

Writer's Direct Dial Number: (850) 521-1706
Writer's E-Mail Address: bkeating@gunster.com

FEBRUARY 26, 2018

E-PORTAL

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

Re: Docket No. 20180015-GU-Petition for Approval of Transportation Service Agreement with Florida Division of Chesapeake Utilities Corporation by Peninsula Pipeline Company, Inc.

Dear Ms. Stauffer:

Attached for filing, please find the responses to Staff's First Data Requests of Chesapeake Utilities Corporation and Peninsula Pipeline Company, Inc..

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

Kind regards,


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

cc:/ (OPC)

Docket No. 20180015-GU-Petition for Approval of Transportation Service Agreement with Florida Division of Chesapeake Utilities Corporation by Peninsula Pipeline Company, Inc.

Peninsula Pipeline Company's Response to Staff's First Data Request

1. What is the cost to Peninsula to construct/install the new 33 miles of 12" steel pipe, 5 miles of 10" steel pipe and two new custody transfer stations? Please include a general description of the types of costs that will be incurred (e.g., materials, labor, permitting, secure right-of-way, etc.).

Company Response:

The cost to Peninsula to construct the 33 miles of 12" steel pipe, 5 miles of 10" steel pipe, and two new custody transfer stations includes:

- (a) \$22,225,846 related to labor
 - (b) \$11,436,886 related to material, gate stations, and pressure regulating devices.
 - (c) \$2,101,625 related to permitting and surveying.
2. Will Peninsula need to obtain approval from any other state or local agencies to complete the project? If the answer is affirmative, please provide a brief description of the approvals that will be required.

Company Response:

Yes, Peninsula is required to obtain permits from the Florida Department of Transportation ("FDOT"), Florida Department of Environmental Protection ("FDEP"), CSX and Atlantic Gulf railroads, as well as Escambia County. All required permits have been applied for, and anticipated to be complete by March 2018.

3. When does Peninsula anticipate that construction of the pipeline will commence and what is the estimated completion date?

Company Response:

The engineering has been completed and permitting is currently underway with construction anticipated to be complete by the third quarter of 2018.

4. Please describe the manner in which Peninsula will recover its costs associated with the 33 miles of 12" steel pipe, 5 miles of 10" steel pipe, and two new custody transfer stations?

Company Response:

Peninsula's project costs are recovered through monthly reservation charges to customers.

5. Please identify and explain the types of costs that the monthly reservation charge as shown on Exhibit A to the agreement is designed to recover.

Company Response:

The costs associated with the monthly reservation charge include , but are not limited to, design engineering, permitting, material and installation costs associated with constructing the pipeline and related facilities, on-going maintenance costs to meet PHMSA compliance and safety requirements, property taxes, gas control and Peninsula's return on investment.

6. Please provide a better defined map in color (Attachment B – Project Map), clearly identifying the proposed pipeline and its beginning and ending points.

Company Response:

Please refer to the Company's Attachment A included with this response.

Florida Division of Chesapeake Utilities Corporation's Response to Staff's First Data Request

7. Referring to paragraph 11 of the petition, please state whether Ascend Performance Materials will take service under CFG's tariffed rates, or be a special customer, and when Ascend Performance Materials is expected to take service.

Company Response:

Ascend Performance Materials will be a special contract customer with service anticipated to be available by late in the second quarter of 2018.

8. Referring to paragraph 11 of the petition, please state which customers will be served by CFG's distribution system behind the second custody transfer station and when that distribution system is expected to be in service.

Company Response:

The customer served by the second custody transfer station is Pensacola Energy with service anticipated to be available by late in the second quarter of 2018.

9. Does CFG currently provide service to any transportation customers in Escambia County?

Company Response:

No, FPUC does not currently provide transportation service to any customers in Escambia County.

10. CFG's current Tariff Sheet Nos. 3, 4, and 5 do not show Escambia County as being part of CFG's service territory. Does CFG intend to amend its current tariff to reflect the service to Escambia County as discussed in paragraph 11 of the petition?

Company Response:

Yes, CFG intends to amend its current tariff to reflect service to Escambia County.

11. Please confirm that no other investor-owned gas utility currently provides natural gas service in Escambia County.

Company Response:

There are not any other investor-owned gas utility companies currently providing gas service in Escambia County.

12. Did CFG issue a Request for Proposals (RFP) to obtain construction cost estimates for the pipeline from other entities? If the answer is affirmative, please identify all respondents to the RFP and provide an explanation regarding why their proposals were rejected. If the answer is negative, please state why CFG did not solicit competitive bids?

Company Response:

No, FPUC did not obtain formal RFP responses from other entities. Peninsula Pipeline did, however engage in a conversation with Florida Gas Transmission ("FGT") regarding the possibility of FGT building the pipeline in Escambia County. FGT declined to bid any part of the project citing constructing; owning and operating laterals such as the one proposed in this Petition are not a focus of their expansion activities.

13. How will CFG seek to recover the payments to Peninsula, and if yes, how?

Company Response:

CFG will seek to recover its payments to Peninsula through the PGA and Swing Service mechanisms.