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In Reply Refer to:  
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March 2, 2018

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

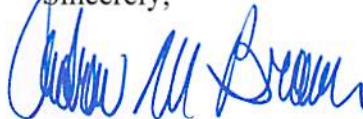
**Re: Docket No. 20180055-GU- Petition to resolve territorial dispute in Sumter County and/or Lake County with City of Leesburg and/or South Sumter Gas Company, LLC, by Peoples Gas System**

Dear Ms. Stauffer:

Attached for electronic filing with the Commission on behalf of Peoples Gas System, please find Peoples' correspondence dated March 2, 2018 to Attorney Moyle, who represents the City of Leesburg, in referenced above.

Your assistant in this matter is greatly appreciated.

Sincerely,



Andrew M. Brown

AB/plb  
Attachment

cc: Parties of Record  
Ms. Kandi M. Floyd  
Ansley Watson, Jr., Esq.



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March 2, 2018

VIA EMAIL: [jmoyle@moylelaw.com](mailto:jmoyle@moylelaw.com)

Jon Moyle, Jr., Esq.  
Moyle Law Firm, PA  
118 N. Gadsden St.  
Tallahassee, FL 32301

Re: Petition to Resolve a Territorial Dispute between Peoples Gas and The  
City of Leesburg/South Sumter Gas Company  
FPSC Docket No. 20180055-GU

Dear Jon:

In our previous conversations, you have asked for an indefinite tolling of the timeframe within which your client, the City of Leesburg ("Leesburg" or the "City") is required to file a motion to dismiss the Petition in the above docket. Obviously, Peoples will not agree to an indefinite extension which, if read literally, would mean that Leesburg and South Sumter Gas Company, LLC ("SSGC") would never have to respond to the Petition. In our discussions, you stated you needed the extension in order to "get up to speed" on this matter. Peoples is willing to give a reasonable extension of seven (7) days, but only if both Leesburg and SSGC are willing to similarly take reasonable steps to help facilitate a resolution of this matter.

First, Leesburg must halt construction of the 6-inch main gas line which is being installed along CR 501. Peoples has previously asked Leesburg to stop construction on this line (see attached letter) but to date has received no response. Based on observations

of the site it appears that Leesburg is accelerating construction of the pipe. This requirement would not apply to construction being done by the Villages/SSGC.

The purpose of the PSC's jurisdiction to resolve territorial disputes is to serve the public interest by avoiding uneconomically duplicative supply and distribution lines. If the Commission determines that Peoples is in the better position to provide gas in the areas where The Villages is currently constructing homes, the 6-inch gas main currently being constructed by Leesburg would be an uneconomical duplication of Peoples' existing mains (and could lead to a stranded asset for Leesburg). To the extent there are concerns about supplying gas for those homes being built by The Villages, those gas needs can easily be met by Peoples, which could supply gas to those areas upon the installation of approximately five (5) feet of pipe.

Leesburg's continuing to build the 6-inch main line could also possibly complicate the Commission's analysis of the status of the respective parties' gas infrastructure as of the date of the Petition. This could prolong the proceeding before the Commission. A brief halt of construction to maintain the status quo until this matter can be adjudicated would not be prejudicial to any party. The parties would maintain their positions as of the date the Petition was filed. Customers would still be able to get gas quickly and economically if such a need were to arise.

Second, representatives from Leesburg and SSGC with authority to resolve this matter would have to meet with Peoples' representatives in an effort to resolve the dispute. As we discussed over the phone, Peoples has previously met with Leesburg and with The Villages in an effort to resolve this matter. But the position of both Leesburg and SSGC was that there was nothing to negotiate and that they were going forward with their planned construction. Peoples' representatives are available to meet as early as Monday, March 5, 2018, in an effort to resolve this matter.

The initial extension would be for 7 days, through and including March 22, 2018. If Leesburg continued to refrain from construction and if the talks were productive, Peoples would be amenable to further extensions.

I realize you were not involved in any of the prior discussions between your client and Peoples and that you were not involved in the discussions between Peoples and The Villages. However, I can assure you that Peoples filed this territorial dispute as a last resort when Leesburg and The Villages took the position that there was nothing to negotiate. Peoples has always been, and continues to be, interested in serious negotiations to resolve this dispute. But, thus far it appears that Peoples has been the only party in the dispute willing to undertake such negotiations.

