	Pinellas	#6-residual fuel
		P L Bartow	Pinellas	#6-residual fuel
Suwannee	Suwannee	#6-residual fuel		
Reliant Energy Indian River LLC	Reliant Energy Indian River LLC	Reliant Energy Indian River PL	Brevard	#6-residual fuel
Solutia Inc Pensacola	Solutia Inc Pensacola	Pensacola Florida Plant	Escambia	#6-residual fuel
Tallahassee FL (City of)	Tallahassee FL (City of)	Arvah B Hopkins	Leon	#6-residual fuel
		S O Purdom	Wakulla	#6-residual fuel
Vero Beach Municipal Utilities	Vero Beach Municipal Utilities	Vero Beach Municipal	Indian River	#6-residual fuel

**Table H:**

**#2 Distillate Fuel Capable Plants**

Owner Name	Plant Operator Name	Plant Name	Plant County	Fuel Type Burning Capability
Calpine Eastern Corp	Calpine Eastern Corp	Auburndale Peaking Energy Cente	Polk	#2-distillate fuel
		Auburndale Power Plant	Polk	#2-distillate fuel
Florida Municipal Power Agency	Kissimmee Utility Authority	Cane Island	Osceola	#2-distillate fuel
	Orlando Utilities Commission	Indian River	Brevard	#2-distillate fuel
		Stanton Energy Center	Orange	#2-distillate fuel
Florida Power & Light Co	Florida Power & Light Co	Lauderdale	Broward	#2-distillate fuel
		Martin (FL)	Martin	#2-distillate fuel
		Port Everglades	Broward	#2-distillate fuel
Fort Pierce Utility Authority	Fort Pierce Utility Authority	Henry D King	Saint Lucie	#2-distillate fuel
Gainesville Regional Utilities	Gainesville Regional Utilities	Deerhaven	Alachua	#2-distillate fuel
		John R Kelly	Alachua	#2-distillate fuel
Hardee Power Partners Ltd	Hardee Power Partners Ltd	Hardee Power Station	Hardee	#2-distillate fuel
Homestead FL (City of)	Homestead FL (City of)	G W Ivey	Miami Dade	#2-distillate fuel
JEA	JEA	Brandy Branch	Duval	#2-distillate fuel
		J D Kennedy	Duval	#2-distillate fuel
Kissimmee Utility Authority	Kissimmee Utility Authority	Cane Island	Osceola	#2-distillate fuel
	Kissimmee Utility Authority	Hansel	Osceola	#2-distillate fuel
Lake Cogeneration Ltd	Lake Cogeneration Ltd	Lake Cogeneration Ltd	Lake	#2-distillate fuel
Lake Worth Utilities	Lake Worth Utilities	Tom G Smith	Palm Beach	#2-distillate fuel
Lakeland Dept of Electric Water Utilities	Lakeland Dept of Electric Water Utilities	C D McIntosh Jr	Polk	#2-distillate fuel
		Larsen Memorial	Polk	#2-distillate fuel
Northern Star Generation LLC	Northern Star Generation LLC	Vandolah Power Station	Hardee	#2-distillate fuel
Orlando Utilities Commission	Orlando Utilities Commission	Indian River	Brevard	#2-distillate fuel
		St Cloud	Osceola	#2-distillate fuel
		Stanton Energy Center	Orange	#2-distillate fuel
Pasco Cogeneration Ltd	Pasco Cogeneration Ltd	Pasco Cogeneration Ltd	Pasco	#2-distillate fuel
Polk Power Partners LP	Polk Power Partners LP	Mulberry Cogeneration Facility	Polk	#2-distillate fuel
Pomifer Power Funding LLC	Calpine Eastern Corp	Auburndale Power Plant	Polk	#2-distillate fuel
Progress Energy Florida	Progress Energy Florida	Avon Park	Highlands	#2-distillate fuel
		Debary	Volusia	#2-distillate fuel
		Higgins	Pinellas	#2-distillate fuel
		Hines Energy Complex	Polk	#2-distillate fuel
		Intercession City	Osceola	#2-distillate fuel
		P L Bartow	Pinellas	#2-distillate fuel
		Suwannee	Suwannee	#2-distillate fuel
Reedy Creek Improvement District	Reedy Creek Improvement District	Central Energy Plant	Orange	#2-distillate fuel
Reliant Energy Oseola LLC	Reliant Energy Oseola LLC	Energy Osceola	Osceola	#2-distillate fuel
Seminole Electric Coop	Seminole Electric Coop	Payne Creek	Hardee	#2-distillate fuel
Shady Hills Power Co LLC	Shady Hills Power Co LLC	Shady Hills Generating Station	Pasco	#2-distillate fuel
Southern Power Co	Southern Power Co	Desoto County Power	Desoto	#2-distillate fuel
		Oleander Power Project	Brevard	#2-distillate fuel
St Vincents Medical Center	St Vincents Medical Center	St Vincents Medical Center	Duval	#2-distillate fuel
Tallahassee FL (City of)	Tallahassee FL (City of)	Arvah B Hopkins	Leon	#2-distillate fuel
		S O Purdom	Wakulla	#2-distillate fuel
Tampa Electric Co	Tampa Electric Co	Polk Station	Polk	#2-distillate fuel
Vero Beach Municipal Utilities	Vero Beach Municipal Utilities	Vero Beach Municipal	Indian River	#2-distillate fuel

