

claim of confidentiality  
 notice of intent  
 request for confidentiality  
 filed by OPC

May 3, 2013

For DN 02482-13, which is in locked storage. You must be authorized to view this DN.-CLK

**BY HAND DELIVERY**

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

RECEIVED-FPSC  
13 MAY -3 PM 4: 06  
COMMISSION  
CLERK

130136-GU

Re: New Filing: Petition by the Florida Division of Chesapeake Utilities Corporation for Approval of Assumption of Firm Transportation Service Agreement with JDC Development, LLC

Dear Ms. Cole:

Enclosed for filing, please find the original and 7 copies of the Florida Division of Chesapeake Utilities Corporation's Request for Confidential Classification of certain information in the exhibits to its Petition for approval to assume a Special Contract for firm transportation service with JDC Development, which has also been submitted under separate cover today. Included with this Request are one highlighted and two redacted copies of the referenced documents for which confidential classification is sought.

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

Kind regards,



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

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DOCUMENT NUMBER DATE

02481 MAY-3 2013

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Petition for Approval of Assumption of Special Contract with JDC Development, LLC by the Florida Division of Chesapeake Utilities Corporation.

Docket No. 130136-GU

Filed: May 3, 2013

**THE FLORIDA DIVISION OF CHESAPEAKE UTILITIES CORPORATION**  
**REQUEST FOR CONFIDENTIAL CLASSIFICATION**

The Florida Division of Chesapeake Utilities Corporation (“CHPK” or “Company”), by and through its undersigned counsel, pursuant to Section 366.093, Florida Statutes, and consistent with Rule 25-22.006(3), Florida Administrative Code, hereby submits its Request for Confidential Classification for information contained in Exhibit A to the Firm Transportation Service Agreement (“Special Contract”) originally held by Peninsula Pipeline Company (“PPC”) with JDC Development, LLC (“JDC”), which CHPK now proposes to assume, as well as related such information in the Cost of Service Study submitted with CHPK’s Petition in this proceeding. In support thereof, CHPK hereby states:

1. CHPK seeks confidential classification of the highlighted cost information regarding the Maximum Daily Transportation Quantity (MDTQ) and the Monthly Reservation Charge, which includes contractual information. CHPK also seeks confidential treatment of specific cost information in the Cost of Service Study, which is directly related to the contract terms such that disclosure would enable a competitor to extrapolate contract terms from the information in the Cost of Service Study. CHPK, PPC and JDC treat this information as proprietary confidential business information consistent with the definition of that term in Section 366.093, Florida Statutes.

DOCUMENT NUMBER - DATE  
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FPSC-COMMISSION CLERK

2. The information for which CHPK seeks confidential classification is information that meets the definition of “proprietary confidential business information” as set forth in Section 366.093(3), Florida Statutes, which provides:

(3) Proprietary confidential business information means information, regardless of form or characteristics, which is owned or controlled by the person or company, is intended to be and is treated by the person or company as private in that the disclosure of the information would cause harm to the ratepayers or the person’s or company’s business operations, and has not been disclosed unless disclosed pursuant to a statutory provision, an order of a court or administrative body, or private agreement that provides that the information will not be released to the public. Proprietary confidential business information includes, but is not limited to:

- (a) Trade secrets.
- (b) Internal auditing controls and reports of internal auditors.
- (c) Security measures, systems, or procedures.
- (d) Information concerning bids or other contractual data, the disclosure of which would impair the efforts of the public utility or its affiliates to contract for goods or services on favorable terms.
- (e) Information relating to competitive interests, the disclosure of which would impair the competitive business of the provider of the information.
- (f) Employee personnel information unrelated to compensation, duties, qualifications, or responsibilities.

