

February 18, 2016

ELECTRONIC FILING/E-PORTAL

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

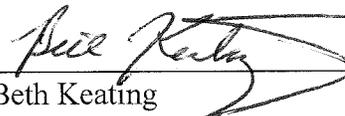
Re: Docket No. 160028-GU - Petition for Approval of Amendment No. 1 to Transportation Agreement with the City of Lake Worth, by Florida Public Utilities Company

Dear Ms. Stauffer:

Attached for electronic filing, please find Florida Public Utilities Company's Responses to Commission Staff's First Data Requests to the Company in the referenced docket.

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

Kind regards,



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MEK
cc:/(Office of Public Counsel)

Florida Public Utilities Company
Response to Staff's First Data Request
FPSC Docket No. 160028-GU

1. **Paragraph 10 on page 4 of the petition states that the proposed amendment would increase the natural gas amounts transported by FPUC on the City's behalf. Will the additional quantities transported by FPUC to the CNG station cause the capacity thresholds stated in Section 3.2 on page 9 of the current (i.e., 2003) agreement to be exceeded? If yes, please state the revised quantities and explain why the current agreement is not being amended to reflect the increased quantities.**

Response:

No, the CNG station being anticipated by the City of Lake Worth will not exceed the capacity thresholds stated in Section 3.2 on page 9 of the current (i.e., 2003) agreement. The current agreement allows for the City to transport up to 4,070 mcf per hour and currently the City is transporting approximately 75 mcf per hour.

2. **The proposed amendment to Section 4.8 of the current agreement indicates that FPUC would provide additional facilities to serve the City's CNG station (e.g., tap, main, meter, etc.). Please provide an estimate of the costs (e.g., materials, labor, permitting, etc.) associated with providing the additional facilities.**

Response:

At the present time there are no specific costs associated with the construction of the City's proposed CNG Station. The City is in the beginning stages of planning the anticipated 2017 project. With the instant amendment, FPUC and the City seek only to obtain FPSC approval of a contract amendment to eliminate the existing resale restriction, so that natural gas supplied by FPUC for delivery to the City's proposed CNG station can be resold. This amendment will allow the City to proceed with the next steps in the physical planning of this project. Thereafter, any additional facilities required by FPUC to serve the City's CNG station will be evaluated and planned under the existing extension of distribution facilities tariff requirements (Sheet No. 14; paragraph 7.)

3. **The introduction on page 1 of the petition states that the proposed amendment would not alter the pricing under the current agreement. However, it appears that the proposed amendment would cause FPUC to incur additional capital costs as described in Question 2 above, and incremental variable costs (e.g., odorant, other O&M, etc.) as implied in Question 1 above. Please provide a cost of service study to support the assertion in paragraph 10 on page 4 of the petition that with the proposed amendment, "FPUC will continue to recover its cost to serve under the Agreement."**

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Response:

The current contract between FPUC and the City is a “take or pay” type agreement. With the original contract filed with the FPSC, FPUC included, as Exhibit A, a cost of service study demonstrating FPUC’s recovery of costs and transportation service entitlements of up to 4,070 mcf per hour associated with the construction of the LW Lateral. As discussed in response to question number 1 above, the City currently uses significantly less than their entitlement under the original agreement, and the addition of this proposed CNG station will not cause those stated levels to be exceeded. As such, FPUC fully expects that the project will continue to cover the costs to serve as reflected by the original cost of service study. The Company can provide an updated cost of service study, if staff deems necessary, but suggests that until actual information is available regarding facilities to be provided, any updates to the cost of service will have little support.