**Source:**  
 Energy Velocity.

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**c. The number of days the dual fired electric generating plants in Florida used fuel oil instead of natural gas during the January 2004 to October 2007 period.**

**Answer to 3.c.:**

The specific data requested on the number of days the electric generating plants burned oil instead of natural gas is not publicly available but can be approximated using the data on generation by fuel type and the total plant generation capacity. Tables I and J represent the total number of days in the 7-month summer season, and Tables K and L represent the total number of days in the 5-month winter season, that a power plant burned residual fuel and distillate, respectively. Tables I through L also demonstrate the month with minimum and maximum number of days the plant generated power using an alternative fuel to natural gas.

On average, electric generating plants in Florida burned residual fuel for 34 and 42 days with a minimum of three and five days per month and a maximum of seven and eleven days per month in the summer and winter seasons, respectively. In light of the lack of historical interruptions by FGT and Gulfstream in the market area in the winter season, the increased use of residual fuel in the winter season has to be price driven. As shown in Tables J and L, the electric generating plants have historically not consumed as much distillate fuel to produce power, primarily owing to high distillate fuel costs.

See Tables I through L below for details.

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**Table I:**

Residual Fuel Burning Power Plants	2004			2005			2006			2007			4 yr Summer Summary		
	# Days in Summer <sup>1</sup>	Summer Monthly Min <sup>2</sup>	Summer Monthly Max <sup>3</sup>	# Days in Summer	Summer Monthly Min	Summer Monthly Max	# Days in Summer	Summer Monthly Min	Summer Monthly Max	# Days in Summer	Summer Monthly Min	Summer Monthly Max	Avg	Min	Max
Anclote	124	13	21	117	12	21	84	6	17	95	9	15	102	10	19
Anrah B Hopkins	24	2	4	16	0	5	4	0	3	7	2	3	13	1	4
Auburndale Peaking Energy Center	24	2	4	16	0	5	4	0	3	7	2	3	13	1	4
Auburndale Power Plant	24	2	4	16	0	5	4	0	3	7	2	3	13	1	4
Avon Park	24	2	4	16	0	5	4	0	3	7	2	3	13	1	4
C D McIntosh Jr	8	0	2	10	0	3	1	0	1	3	0	0	5	0	1
Central Energy Plant	68	2	15	68	4	17	27	1	11	31	1	8	48	2	13
Debary	68	2	15	68	4	17	27	1	11	31	1	8	48	2	13
