



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

March 13, 2012

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COMMISSION
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Ms. Ann Cole, Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Docket No. 110271-GU - Petition by Peninsula Pipeline Company for Approval of Agreement with Florida Public Utilities Company

Docket No. 110277-GU - Application for approval of tariff revision to reflect service in Nassau and Okeechobee Counties, by Florida Public Utilities Company

Dear Ms. Cole:

Enclosed for filing, please find the redacted original and 7 copies of Florida Public Utilities Company's Responses to Staff's Second Data Request in the referenced dockets. Under separate cover, FPUC is submitting a Request for Confidential Classification, along with a highlighted copy of these documents, in accordance with Rule 25-22.006, F.A.C.

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

Sincerely,

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

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Florida Public Utilities Company
Responses to Staff's Second Data Request
Docket No. 110271-GU and
Docket No. 110277-GU

13. Since Peninsula filed an amended and revised transportation service agreement on February 8, 2012, in Docket No. 110271-GU, please explain why FPUC did not have to re-issue a request for proposals.

Company Response: FPUC's original request for proposals ("RFP") was issued to all potential entities that could provide valid proposals for the Nassau County project. FPUC evaluated all proposals received and selected the PPC proposal, which was filed with the FPSC for approval (the original agreement). After it became apparent that a territorial dispute with Peoples Gas (one of the original RFP respondents) was inevitable, FPUC, PPC and Peoples Gas determined that negotiations were preferable to a lengthy and uncertain territorial dispute process. Moreover, because FPUC had received only one other proposal in response to the original RFP, and that proposal ranked below the PPC and Peoples Gas proposals, FPUC determined that it would not be necessary to re-issue an RFP for this project. Ultimately, as shown on Attachment 1 to the Amended and Revised Petition, the negotiated agreement between FPUC, PPC and Peoples Gas was superior to any and all original proposals received for the Nassau County project and also resolved any territorial issue between the parties.

14. In response to Staff's First Data Requests in Docket No. 110271-GU, FPUC filed an evaluation of proposals (confidential document.) Please provide an updated evaluation of proposals based on the amended transportation service agreement.

Company Response: See Attachment A. (Confidential filing)

15. The petition in Docket No. 110277-GU states that FPUC has been pursuing plans to extend their distribution facilities to provide service in Nassau County. Please discuss how FPUC will recover the costs of such extension.

Company Response: FPUC will recover its costs related to the extension of its distribution system through revenues generated by its tariff rates charged to those customers served by the Nassau County distribution system. The expected revenues from these customers are adequate for the projected construction costs of the Nassau County distribution system. Over 200 potential commercial customers in

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Nassau County have already signed service agreements with FPUC. Many have indicated that they expect significant savings by switching to natural gas versus their existing fuel source (primarily propane). In order to expedite the savings potential for customers, the Company intends to explore ways to initiate service to as many customers as possible prior to the expected in-service date of the joint PPC/Peoples Gas facilities. Consistent with the Company response to Question 5 of Staff's First Data Request in Docket No. 110271-GU, FPUC is proposing to recover the amended agreement payments to PPC through its Purchased Gas Adjustment True-up mechanism consistent with other gas transmission pipeline costs incurred by the Company.

FLORIDA PUBLIC UTILITIES COMPANY
NASSAU COUNTY EXPANSION PROJECT
EVALUATION OF PROPOSALS
UPDATED (REDACTED)

Attachment A

Company	Description of Project	Upstream Pipeline	Term	MDTQ	Maximum Hour (DT)	Firm	Annual Rate	Upstream Capacity (DT)	Upstream Capacity Rate	Rank
[REDACTED]										

Notes:

[REDACTED]