

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for approval of amendment to)
special contract with Peninsula Pipeline Company,)
by Peoples Gas System.)
_____)

Docket No.

Submitted for Filing:
3-26-15

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COMMISSION
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REDACTED

**PEOPLES GAS SYSTEM'S REQUEST
FOR CONFIDENTIAL TREATMENT**

Pursuant to Section 366.093, *Florida Statutes*, Peoples Gas ("Peoples" or the "Company"), submits the following Request for Confidential Treatment of portions of exhibits to the petition for approval of the First Amendment to the special contract with Peninsula Pipeline Company ("Peninsula") approved by the Commission's Order No. PSC-12-0230-PAA-GU, which petition is submitted for filing concurrently herewith:

1. Attached hereto as Exhibit A is a detailed justification for the requested confidential treatment of the highlighted portions of Exhibits A, B and C to the petition (to which the First Amendment is an exhibit).

2. The material for which confidential classification is sought is intended to be and is treated as private by both Peoples and Peninsula, and has not been disclosed.

3. Peoples requests that the information for which it seeks confidential classification not be declassified until two months after the expiration of the term of the special contract. The detailed justification for non-disclosure of the highlighted portions of the First Amendment to the special contract (Exhibit A to the petition) and Exhibits B and C to the petition (see Exhibit A attached hereto) also establishes good cause for the Commission's finding that the protection from disclosure should extend for a period longer than 18 months (see Section 366.093(4), *Florida Statutes*). The time period requested is necessary to protect the competitive information (*i.e.*, the level of the rates at which service will be provided to Peninsula under the special

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contract as amended by the First Amendment, the quantities for which such rates will apply, and other information) from disclosure to Peoples' competitors and to other customers in order to allow Peoples, should it become necessary, to negotiate future gas service arrangements with other customers on favorable terms based on the specific factual circumstances of such customers. The period of time requested will ultimately protect Peoples and its customers by any such future arrangements being entered into based only on the facts and circumstances then applicable.

WHEREFORE, Peoples submits the foregoing as its request for confidential treatment of the information identified in Exhibit A.

Respectfully submitted,

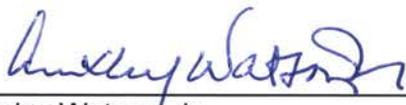


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Attorneys for Peoples Gas System

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of the foregoing Request for Confidential Treatment, filed on behalf of Peoples Gas System, has been furnished electronically to the Office of Public Counsel, 812 Claude Pepper Building, 111 W. Madison Street, Tallahassee, Florida 32399-1400, this 25th day of March, 2015.



Ansley Watson, Jr.

FIRST AMENDMENT (EXHIBIT A) AND EXHIBITS B AND C TO PETITION

The information in the exhibits to the petition for approval of the First Amendment to the special contract with Peninsula for which Peoples seeks specified confidential treatment, and non-disclosure pursuant to Chapter 119, *Florida Statutes*, is highlighted on the exhibits to the petition.

The information is the rates at which Peoples will provide gas service to Peninsula under the special contract (as amended by the First Amendment), the incremental quantity thresholds at which the various rates apply, other information affecting the level of the rate to be charged, and other information regarding the conditions upon which Peoples will provide service to Peninsula. It is also information from which the rates or quantities could be calculated. All is information directly relating to Peoples' competitive interests which, if made public, "would impair the competitive business" of Peoples in the event it should become necessary in the future to negotiate similar arrangements with other customers or potential customers. Section 366.093(3)(d), *Florida Statutes*. Disclosure of the specific levels of the rates at which Peoples will provide gas service to Peninsula would give other customers or potential customers a benchmark or target toward which to negotiate in dealing with Peoples, notwithstanding that their particular circumstances may not be the same as, or even similar to, those of Peninsula (which circumstances prompted Peoples to enter into the special contract, and the First Amendment thereto for which the Commission's approval is sought in this docket).