Dearhaven	15	1	3	10	0	3	3	0	1	3	0	1	8	0	2
Desoto County Power	15	1	3	10	0	3	3	0	1	3	0	1	8	0	2
Energy Osceola	15	1	3	10	0	3	3	0	1	3	0	1	8	0	2
G W Hwy	15	1	3	10	0	3	3	0	1	3	0	1	8	0	2
Hansel	15	1	3	10	0	3	3	0	1	3	0	1	8	0	2
Hardee Power Station	15	1	3	10	0	3	3	0	1	3	0	1	8	0	2
Henry D King	15	1	3	10	0	3	3	0	1	3	0	1	8	0	2
Higgins	15	1	3	10	0	3	3	0	1	3	0	1	8	0	2
Indian River	48	5	8	36	1	10	11	0	5	7	0	3	25	2	7
Intercession City	48	5	8	36	1	10	11	0	5	7	0	3	25	2	7
J D Kennedy	48	5	8	36	1	10	11	0	5	7	0	3	25	2	7
John R Kelly	2	0	1	5	1	2	0	0	1	0	0	0	2	0	1
Lake Cogeneration Ltd	2	0	1	5	1	2	0	0	1	0	0	0	2	0	1
Larsen Memorial	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Lauderdale	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Manatee (FPL)	92	8	16	89	9	16	56	4	13	52	2	11	72	6	14
Martin (FL)	45	5	9	40	3	7	31	4	6	30	3	6	37	4	7
Mulberry Cogeneration Facility	45	5	9	40	3	7	31	4	6	30	3	6	37	4	7
Northside Generating	68	7	12	69	3	13	36	0	11	8	0	3	43	3	10
Oleander Power Project	68	7	12	69	3	13	36	0	11	8	0	3	43	3	10
P L Bartow	204	22	32	173	13	32	157	19	25	150	14	27	171	17	29
Pasco Cogeneration Ltd	204	22	32	173	13	32	157	19	25	150	14	27	171	17	29
Payne Creek	204	22	32	173	13	32	157	19	25	150	14	27	171	17	29
Polk Station	32	3	6	28	3	5	1	0	1	5	0	3	17	1	4
Port Everglades	75	8	13	69	6	13	32	2	10	39	4	9	54	5	11
S O Purdom	115	11	20	89	6	21	49	3	16	62	6	14	79	7	18
Shady Hills Generating Station	7	0	2	7	0	2	1	0	1	2	0	1	4	0	1
St Cloud	7	0	2	7	0	2	1	0	1	2	0	1	4	0	1
Stanton Energy Center	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Suwannee	59	2	14	58	0	13	24	0	9	21	2	7	40	1	11
Tom G Smith	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0
Vandolah Power Station	78	4	16	89	5	19	32	1	12	65	8	11	66	4	15
Vero Beach Municipal	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0
<b>SUMMARY</b>	<b>47</b>	<b>4</b>	<b>9</b>	<b>41</b>	<b>3</b>	<b>9</b>	<b>25</b>	<b>2</b>	<b>6</b>	<b>24</b>	<b>2</b>	<b>5</b>	<b>34</b>	<b>3</b>	<b>7</b>

**Footnotes:**

- <sup>1</sup># Days in Summer (April-Oct)- the number of days the plant generated power using an alternate fuel: residual fuel or distillate fuel
- <sup>2</sup>Summer Monthly Min- the month with minimum number of days the plant generated power using an alternative fuel: residual fuel or distillate fuel
- <sup>3</sup>Summer Monthly Max- the month with maximum number of days the plant generated power using an alternate fuel: residual fuel or distillate fuel