3. Specifically, CHPK seeks confidential treatment of the highlighted number in Exhibit A under the Column identified as “MDTQ, in Dekatherms, excluding Fuel Retention” and that same number in the Row identified as “Total MDTQ (Dekatherms). CHPK also seeks confidential treatment of the highlighted dollar amounts in the Row identified as “Monthly Reservation Charge.” With regard to the Cost of Service Study, identified as Exhibit B, CHPK seeks confidential classification of the highlighted amounts on page 2 of 3, in the second column, in the three Rows identified as “Monthly Rate per Special Contract,” “Annual Revenues,” and “Annual Revenue Excess (Deficiency).”

4. Release of the referenced information as a public record would harm both Peninsula and CHPK’s business operations, as well as ratepayers, by impairing the Companies’ respective

abilities to effectively negotiate for goods and services. As such, CHPK requests that the Commission protect this information consistent with Rule 25-22.006, Florida Administrative Code. To the extent of CHPK's knowledge, none of this information is otherwise available in the public domain.

5. Included with this Request is a highlighted copy of Exhibit A to the Agreement, as well as Exhibit B to the Petition (Cost of Service Study). In addition, two redacted copies of the documents are enclosed.

6. CHPK asks that confidential classification be granted for a period of at least 18 months. Should the Commission no longer find that it needs to retain the information, CHPK respectfully requests that the confidential information be returned to the Company.

WHEREFORE, CHPK respectfully requests that the highlighted information contained in Exhibit A to the Firm Transportation Service Agreement with JDC Development and the correlating highlighted information in Exhibit B to its Petition (Cost of Service Study) be classified as "proprietary confidential business information," and thus, exempt from Section 119.07, Florida Statutes.

RESPECTFULLY SUBMITTED this 3rd day of May, 2013.



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

**CERTIFICATE OF SERVICE**

I HEREBY ATTEST that a true and correct copy of the foregoing Request has been served upon the following by U.S. Mail this 3rd Day of May, 2013, along with redacted copies of the referenced documents:

Office of the Public Counsel c/o The Florida Legislature 111 West Madison St., Rm. 812 Tallahassee, FL 32399-1400	Ms. Cheryl Martin, Director/Regulatory Affairs Florida Public Utilities Company 1641 Worthington Road, Suite 220 West Palm Beach, Fl 33409
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Beth Keating  
Gunster, Yoakley & Stewart, P.A.  
215 South Monroe St., Suite 601  
Tallahassee, FL 32301  
(850) 521-1706

**PENINSULA PIPELINE COMPANY, INC.  
FIRM TRANSPORTATION SERVICE AGREEMENT**

**THIS AGREEMENT** entered into this 5 day of MAY, 2011, by and between Peninsula Pipeline Company, Inc., a corporation of the State of Delaware (herein called "Company"), and JDC Development, LLC, a corporation of the State of Florida (herein called "Shipper").

**WITNESSETH**

**WHEREAS**, Shipper desires to obtain Firm Transportation Service from Company and Company is willing to provide Firm Transportation Service for Shipper; and

**WHEREAS**, such service will be provided by Company for Shipper in accordance with the terms hereof.

**NOW THEREFORE**, in consideration of the premises and of the mutual covenants and agreements herein contained, the sufficiency of which is hereby acknowledged, Company and Shipper do covenant and agree as follows:

**ARTICLE I  
DEFINITIONS**

Unless otherwise defined in this Agreement, all definitions for terms used herein have the same meaning as provided in Company's tariff.

**ARTICLE II  
QUANTITY; UNAUTHORIZED USE**

2.1 The monthly reservation charge for Firm Transportation Service provided under this Agreement shall be the monthly reservation charge as set on Exhibit A of this Agreement.

2.2 If, on any Day, Shipper utilizes transportation quantities, as measured at the Point(s) of Delivery, in excess of the established MDTQ, as shown on Exhibit A, such unauthorized use of transportation quantities (per Dekatherm) shall be billed at a rate of 2.0 times the rate to be charged for each Dekatherm of the MDTQ as set forth on Exhibit A of this Agreement.

