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FEBRUARY 27, 2018

E-PORTAL

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

Re: Docket No. 20180016-GU - Petition for Approval of Transportation Service Agreement with Florida Public Utilities Company by Peninsula Pipeline Company, Inc.

Dear Ms. Stauffer:

Attached for filing, please find the responses to Staff's First Data Requests of Florida Public Utilities Company 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,



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cc:/ (OPC)

Docket No. 20180016-GU - Petition for Approval of Transportation Service Agreement with Florida Public Utilities Company 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 approximately 2 miles of 8" steel pipe? 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 2 miles of 8" steel pipe includes:

- (a) \$1,836,829 related to labor.
 - (b) \$1,797,874 related to material, gate stations, and pressure regulating devices.
 - (c) \$212,000 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 approvals from the Florida Turnpike Authority, Palm Beach County and South Florida Water Management District. All required permits have been applied for, and are anticipated to be complete by April 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 fourth quarter of 2018.

4. Please describe the manner in which Peninsula will recover its costs associated with the approximate 2 miles of 8" steel pipe?

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 the basis for the derivation of the Unauthorized Use Rate shown in Exhibit A to the agreement.

Company Response:

The Unauthorized Use Rate reflected in Exhibit A to the Agreement was incorporated consistent with Sheet No. 20 of Peninsula's approved Natural Gas Transmission Pipeline Tariff. In the event that Peninsula was the DPO we would have the right to assess the penalty for unauthorized use. The rate is intended to protect Peninsula from unauthorized use penalties that could be assessed to Peninsula from upstream pipelines in the event FPU exceeded its delivery limits into the system for transport to Peninsula's pipeline. Sheet 23 of Peninsula's tariff describes the company's Operational Balancing Account provisions. Any penalty charges (or credits) received by Peninsula from upstream transporters, resulting from the actions of FPU, would be billed or credited to the applicable Shipper, in this case FPU.

Florida Public Utilities Company's Response to Staff's First Data Request

7. Did FPUC 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 FPUC 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 south Florida. FGT declined to bid the pipeline construction portion 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.

8. How does FPUC plan to recover its payments to Peninsula pursuant to the agreement?

Company Response:

FPUC will seek, in the initial year, to recover its payments to Peninsula through the PGA mechanism and in subsequent years partially through the PGA, as well as the Swing Service mechanisms.

9. Will FPUC seek to recover the payments to Peninsula through the PGA? If the answer is affirmative, what is the projected \$/therm impact to the PGA factor in 2019?

Company Response:

Yes, the Company will seek to recover the payments to Peninsula through PGA. The projected annual impact to the 2019 PGA factor will be \$.00579 per therm.

10. Referring to paragraph 11 of the petition, please state the annual amount of penalties for 2017 and state how FPUC recovered those penalties paid to FGT.

Company Response:

The annual amount of penalties for 2017 were approximately \$326,688. These penalties were recovered through the PGA mechanism as provided for in the FPUC tariff.