**Table J:**

Distillate Fuel Burning Power Plants	2004			2005			2006			2007			4-yr Summer Summary		
	# Days in Summer	Summer Monthly Min	Summer Monthly Max	# Days in Summer	Summer Monthly Min	Summer Monthly Max	# Days in Summer	Summer Monthly Min	Summer Monthly Max	# Days in Summer	Summer Monthly Min	Summer Monthly Max	Avg.	Min	Max
Anclote	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Arvah B Hopkins	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Auburndale Peaking Energy Center	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Auburndale Power Plant	0	0	0	0	0	0	7	1	2	0	0	0	2	0	0
Avon Park	5	0	2	4	0	2	2	0	1	3	0	1	4	0	1
C D McIntosh Jr	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Central Energy Plant	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0
Debary	4	0	1	6	0	2	3	0	1	3	0	1	4	0	1
Deerhaven	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Desoto County Power	5	0	1	2	0	1	0	0	0	0	0	0	2	0	1
Energy Osceola	2	0	1	2	0	1	0	0	0	0	0	0	1	0	1
G W Ivey	5	0	3	2	0	0	1	0	2	0	0	0	2	0	1
Hansel	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0
Hardee Power Station	1	0	1	1	0	0	0	0	0	0	0	0	0	0	0
Henry D King	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Higgins	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Indian River	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Intercession City	8	0	2	6	0	2	4	0	2	3	0	1	5	0	2
J D Kennedy	1	0	0	2	0	1	1	0	2	1	0	0	1	0	1
John R Kelly	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Lake Cogeneration Ltd	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Larsen Memorial	1	0	0	1	0	0	0	0	0	0	0	0	0	0	0
Lauderdale	1	0	1	2	0	2	0	0	0	0	0	0	1	0	1
Manatee (FPL)	1	0	1	2	0	2	0	0	0	0	0	0	1	0	1
Martin (FL)	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Mulberry Cogeneration Facility	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Northside Generating	1	0	0	2	0	0	1	0	0	0	0	0	1	0	0
Oleander Power Project	4	0	2	4	0	1	1	0	0	0	0	0	2	0	1
P L Bartow	2	0	1	4	0	1	4	0	1	1	0	1	3	0	1
Pasco Cogeneration Ltd	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Payne Creek	0	0	0	1	0	1	0	0	0	0	0	0	0	0	0
Polk Station	5	0	2	7	0	2	3	0	1	3	0	1	5	0	1
Port Everglades	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
S O Purdom	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Shady Hills Generating Station	4	0	2	2	0	1	0	0	0	0	0	0	2	0	1
St Cloud	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Stanton Energy Center	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Suwannee	4	0	2	3	0	1	2	0	1	2	0	1	3	0	1
Tom G Smith	1	0	0	1	0	0	1	0	0	0	0	0	1	0	0
Vandolah Power Station	3	0	2	5	0	2	0	0	0	1	0	0	2	0	1
Vero Beach Municipal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>SUMMARY</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>