COM \_\_\_\_\_  
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PENINSULA PIPELINE COMPANY, INC.  
FIRM TRANSPORTATION SERVICE AGREEMENT

**ARTICLE III**  
**FIRM TRANSPORTATION SERVICE RESERVATION CHARGE**

3.1 The monthly reservation charge for Firm Transportation Service provided under this Agreement shall be set forth on Exhibit A of this Agreement.

3.2 The parties agree to execute and administratively file with the Commission an affidavit, in the form provided in this tariff, to comply with the provisions of the Regulatory Act.

3.3 If, during the term of this Agreement, the Federal Government, or any State, municipality or subdivision of such Government, should increase or decrease any present tax or levy any additional or eliminate any existing tax, relating to the service provided by Company under this Agreement, such change shall be implemented immediately upon the effective date of such change.

**ARTICLE IV**  
**TERM AND TERMINATION**

4.1 Subject to all other provisions, conditions, and limitations hereof, this Agreement shall be effective upon its date of execution by both parties and shall continue in full force and effect for an initial period of 2 year(s) from the in-service date. Thereafter, Agreement shall be extended on a one year basis unless terminated by either party, with at least ninety (90) day's written notice to the other party prior to the termination date.

4.2 Any portion of this Agreement necessary to resolve monthly balancing and operational controls under this Agreement, pursuant to the Rules and Regulations of Company's tariff, shall survive the other parts of this Agreement until such time as such monthly balancing and operational controls have been resolved.

4.3 In the event Shipper fails to pay for the service provided under this Agreement or otherwise fails to meet Company's standards for creditworthiness, otherwise violates the Rules and Regulations of Company's tariff, or defaults on this Agreement, Company shall have the right to terminate this Agreement pursuant to the conditions set forth in Section D of the Rules and Regulations of Company's tariff.

**ARTICLE V**  
**COMPANY'S TARIFF PROVISIONS**

5.1 Company's tariff approved by the Commission, including any amendments thereto approved by the Commission during the term of this Agreement, is hereby incorporated into this Agreement and made a part hereof for all purposes. In the event of any conflict between Company's tariff and the specific provisions of this Agreement, the latter shall prevail, in the absence of a Commission Order to the contrary.

PENINSULA PIPELINE COMPANY, INC.  
FIRM TRANSPORTATION SERVICE AGREEMENT

**ARTICLE VI**  
**REGULATORY AUTHORIZATIONS AND APPROVALS**

6.1 Company's obligation to provide service is conditioned upon receipt and acceptance of any necessary regulatory authorization to provide Firm Transportation Service for Shipper in accordance with the Rules and Regulations of Company's tariff.

**ARTICLE VII**  
**DELIVERY POINT(S) AND POINT(S) OF DELIVERY**

7.1 The Delivery Point(s) for all Gas delivered for the account of Shipper into Company's pipeline system under this Agreement, shall be as set forth on Exhibit A attached hereto.

7.2 The Point(s) of Delivery shall be as set forth on Exhibit A attached hereto.

7.3 Shipper shall cause Transporter to deliver to Company at the Delivery Point(s) on the Transporter's system, the quantities of Gas to be transported by Company hereunder. Company shall have no obligation for transportation of Shipper's Gas prior to receipt of such Gas from the Transporter at the Delivery Point(s). Company shall deliver such quantities of Gas received from the Transporter at the Delivery Point(s) for Shipper's account to Company's Point(s) of Delivery identified on Exhibit A.

**ARTICLE VIII**  
**SCHEDULING AND BALANCING**

8.1 Shipper shall be responsible for nominating quantities of Gas to be delivered by the Transporter to the Delivery Point(s) and delivered by Company to the Point(s) of Delivery. Shipper shall promptly provide notice to Company of all such nominations. Imbalances between quantities (i) scheduled at the Delivery Point(s) and the Point(s) of Delivery, and (ii) actually delivered by the Transporter and/or Company hereunder, shall be resolved in accordance with the applicable provisions of Company's tariff, as such provisions, and any amendments to such provisions, are approved by the Commission.

