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March 13, 2012

BY HAND DELIVERY

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

REDACTED

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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 Peninsula Pipeline Company's Responses to Staff's Second Data Request in the referenced dockets. Under separate cover, Peninsula 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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**Peninsula Pipeline Company
Responses to Staff's Second Data Request
Docket No. 110271-GU and
Docket No. 110277-GU**

The following questions refer to confidential Attachment 1 (Comparison of Nassau County Cost) provided in the amended petition filed in Docket No. 110271-GU:

10. Please explain the Peninsula Pipeline Company (PPC) Costs in the original and in the amended agreement.

Company Response: The PPC Costs in the original agreement were determined on the proposed project that would have originated at the interconnection point with the Southern Natural Gas Company, LLC (SONAT) in western Nassau County and terminated on Amelia Island. The total cost to Florida Public Utilities Company (FPUC) under the original agreement was [REDACTED] annually, which was a negotiated rate between PPC and FPUC for the original project. Under the original contract, PPC was to be responsible for all construction, operations and maintenance costs of the intrastate pipeline.

Under the amended agreement, the PPC Costs were determined on the amended proposed joint project for the Fernandina Beach Line, two wholly-owned laterals connected to the Fernandina Beach Line and the costs negotiated with Peoples Gas System (Peoples) for their new investments from the interconnection point with Florida Gas Transmission (FGT) through Duval County up to the Fernandina Beach Line. PPC is responsible for certain construction, operations and maintenance costs of the Fernandina Beach Line, all construction, operations and maintenance costs on the wholly-owned laterals plus the rate negotiated with Peoples for their investments described above. The negotiations for the revised and amended agreement resulted in a [REDACTED] annual rate for this project.

11. The cost comparison is shown for 6 years, however, the FPUC – Peninsula contract is for a longer time period. Please provide the same table for the length of the contract.

Company Response: See Attachment 1. (CONFIDENTIAL)

12. Please explain what the numbers in the line Savings (Cost) represent.

Company Response: The Savings (Cost) line represents the difference in total cost between the original agreement, which was the best proposal received by FPUC through its original request for proposals process, and the amended agreement. “Savings” means that the amended agreement results in lower overall costs for that particular year (and on an accumulated basis). “Cost” means that the original agreement results in lower overall costs for that particular year. As shown on Attachment 1, the amended agreement results in significant savings to FPUC (and its ratepayers) over the term of the agreement.

Comparison of Nassau County Cost
Original PPC/FPUC Agreement
Versus
Joint Project with PGS (REDACTED)

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
Original PPC/FPUC Agreement															
PPC Costs															
Interstate Capacity Requirements: Cypress Pipeline / day															
Interstate Capacity Costs:															
Commodity Costs (\$3.00/DT)															
Total Costs - Original Agreement															
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
Joint Project with PGS															
PPC Costs															
Interstate Capacity Requirements: FGT Pipeline / day															
Interstate Capacity Costs:															
Commodity Costs (\$3.00/DT)															
Total Costs - Joint Project															
Savings (Cost)															
Accumulated Savings (Costs)															