**Table K:**

Power Generation-Residual Fuel	2004			2005			2006			2007			4-yr Winter Summary		
	#Days in Winter <sup>4</sup>	Winter Monthly Min <sup>5</sup>	Winter Monthly Max <sup>6</sup>	#Days in Winter	Winter Monthly Min	Winter Monthly Max	#Days in Winter	Winter Monthly Min	Winter Monthly Max	#Days in Winter	Winter Monthly Min	Winter Monthly Max	Avg	Min	Max
Anclote	185	31	45	184	24	49	116	18	30	123	14	35	152	22	40
Arvah B Hopkins	29	1	9	46	2	25	19	0	13	8	0	8	25	1	14
Auburndale Peaking Energy Center	29	1	9	46	2	25	19	0	13	8	0	8	25	1	14
Auburndale Power Plant	29	1	9	46	2	25	19	0	13	8	0	8	25	1	14
Avon Park	29	1	9	46	2	25	19	0	13	8	0	8	25	1	14
C D McIntosh Jr	2	0	1	11	0	7	1	0	0	0	0	0	3	0	2
Central Energy Plant	79	7	22	88	13	25	33	22	12	38	25	22	59	5	20
Debary	79	7	22	88	13	25	33	22	12	38	25	22	59	5	20
Deerhaven	10	0	5	7	1	4	7	0	4	4	0	3	7	0	4
Desoto County Power	10	0	5	7	1	4	7	0	4	4	0	3	7	0	4
Energy Osceola	10	0	5	7	1	4	7	0	4	4	0	3	7	0	4
G W Ivey	10	0	5	7	1	4	7	0	4	4	0	3	7	0	4
Hansei	10	0	5	7	1	4	7	0	4	4	0	3	7	0	4
Hardee Power Station	10	0	5	7	1	4	7	0	4	4	0	3	7	0	4
Henry D King	10	0	5	7	1	4	7	0	4	4	0	3	7	0	4
Higgins	10	0	5	7	1	4	7	0	4	4	0	3	7	0	4
Indian River	46	3	13	19	0	8	3	0	1	3	0	3	18	1	6
Intercession City	46	3	13	19	0	8	3	0	1	3	0	3	18	1	6
J D Kennedy	46	3	13	19	0	8	3	0	1	3	0	3	18	1	6
John R Kelly	3	1	3	0	0	0	1	0	1	0	0	0	1	0	1
Lake Cogeneration Ltd	3	1	3	0	0	0	1	0	1	0	0	0	1	0	1
Larsen Memorial	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Lauderdale	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Manatee (FPL)	106	5	38	122	19	33	36	3	12	20	3	8	71	7	23
Martin (FL)	54	7	14	47	5	14	23	2	11	7	0	3	33	4	10
Mulberry Cogeneration Facility	54	7	14	47	5	14	23	2	11	7	0	3	33	4	10
Northside Generating	71	6	24	43	11	18	42	7	18	18	0	15	44	6	18
Oleander Power Project	71	6	24	43	11	18	42	7	18	18	0	15	44	6	18
P L Bartow	262	39	69	296	42	77	173	29	46	161	9	44	224	30	59
Pasco Cogeneration Ltd	262	39	69	296	42	77	173	29	46	161	9	44	224	30	59
Payne Creek	262	39	69	296	42	77	173	29	46	161	9	44	224	30	59
Polk Station	70	12	16	69	10	18	24	1	12	20	0	11	46	6	14
Port Everglades	71	7	20	90	10	27	35	4	11	28	2	12	56	6	17
S O Purdom	181	27	44	199	27	53	89	10	25	60	0	24	132	16	37
Shady Hills Generating Station	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0
St Cloud	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0
Stanton Energy Center	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Suwannee	6	1	4	6	3	3	2	0	2	1	1	1	4	1	2
Tom G Smith	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0
Vandolah Power Station	147	21	38	102	7	44	53	5	18	30	1	12	83	8	28
Vero Beach Municipal	0	0	0	2	0	0	0	0	0	0	0	0	0	0	0
<b>SUMMARY</b>	<b>56</b>	<b>7</b>	<b>16</b>	<b>57</b>	<b>7</b>	<b>18</b>	<b>30</b>	<b>4</b>	<b>10</b>	<b>23</b>	<b>1</b>	<b>9</b>	<b>42</b>	<b>5</b>	<b>13</b>

**Footnotes:**

- <sup>4</sup># Days in Winter (Nov-Mar)- the number of days the plant generated power using an alternate fuel: residual fuel or distillate fuel
- <sup>5</sup>Winter Monthly Min- the month with minimum number of days the plant generated power using an alternative fuel: residual fuel or distillate fuel
- <sup>6</sup>Winter Monthly Max- the month with maximum number of days the plant generated power using an alternate fuel: residual fuel or distillate fuel