8.2 The parties hereto recognize the desirability of maintaining a uniform rate of flow of Gas to Shipper's facilities over each Gas Day throughout each Gas Month. Therefore, Company agrees to receive from the Transporter for Shipper's account at the Delivery Point(s) and deliver to the Point(s) of Delivery up to the MDTQ as described in Exhibit A, subject to any restrictions imposed by the Transporter and to the provisions of Article IX of this Agreement, and Shipper agrees to use reasonable efforts to regulate its deliveries from Company's pipeline system at a daily rate of flow not to exceed the applicable MDTQ for the Month in question, subject to any additional restrictions imposed by the Transporter or by Company pursuant to Company's tariff provisions.

PENINSULA PIPELINE COMPANY, INC.  
FIRM TRANSPORTATION SERVICE AGREEMENT

**ARTICLE IX**  
**MISCELLANEOUS PROVISIONS**

9.1 Notices and Other Communications. Any notice, request, demand, statement or payment provided for in this Agreement, unless otherwise specified, shall be sent to the parties hereto at the following addresses:

Company: Peninsula Pipeline Company, Inc.  
Post Office Box 960  
Winter Haven, Florida 33882  
Attention: Customer Services

Shipper: JDC Development, LLC.

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9.2 Headings. All article headings, section headings and subheadings in this Agreement are inserted only for the convenience of the parties in identification of the provisions hereof and shall not affect any construction or interpretation of this Agreement.

9.3 Entire Agreement. This Agreement, including the Exhibits attached hereto, sets forth the full and complete understanding of the parties as of the date of its execution by both parties, and it supersedes any and all prior negotiations, agreements and understandings with respect to the subject matter hereof. No party shall be bound by any other obligations, conditions or representations with respect to the subject matter of this Agreement.

9.4 Amendments. Neither this Agreement nor any of the terms hereof may be terminated, amended, supplemented, waived or modified except by an instrument in writing signed by the party against which enforcement of the termination, amendment, supplement, waiver or modification shall be sought. A change in (a) the place to which notices pursuant to this Agreement must be sent or (b) the individual designated as the Contact Person pursuant to Section 9.1 shall not be deemed nor require an amendment of this Agreement provided such change is communicated in accordance with Section 9.1 of this Agreement. Further, the parties expressly acknowledge that the limitations on amendments to this Agreement set forth in this section shall not apply to or otherwise limit the effectiveness of amendments that are or may be necessary to comply with the requirements of, or are otherwise approved by, the Commission or its successor agency or authority.

9.5 Severability. If any provision of this Agreement becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, this Agreement shall continue in full force and effect without said provision; provided, however, that if such severability materially changes the economic benefits of this Agreement to either party, the parties shall negotiate in good faith an equitable adjustment in the provisions of this Agreement.

PENINSULA PIPELINE COMPANY, INC.  
FIRM TRANSPORTATION SERVICE AGREEMENT

9.6 Waiver. No waiver of any of the provisions of this Agreement shall be deemed to be, nor shall it constitute, a waiver of any other provision whether similar or not. No single waiver shall constitute a continuing waiver, unless otherwise specifically identified as such in writing. No waiver shall be binding unless executed in writing by the party making the waiver.

9.7 Attorneys' Fees and Costs. In the event of any litigation between the parties arising out of or relating to this Agreement, the prevailing party shall be entitled to recover all costs incurred and reasonable attorneys' fees, including attorneys' fees in all investigations, trials, bankruptcies and appeals.

9.8 Independent Parties. Company and Shipper shall perform hereunder as independent parties. Neither Company nor Shipper is in any way or for any purpose, by virtue of this Agreement or otherwise, a partner, joint venturer, agent, employer or employee of the other. Nothing in this Agreement shall be for the benefit of any third person for any purpose, including, without limitation, the establishing of any type of duty, standard of care or liability with respect to any third person.