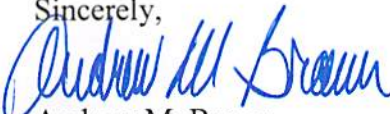
If Leesburg does not halt construction by the close of business on March 5, 2018 and if there are no meetings set up between the parties to discuss this matter by the close of business on March 5, 2018, then Peoples will not agree to an extension. If those things

Jon Moyle, Jr., Esq.  
March 2, 2018  
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are accomplished, Peoples is willing to agree to an extension through March 22, 2018. If Peoples determines that construction has not stopped, then the extension would be withdrawn and the March 15, 2018 response date would be reinstated. If construction were to commence between March 15, 2018 and March 22, 2018, then the parties would have to respond to the Petition within 24 hours of Peoples giving notice that construction had started.

I look forward to hearing from you.

Sincerely,



Andrew M. Brown

AB/plb  
Enclosure  
cc: Commission Clerk



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February 23, 2018

Jack Rogers, Director  
Gas Department, City of Leesburg  
501 W. Meadow Street  
Leesburg, FL 34748

Re: Petition to Resolve a Territorial Dispute between Peoples Gas and The  
City of Leesburg/South Sumter Gas Company

Dear Mr. Rogers:

This firm represents Peoples Gas System ("Peoples") with regard to a Petition to Resolve a Territorial Dispute which Peoples has filed before the Florida Public Service Commission which arises out of certain natural gas installation being performed by the City of Leesburg ("City") and/or South Sumter Gas Company ("SSGC") pursuant to the Natural Gas System Construction Purchase and Sale Agreement between the City and SSGC which was approved by the City on February 12, 2018. The Petition is based, in part, on Notices of Construction filed by the City of Leesburg showing planned construction of natural gas infrastructure directly adjacent to certain locations crossing over the already existing Peoples infrastructure.

The Florida Public Service Commission's adjudication of the territorial dispute will be based on the parties positions as of February 23, 2018, the date the Petition was filed. It appears that pursuant to the Agreement, and consistent with what has been observed in the field, the City of Leesburg is close to starting construction on a 6-inch steel main line along Highway 510 north from Highway 570 to just south of Highway 468. Peoples respectfully asks the City to refrain from further construction activity on that line until the territorial dispute can be resolved. If the City chooses to continue construction of that line, Peoples would view that as an impermissible attempt by the City of Leesburg to better its position before the Commission on the territorial dispute and Peoples would therefore have

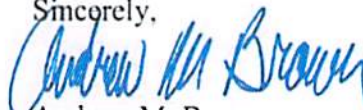
Jack Rogers, Director  
Gas Department, City of Leesburg  
February 23, 2018  
Page 2

to consider all legal and equitable remedies available to it in response to the City's continuation of construction of that line.

Peoples would also respectfully submit to the City that temporarily suspending construction on the line during the pendency of the dispute may be in its financial interest. As previously stated, the SSGC distribution lines are within a few feet of Peoples infrastructure and in fact cross over the Peoples' lines. Peoples could serve these areas by running a connection line literally over a distance of a few feet. The City of Leesburg, on the other hand, will have to run a 6-inch main over a matter of miles in order to provide service to the area in dispute. If Peoples prevails in the territorial dispute there would be no customers to be served by the Leesburg 6-inch main. The City will have incurred significant expense on what would turn out to be a stranded asset of no economic value. By continuing construction activity and especially if actual pipe installation commences, the City would be putting more financial resources at risk than if it ceased construction until the territorial issue is resolved.

I would be happy to answer any questions you may have regarding these issues. Peoples has attempted to resolve this matter with the Villages as was suggested by the City. The representatives of The Villages made it clear they had no interest in meaningfully discussing the matter. Therefore, Peoples had no choice but to file its Petition. Peoples would be very willing to discuss possible resolutions of this dispute, but that discussion would have to recognize the current location and capabilities of PGS infrastructure and the City of Leesburg/SSGC infrastructure as of February 23, 2018.

Sincerely,



Andrew M. Brown

AB/plb

cc: Al Minner, City Manager (via regular U.S. Mail)  
City of Leesburg  
501 W. Meadow Street  
Leesburg, FL 34748

Fred A. Morrison, Esq. (via email: [FredM@mcclinbursed.com](mailto:FredM@mcclinbursed.com) & U.S. Mail)  
City Attorney, City of Leesburg  
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