**Table L:**

Power Generation-Distillate Fuel	2004			2005			2006			2007			4-yr Winter Summary		
	#Days in Winter	Winter Monthly Min	Winter Monthly Max	#Days in Winter	Winter Monthly Min	Winter Monthly Max	#Days in Winter	Winter Monthly Min	Winter Monthly Max	#Days in Winter	Winter Monthly Min	Winter Monthly Max	Avg	Min	Max
Anclote	0	0	0	1	0	0	1	0	0	1	0	0	1	0	0
Arvoh B Hopkins	0	0	0	0	0	0	2	0	0	0	0	0	1	0	0
Auburndale Peaking Energy Center	0	0	0	0	0	0	2	0	0	0	0	0	1	0	0
Auburndale Power Plant	0	0	0	1	0	0	67	3	6	0	0	0	17	1	1
Avon Park	2	0	1	19	0	7	6	0	0	12	0	1	10	0	2
C D McIntosh Jr	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Central Energy Plant	0	0	0	0	0	0	4	0	0	0	0	0	1	0	0
Debary	2	0	1	21	0	2	8	0	0	10	0	0	10	0	1
Deerhaven	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Desoto County Power	0	0	0	8	0	1	0	0	0	1	0	0	2	0	0
Energy Osceola	1	0	1	8	0	1	1	0	0	0	0	0	2	0	1
G W Ivey	0	0	0	11	1	1	6	0	1	0	0	0	4	0	0
Hansol	0	0	0	4	0	0	0	0	0	0	0	0	1	0	0
Hardee Power Station	0	0	0	2	0	1	0	0	0	0	0	0	1	0	0
Henry D King	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0
Higgins	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0
Indian River	0	0	0	1	0	0	1	0	0	0	0	0	0	0	0
Intercession City	6	0	4	30	0	5	15	0	3	12	0	1	16	0	3
J D Kennedy	0	0	0	7	0	2	4	0	0	3	0	0	3	0	1
John R Kelly	5	0	3	0	0	0	1	0	0	1	0	0	2	0	1
Lake Cogeneration Ltd	5	0	3	0	0	0	1	0	0	1	0	0	2	0	1
Larsen Memorial	2	2	2	5	1	1	1	1	1	1	0	1	2	1	1
Lauderdale	0	0	0	7	0	0	0	0	0	0	0	0	2	0	0
Manatee (FPL)	0	0	0	7	0	0	0	0	0	0	0	0	2	0	0
Martin (FL)	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0
Mulberry Cogeneration Facility	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0
Northside Generating	2	0	1	6	0	1	3	0	0	2	0	0	3	0	1
Oleander Power Project	2	0	1	13	0	2	2	0	0	1	0	0	5	0	1
P L Bartow	2	0	2	20	0	3	18	0	0	8	0	1	12	0	1
Pasco Cogeneration Ltd	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Payne Creek	0	0	0	2	0	0	1	0	0	2	0	1	1	0	0
Polk Station	12	1	5	21	0	1	17	0	3	14	1	1	16	1	2
Port Everglades	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
S O Purdom	0	0	0	1	0	0	1	0	0	0	0	0	1	0	0
Shady Hills Generating Station	0	0	0	7	0	0	0	0	0	8	8	8	4	2	2
St Cloud	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Stanton Energy Center	0	0	0	0	0	0	0	0	0	1	0	0	1	0	0
Suwannee	6	0	3	26	1	6	12	0	0	13	0	1	14	0	3
Tom G Smith	1	0	0	14	1	2	15	1	1	0	0	0	7	0	1
Vandolah Power Station	1	0	0	14	0	0	1	1	1	2	0	0	5	0	0
Vero Beach Municipal	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0
<b>SUMMARY</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>6</b>	<b>0</b>	<b>1</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>0</b>	<b>1</b>

**Source:**  
 Energy Velocity.

- 4. Explain how Floridian Natural complies with section 4(f) of the Natural Gas Act and section 284.501, 284.502, and 284.205 of the Commission's regulations,<sup>3</sup> by providing the following information:**
  - a. Describe how and why the proposed storage facilities would not be built except for market-based storage rates.**
  - b. Describe why market-based storage rates are necessary to encourage the construction of the proposed storage capacity and such facilities are in the public interest and necessary.**
  - c. Provide the results of Floridian Natural's open season and the agreement between Floridian Natural and the prospective customer(s). The agreement(s) can be filed as a non-public document, requesting confidential treatment pursuant to 18 CFR " 388.112.**
  - d. Explain how Floridian Natural will establish a reserve price to ensure that capacity will not be withheld and customers will be protected from Floridian Natural exercising market power. Further explain how Floridian Natural will ensure that its customers are adequately protected.**
  - e. Describe in detail the auction procedure that Floridian Natural would implement to provide market-based storage rates under section 4(f).<sup>4</sup>**