9.9 Assignment and Transfer. No assignment of this Agreement by either party may be made without the prior written approval of the other party (which approval shall not be unreasonably withheld) and unless the assigning or transferring party's assignee or transferee shall expressly assume, in writing, the duties and obligations under this Agreement of the assigning or transferring party. Upon such assignment or transfer, as well as assumption of the duties and obligations, the assigning or transferring party shall furnish or cause to be furnished to the other party a true and correct copy of such assignment or transfer and the assumption of duties and obligations.

9.10 Governmental Authorizations; Compliance with Law. This Agreement shall be subject to all valid applicable state, local and federal laws, orders, directives, rules and regulations of any governmental body, agency or official having jurisdiction over this Agreement and the transportation of Gas hereunder. Company and Shipper shall comply at all times with all applicable federal, state, municipal, and other laws, ordinances and regulations. Company and/or Shipper will furnish any information or execute any documents required by any duly constituted federal or state regulatory authority in connection with the performance of this Agreement. Each party shall proceed with diligence to file any necessary applications with any governmental authorities for any authorizations necessary to carry out its obligations under this Agreement. In the event this Agreement or any provisions herein shall be found contrary to or in conflict with any applicable law, order, directive, rule or regulation, the latter shall be deemed to control, but nothing in this Agreement shall prevent either party from contesting the validity of any such law, order, directive, rule, or regulation, nor shall anything in this Agreement be construed to require either party to waive its respective rights to assert the lack of jurisdiction of any governmental agency other than the Commission, over this Agreement or any part thereof. In the event of such contestation, and unless otherwise prohibited from doing so under this Section 9.10, Company shall continue to transport and Shipper shall continue to take Gas pursuant to the terms of this Agreement. In the event any law, order, directive, rule, or regulation shall prevent either party from performing hereunder, then neither party shall have any obligation to the other during the period that performance under the Agreement is precluded.

PENINSULA PIPELINE COMPANY, INC.  
FIRM TRANSPORTATION SERVICE AGREEMENT

9.11 Applicable Law and Venue. This Agreement and any dispute arising hereunder shall be governed by and interpreted in accordance with the laws of the State of Florida. The venue for any action, at law or in equity, commenced by either party against the other and arising out of or in connection with this Agreement shall be in a court of the State of Florida having jurisdiction.

9.12 Counterparts. This Agreement may be executed in counterparts, all of which taken together shall constitute one and the same instrument and each of which shall be deemed an original instrument as against any party who has signed it.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers or representatives effective as of the date first written above.

COMPANY  
Peninsula Pipeline Company, Inc.  
By: [Signature]  
Title: Vice President

SHIPPER  
[Signature]  
By: MEDDIE P FOWLER  
Title: CEO

(To be attested by the corporate secretary if not signed by an officer of the company)

Attested By: [Signature]  
Title: VP-Regulatory Affairs  
Date: 5/12/11

Attested By: [Signature]  
Title: CTO  
Date: May 5<sup>th</sup>, 2011

PENINSULA PIPELINE COMPANY, INC.  
FIRM TRANSPORTATION SERVICE AGREEMENT

EXHIBIT A

TO

FIRM TRANSPORTATION SERVICE AGREEMENT

BETWEEN

PENINSULA PIPELINE COMPANY, INC.

AND

JDC Development, LLC

DATED

MAY 5, 2011

<u>Description of Delivery Point(s)</u>	<u>Description of Point(s) of Delivery</u>	<u>MDTQ, in Dekatherms, excluding Fuel Retention</u>
Interconnection Between Florida Gas Transmission Company And Peninsula Pipeline Company Vicinity of County Road 630	JDC Development Located on JDC's Property	█

Total MDTQ (Dekatherms): █

MHTP: 6% or 12.6/hour

Fuel Retention Percentage: .05%

Monthly Reservation Charge: █ for the initial term and █ per month thereafter.

