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Public Service Commission

January 25, 2017

Mike Cassel
Director, Regulatory and Governmental Affairs
Florida Public Utilities Company/Chesapeake Utilities Corporation
1750 south 14th Street, Suite 200
Fernandina Beach, FL 32034
mcassel@chpk.com

STAFF'S FIRST DATA REQUEST

Beth Keating, Esq.
Gunster, Yoakley & Stewart, P.A.
215 south Monroe Street, Suite 601
Tallahassee, FL 32301-1839
bkeating@gunster.com

Re: Docket No. 170010-GU: Joint Petition requesting approval of territorial agreement for Escambia County, by City of Pensacola d/b/a Pensacola Energy and Florida Division of Chesapeake Utilities Corporation.

Dear Mr. Cassel & Ms. Keating:

By this letter and pursuant to subsection 366.04(2), Florida Statutes, Commission staff respectfully request the following information from the Florida Division of Chesapeake Utilities Corporation and Pensacola Energy.

1. Page 2, paragraph 4 of the petition states that Pensacola Energy is currently providing natural gas service. How does Pensacola currently receive natural gas (i.e., through which interstate pipeline) and could Pensacola serve new load such as the New Industrial Customers with its existing interstate pipeline capacity? If not, please explain why.
2. Page 2, paragraph 4 of the petition states that constructing a direct interconnection between Pensacola Energy and FGT interstate facilities, "would allow certain other large customers in Escambia County to receive natural gas service that, to date, have been unable to obtain service" How are these "other large customers" currently obtaining power? Are they currently utilizing electricity or other type of energy? Please explain.

3. Page 3, paragraph 5 of the petition states that the service arrangement contemplates that Chesapeake will be allowed to serve “New Industrial Customers” within Escambia County that are not currently served by Pensacola Energy. What types of industries are anticipated to take service under the proposed territorial agreement and are there any projected job numbers?
4. Please explain why Pensacola does not construct the Escambia Line (pipeline) in order to serve all potential new industrial customers themselves.
5. Is Chesapeake aware of any other natural gas companies that would want to serve the New Industrial Customers in Pensacola and/or Escambia County?
6. Has Pensacola contacted any other entities (e.g., Seacoast, Peninsula) that could construct a new pipeline that would interconnect Pensacola to FGT? Please discuss the result of any such discussions.
7. Please discuss how the proposed pipeline will increase reliability of natural gas service (see territorial agreement, page 1)
8. Please confirm that no other investor-owned gas utility currently provides natural gas service in Escambia, Santa Rosa, Okaloosa, or Walton County.
9. Is Escambia County/City of Pensacola competing with the Gulf Power Company’s service areas to attract industries? Is this proposed project part of Escambia County’s economic development strategy?
10. Please provide a better defined map in color (Exhibit B – Pensacola Lateral Map), clearly identifying the proposed pipeline and its beginning and ending points.
11. Page 3, paragraph 5 of the petition states that Chesapeake’s service area will consist only of service extensions to New Industrial Customers and not be defined by a land boundary or geographic area. Please explain how this qualifies as a territorial agreement? Should it be a special contract to serve the specific customers defined as New Industrial Customers?
12. Rule 25-7.0471(1)(a), Florida Administrative Code, requires a map and a written description of the area. Page 3, paragraph 5, of the petition states that Chesapeake’s service area will not be characterized by defined service territory, mapped area, or land boundary. Please discuss how this rule requirement can be satisfied under the proposal.
13. Please consider the following hypothetical scenario: a New Industrial Customer is served by Chesapeake, while another new customer in the adjacent lot does not meet the definition of “New Industrial Customer” as shown in Section 1 of the proposed territorial agreement and is served by Pensacola. Both customers are behind the CUC Delivery

Point as defined in the Gas Transportation Agreement and need new gas mains and a regulator to receive natural gas service.

- a) Will the distribution equipment needed to serve both customers be owned and maintained by Pensacola, or will each utility own and operate the distribution equipment required to serve their customer.
 - b) How will it be clear to safety inspectors or gas utility workers which natural gas facilities such as regulators or gas mains belong to which utility?
 - c) How would such a scenario satisfy the requirement of Rule 25-7.0471(2)(c), F.A.C.?
14. With respect to the definition of “New Industrial Customers” as shown in Section 1 of the proposed territorial agreement, please state:
- a) What happens if a customer who has been deemed a New Industrial Customer and is being served by Chesapeake does not meet the annual load requirement once operational?
 - b) How was the 600 dekatherm threshold determined?
 - c) Chesapeake’s tariff sheet No. 17 defines commercial and industrial consumers. Please consider the following hypothetical scenario: a new hotel with projected annual load in excess of 600 dekatherms. Would the hotel be served by Pensacola since it is defined as a commercial, not industrial, customer?
 - d) How would a dispute between Pensacola and Chesapeake whether a new customer qualifies as a New Industrial Customer be handled? Would it be brought before the Commission?
15. Please explain the differences between Chesapeake Utilities Corporation (CUC) referred to in the Gas Transportation Service Agreement and Central Florida Gas (CFG) referred to in the proposed Territorial Agreement. Do the names refer to the same entity and if so what is the reasoning to use two different names?
16. Please provide a clear map depicting Pensacola Energy’s service area/territory referred to in Section II, page 2 of the Territorial Agreement
17. What is the projected and/or estimated quantity of natural gas to be transported via the proposed pipeline? Is the pipeline sized to meet a certain projected number of New Industrial Customers, or will there be extra capacity that can be reserved by large customers being served by Pensacola?
18. Please explain whether the rates contained in Exhibit A of the Gas Transportation Service Agreement are designed to allow Chesapeake to recover its costs (operations and maintenance, depreciation, property taxes, return, etc.) associated with constructing the pipeline.

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19. Please discuss how Chesapeake will treat the revenues (below the line, above the line) received from the City of Pensacola pursuant to the Gas Transportation Service Agreement.
20. Please state whether Chesapeake will petition the Commission in a future proceeding to put the pipeline in rate base and recover the associated revenue requirement from its general body of ratepayers.
21. Please explain how the pipeline investment once completed (i.e., the cost and revenues associated with the pipeline) will affect Chesapeake's surveillance reports as filed with the Commission.
22. Please discuss how Chesapeake's general body of ratepayers will benefit from the proposed territorial agreement and Chesapeake's construction and ownership of the proposed pipeline.

Please file all responses electronically no later than Wednesday, February 8, 2017, via the Commission's website at www.floridapsc.com by selecting the Clerk's Office tab and Electronic Filing Web Form. Please contact me at sguffey@psc.state.fl.us or at 850.413.6204 if you have any questions.

Thank you,

/s/Sevini Guffey

Sevini Guffey
Public Utility Analyst I

Cc: Office of the Commission Clerk