**Answer to 4.a.-e.:**

As set forth in the FGS Project Application at pages 19-25, the FGS Project has elected not to seek market-based rate authority pursuant to Section 4(f) of the Natural Gas Policy Act, which allows an applicant to "provide storage and storage-related services at market-based rates for new storage capacity related to a specific facility placed in service . . . notwithstanding the fact that the company is unable to demonstrate that the company lacks market power." Section 312,

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<sup>3</sup> Implementing Sections 284.501, 284,502 and 284.505 of the Commission's regulations. *See* Rate Regulation of Certain Natural Gas Storage Facilities, Order No. 678, 71 FR 36612 (June 17, 2006) FERC Stats. & Regs. [Regulations Preambles] ¶ 31,200 (June 19, 2006).

<sup>4</sup> *E.g., Texas Gas Transmission, LLC*, 122 FERC ¶ 61,190 at PP 38-40 (2008) and Texas Gas's application filed July 3, 2007 in Docket No. CP07-405-000, Exhibit P, Pro Forma Sheet Nos. 298-299.

Energy Policy Act of 2005 (“EPAAct”) (creating a new Section 4(f) of the Natural Gas Act). Instead, the FGS Project elected to seek market-based rate authorization from the Commission pursuant to the Commission’s pre-EPAAct authority, which allows the Commission to grant market-based rate authority to an applicant upon the applicant’s demonstration that it lacks market power.

Applicants remain free, notwithstanding EPAAct and new Commission rule 284.505, to seek market-based rate authority pursuant to the pre-EPAAct test whereby the applicant may qualify for market-based rates by demonstrating that it lacks market power (the “Traditional Test”). The FGS Project, in its Application, states that “[g]iven its lack of market power, FGS elects to seek market-based authority pursuant to Order No. 678’s expanded definition of the product market under the Commission’s Traditional Test.”

The FGS Project, an entity which will provide service under subparts B and G of part 284 of the Commission’s rules, is in compliance with Commission rules 284.501 and 284.502, which provide that “[a]pplications for market-based rates may be filed with certificate applications,” as the FGS Project has done here.

The Data Request directed attention to the Commission’s recent order in *Texas Gas Transmission, LLC*. In that application, Texas Gas sought market-based rates, pleading in the alternative under both the Traditional Test and the new EPAAct Section 4(f) test. The Commission rejected Texas Gas’ argument under the Traditional Test, but accepted its alternative argument under the Section 4(f) test. The use of the Traditional Test in the *Texas Gas* case, however, is not analogous to the FGS Project’s use of the Traditional Test in the FGS Project Application, for the following reasons.

First, the Texas Gas order requires that competitors included in the relevant geographic market under the Traditional Test to be “in close proximity.” *Texas Gas* at ¶ 20. The Texas Gas application proposed a natural gas storage facility to be located in Kentucky, and advocated a geographic footprint that included both the Midwest Market (Kentucky, Indiana, Illinois, West Virginia, Ohio and Michigan) and the Midwest/Mid-Atlantic Market (all of the above states, plus Pennsylvania and Maryland). The Commission rejected that proposed geographic footprint as too expansive. It instead favored “[a] more conservative approach” that focused on a narrower region that would exclude Michigan, Maryland and Pennsylvania, none of which are “directly accessible to customers on the Texas Gas system.” Applying the Traditional Test to this smaller geographic footprint, the Commission found that, under the Traditional Test, “this level of market concentration would require further scrutiny before the Commission could make a finding of a lack of market power.” The Commission accordingly rejected Texas Gas’ application under the Traditional Test, while accepting its application under the alternative Section 4(f) test.