**Florida Division of Chesapeake Utilities Corporation**  
**Cost of Service Study**  
**JDC Development, LLC**

Exhibit "B"  
Page 1 of 3

Rate Base Assumptions:	Projected Rate Base
City Gate Station (Acct 379)	\$182,500
Mains - Plastic (Acct 376.2)	\$34,486
Meters (Acct 381)	\$0
	\$216,986

**Rate Base and Return Requirements**

Projected Investment in Plant - 13 Month Average	\$216,986
Accumulated Depreciation - 13 Month Average	(\$4,389)
13 Month Average Rate Base	\$212,597
Return on Rate Base (Dec 31, 2012 ESR)	6.81%
Return Requirements	\$14,478
Less: Interest Expense	\$3,189
Net Income after Taxes and Interest	\$11,289
Divide by (1 - Tax Rate)	61.43%
Taxable Income	\$18,379
Income Taxes (due to Net Operating Loss Carryforwards used)	\$7,090

**Florida Division of Chesapeake Utilities Corporation**

**Cost of Service Study  
JDC Development, LLC**

**Exhibit "B"**

Page 2 of 3

**Project Financing**

Debt	29.69%
Equity, Zero Cap	<u>70.31%</u>
	100.00%

Weighted Average Cost of Debt	1.50%
13 Month Average Rate Base	<u>\$212,597</u>
<b>Interest Expense</b>	<b>\$3,189</b>

**Taxes Other Than Income (TOTI)**

Property Taxes	\$3,720
Reg Assess Fee	<u>\$428</u>
<b>Total TOTI</b>	<b>\$4,148</b>

**Cost of Service**

Projected Operation & Maintenance	\$3,000
Depreciation	\$7,524
TOTI	\$4,148
Income Taxes	\$7,090
Return Requirements	<u>\$14,478</u>
<b>Total Cost of Service</b>	<b><u>\$36,239</u></b>

Monthly Rate per Special Contract  
Annual Revenues



**Annual Revenue Excess (Deficiency)**

**Florida Division of Chesapeake Utilities Corporation**  
**Cost of Service Study**  
**JDC Development, LLC**

Exhibit "B"  
Page 3 of 3

City Gate Station (Acct : Depreciation Expense / Accumulated Depreciation

Depr Rate	1	2	3	4	5	6	7	8	9	10	11	12	13
3.50%	\$532	\$532	\$532	\$532	\$532	\$532	\$532	\$532	\$532	\$532	\$532	\$532	\$532
A/D	\$532	\$1,064	\$1,596	\$2,128	\$2,660	\$3,192	\$3,724	\$4,256	\$4,788	\$5,320	\$5,852	\$6,384	\$6,916

Mains - Plastic (Acct 37 Depreciation Expense / Accumulated Depreciation

Depr Rate	1	2	3	4	5	6	7	8	9	10	11	12	13
3.30%	\$95	\$95	\$95	\$95	\$95	\$95	\$95	\$95	\$95	\$95	\$95	\$95	\$95
A/D	\$95	\$190	\$285	\$380	\$475	\$570	\$665	\$760	\$855	\$950	\$1,045	\$1,140	\$1,235

Meters (Acct 381) Depreciation Expense / Accumulated Depreciation

Depr Rate	1	2	3	4	5	6	7	8	9	10	11	12	13
4.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
A/D	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Total Depreciation Expense / Accumulated Depreciation

	1	2	3	4	5	6	7	8	9	10	11	12	13
Depr Exp	\$627	\$627	\$627	\$627	\$627	\$627	\$627	\$627	\$627	\$627	\$627	\$627	\$627
A/D	\$627	\$1,254	\$1,881	\$2,508	\$3,135	\$3,762	\$4,389	\$5,016	\$5,643	\$6,270	\$6,897	\$7,524	\$8,151