Disclosure of this information, which consists of the rates and other terms and conditions of service offered by Peoples to Peninsula to ensure that, during the term of the special contract, the revenues derived by Peoples will be sufficient to warrant the incremental capital investment made by Peoples in order to provide service, would damage Peoples in its ability to engage in possible future negotiations with this customer on rates and terms of service which are most favorable to Peoples and its ratepayers, and hamper the Company in its ability to negotiate in the future with other customers and potential customers in similar situations, or those who may be contemplating either the bypass of Peoples' distribution system or switching to a fuel other than natural gas, or never choosing to use the Peoples' distribution system at all. It is reasonably likely that the end result of disclosing this information would be, at best, a reduction in revenues to Peoples and, at worst, a loss of future customers or potential customers.

EXHIBIT A

**FIRST AMENDMENT TO
GAS TRANSPORTATION AGREEMENT**

**FIRST AMENDMENT
TO
GAS TRANSPORTATION AGREEMENT**

This First Amendment to Gas Transportation Agreement (this "First Amendment") is made and entered into as of the 4th day of March, 2015, by and between **Peoples Gas System, a division of Tampa Electric Company**, a Florida corporation ("PGS"), and **Peninsula Pipeline Company, Inc.** a Delaware corporation ("PPC"), to amend certain provisions of the Gas Transportation Agreement dated as of January 24, 2012 between PGS and PPC (the "Agreement").

WHEREAS, PGS will engineer, design, construct, own, operate and maintain a new interconnect on Southern Natural Gas Company's ("SNG's") Cypress Lateral, together with necessary piping, metering, regulation and other required facilities (the "Expansion Project") to enable PGS to provide PPC with incremental transportation service; and the parties desire to amend certain portions of the Agreement to reflect the incremental quantities to be provided upon the completion and placing in service of the Expansion Project.

NOW, THEREFORE, in consideration of the premises, the mutual promises contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

1. All capitalized terms not otherwise defined herein shall have the meanings given to such terms in the Agreement.

2. Article I of the Agreement is hereby amended by adding the following new defined terms:

"FGT Capacity Release Agreement" means the Pipeline Capacity Release Agreement dated as of January 24, 2012 between PGS and FPUC, as the same may be amended from time to time.

"SNG Capacity Release Agreement" means the Pipeline Capacity Release Agreement dated as of even date with the First Amendment to this Agreement.

"SNG" means Southern Natural Gas Company, a Delaware general partnership, its successors and assigns.

3. Section 4.2 of the Agreement is hereby amended by deleting the last sentence of such section, and replacing it in its entirety with the following sentence:

PGS has no obligation to confirm a quantity Nominated by PPC and scheduled by SNG for the accounts of all Shippers pursuant to this section greater in the aggregate than [REDACTED]

4. Section 5.1 of the Agreement is hereby amended by deleting the last sentence of such section, and replacing it in its entirety with the following sentence:

Each Month during the term of this Agreement, PPC shall pay to PGS for the reservation of firm capacity and the transportation service on the PGS distribution system contemplated by this Agreement the sum of [REDACTED]

5. Appendices A and B to the Agreement are hereby superseded and replaced by First Revised Appendices A and B attached to this First Amendment.

6. The effectiveness of this First Amendment is conditioned on the satisfaction or waiver of the following conditions precedent:

A. Its approval by PGS senior management on or before January 31, 2015;

B. Its approval by PPC senior management on or before December 31, 2014;

C. Approval by PPC senior management of the Power Purchase Agreement between PPC and Rayonier, Inc., on or before December 16, 2014;

D. The completion and placement in service by SNG of the new SNG-PGS interconnect on the SNG Cypress Lateral (currently projected to be July 1, 2016); and

E. Approval of this First Amendment by the FPSC. Each party to this First Amendment shall exercise commercially reasonable efforts to obtain the FPSC's approval of this First Amendment.

Either party to this First Amendment shall have the right to terminate this First Amendment, and the same shall be of no further force or effect, in the event any of the above conditions is not satisfied or waived (as the case may be). In the event that this First Amendment is terminated pursuant to this Paragraph 6, the Agreement shall continue in full force and effect in accordance with its terms.