By contrast, the FGS Project Application, which relies on the Traditional Test, is consistent with the requirement that only alternatives in “close proximity” to the FGS Project be included in the assessment of market power. It assessed eleven facilities other than the proposed FGS Project; ten of the eleven facilities are located within the Gulf Coast states of Texas, Louisiana, Alabama,

Mississippi and Florida and the eleventh is a LNG import terminal in Georgia. Florida and the Gulf Coast are effectively a unitary market – FGT and Gulfstream link Florida with the Gulf Coast production basin where gas supplies used in Florida originate, except for the relatively small volume of LNG imports from Elba Island that enter the State via the Cypress pipeline. In fact, the pipelines charge an identical “postage stamp rate” for transportation whether from Gulf sources in Texas or from sources adjacent to Florida.

Second, the *Texas Gas* case speaks of the need to assess only markets that are “accessible directly to customers” of the applicant. *Texas Gas* at ¶ 21. The FGS Project Application market power testimony states specifically that it “included in [its] definition of the relevant geographic and product market only gas storage projects in the U.S. Gulf region that are . . . directly connected to FGT or Gulfstream. To be conservative in the analysis, [it] did not include consideration of storage projects that are indirectly connected to the pipelines.” Breton Testimony at p.11. This distinguishes the FGS Project Application from that of *Texas Gas*, which specifically included gas storage projects that were indirectly connected to its proposed facility. See *Texas Gas* at ¶ 20 and Niehaus Testimony in *Texas Gas* case at pp. 7-9 and 15-19. In addition it should be noted that the assessment for the FGS Project also conservatively included only those facilities not fully subscribed and already under construction (although there will be additional storage facilities in operation when the FGS Project commences operation).

Finally, footnote 17 of the *Texas Gas* order alludes to a staff market study that “includes the states contiguous to” the applicant’s proposed facility. *Texas Gas* at ¶ 21. However, footnote 17 is not even arguably a holding that the Commission will henceforth permit only assessment of competing facilities in states directly contiguous to the applicant’s proposed project. The proof of this is that, in the Commission’s *PetroLogistics* case, *PetroLogistics Natural Gas Storage, LLC*, 122 FERC ¶ 61,193 (March 3, 2008), issued after *Texas Gas*, the Commission approved an application for market-based rates under the Traditional Test for a project to be located in Louisiana, accepting the applicant’s identification of the relevant geographic market as “the Gulf Coast production area” and endorsing a geographic footprint that included Texas, Louisiana, Alabama and Mississippi. Alabama, of course, is not contiguous to Louisiana. To similar effect, *Golden Triangle Storage, Inc.*, 121 FERC ¶ 61,313 (2007) (included the non-contiguous states of Mississippi and Alabama in a market power study for a project in Texas); *Copiah Storage, LLC*, 121 FERC ¶ 61,272 (2007) (included the non-contiguous state of Texas in a market power study for a project in Mississippi); *Tres Palacios Gas Storage, LLC*, 120 FERC ¶ 61,253 (2007) (included the non-contiguous states of Mississippi and Alabama in a market power study for a project in Texas); *Petal Gas Storage, Inc.*, 118 FERC ¶ 61,253 (2007) (included the non-contiguous states of Texas and Georgia in a market power study for a project in Mississippi); *Mississippi Hub, LLC*, 118 FERC ¶ 61,099 (2007) (included the non-contiguous state of Texas in a market power study for a project in Mississippi); *MoBay Storage Hub, Inc.*, 117 FERC ¶ 61,298 (2006) (included the non-contiguous states of Texas and Louisiana in a market power study for a project in Alabama); *BGS Kimball Gas Storage, LLC*, 117 FERC ¶ 61,122 (2006) (included the non-contiguous states of Iowa and Illinois in a market power study for a project in Michigan); *Hill-Lake Gas Storage, L.P.*, 99 FERC ¶ 61,037 (2002) (included the non-contiguous states of Kansas, Mississippi and Alabama in a market power study for a project in Texas); *Northwest Natural Gas Company*, 95 FERC ¶ 61,242 (2001) (included the non-contiguous state

of Utah in a market power study for a project in Oregon); *ONEOK Gas Storage, L.L.C.*, 90 FERC ¶ 61,283 (2000) (included the non-contiguous state of Louisiana in a market power study for a project in Oklahoma).

Sponsored by:  
David Sharp  
April 11, 2008