7. Subject to Paragraph 6 above, this First Amendment shall be effective as of the later to occur of (i) the first Day of the first Month following the date on which the new PGS interconnect on Southern Natural Gas Company's Cypress Lateral contemplated as a part of the Expansion Project is placed in service by Southern Natural Gas Company and (ii) the date on which approval by the FPSC of this First Amendment becomes final and non-appealable.

8. Except as modified by this First Amendment, the Agreement shall continue in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to be executed by their respective duly authorized officers as of the date first above written.

**PEOPLES GAS SYSTEM, a division of
TAMPA ELECTRIC COMPANY**

By: 

Bruce Narzissenfeld
Vice President - Fuels

PENINSULA PIPELINE COMPANY, INC.

By: 
Name: Kevin Webber

Vice President

**FIRST REVISED APPENDIX A -
GAS TRANSPORTATION AGREEMENT**

PGS RECEIPT POINT(S)

All capitalized terms not otherwise defined in this Appendix A shall have the meanings given to such terms in the Gas Transportation Agreement.

PGS will accept Gas from or for the account of Shippers pursuant to this Agreement for transportation pursuant to this Agreement at the following point(s):

<u>POINT</u>	<u>DRN</u>	<u>MAXIMUM TRANSPORTATION CAPACITY (MTQ)</u>
FGT		██████████ per Day plus Retainage
SNG-PGS Nassau County	TBD	██████████ per Day plus Retainage
	Maximum Receipt Quantity	██████████ per Day plus Retainage

**FIRST REVISED APPENDIX B -
GAS TRANSPORTATION AGREEMENT**

PGS DELIVERY POINT(S)

All capitalized terms not otherwise defined in this Appendix B shall have the meanings given to such terms in the Gas Transportation Agreement.

Gas transported pursuant to this Agreement shall be delivered by PGS to PPC at the PGS-Fernandina Beach Interconnect. The Maximum Delivery Quantity shall be [REDACTED] per Day, subject to increase from time to time as provided in this Agreement.

PGS will provide adequate pressure at the PGS Delivery Point in order to supply [REDACTED] at the Rayonier, Inc. paper mill located in Fernandina Beach, Florida, at a flow rate of [REDACTED] per hour.

EXHIBIT B

COMPARISON OF ANNUAL INCREMENTAL COST OF SERVICE AND REVENUES FOR PENINSULA PIPELINE COMPANY (AS AMENDED)

Under the Transport Agreement, Peninsula currently pays to Peoples a monthly reservation charge of [REDACTED] for deliveries of up to the Maximum Daily Delivery Quantity ("MDQ") of [REDACTED], plus a usage charge of [REDACTED] for all quantities delivered by Peoples in excess of the MDQ. Pursuant to the First Amendment to the Transport Agreement for which the Commission's approval is sought herein, the monthly reservation charge will increase to [REDACTED] to reflect recovery by Peoples of a return on the construction of the new SNG interconnect and the increased quantities to be transported under the agreement as amended (an incremental [REDACTED]).

As demonstrated by the Incremental Cost of Service Study attached to this petition as Exhibit C, the incremental annual transportation revenues derived from the Transport Agreement as amended by the First Amendment will enable Peoples to more than recover the fully allocated incremental cost of providing the additional transportation service to Peninsula. As shown by the study, the projected [REDACTED] incremental annual operating costs will be fully recovered and provide Peoples with a return on its net investment through the incremental annual revenues of [REDACTED].

The Transport Agreement as amended by the First Amendment thereto generates revenues in excess of the cost of service, thereby providing benefits to Peoples' general body of ratepayers.

EXHIBIT C

INCREMENTAL COST OF SERVICE STUDY

Cost of Service Study
Peninsula Pipeline Company - Nassau County
Peoples Gas System, a Division of Tampa Electric Company

Cost of Service

Line	Description	Amount
1	Operation and Maintenance	██████████
2	Depreciation	4.20% ██████████
3	Taxes other than Income	██████████
4	Income Taxes	██████████
5	Return Requirements	██████████
6	Total Cost of Service	██████████
7	Projected Average Annual Revenue	██████████