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COMMISSION
CLERK

November 4, 2013

BY HAND DELIVERY

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

Re: Docket No. 130258-GU - Petition for approval of tariff sheets reflecting gas service to customers in the City of Ft. Meade, by Florida Public Utilities Company.

Dear Ms . Cole:

Enclosed, please find the original and seven (7) copies of Florida Public Utilities Company's Responses to Staff's First Data Requests. Included with this filing is Original Volume No. 1, Natural Gas Tariff, Florida Public Utilities Company-Fort Meade (Corrected Original Sheet No. 15).

As always, thank you for your assistance with this filing. Please do not 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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**FPUC's Notice of Change of Ownership and Petition for Approval of Tariff Pages
Reflecting Service to Customers in the City of Fort Meade**

Docket 130258-GU

Staff's First Data Request

1. Will FPUC – Fort Meade operate as a new investor-owned natural gas utility in Florida that is owned by Chesapeake Utilities?

Company Response:

Upon finalization of the acquisition, Fort Meade will operate as a new investor-owned natural gas utility in Florida under Florida Public Utilities Company, owned by Chesapeake Utilities as “Florida Public Utilities Company – Fort Meade”. The Company plans to consider consolidation of all Florida Natural Gas divisions into one Consolidated Natural Gas division in the future; but, at this time the tariff and related base rates will remain as a separate business unit under Florida Public Utilities Company.

2. What is the effective date for the proposed FPUC – Fort Meade tariffs?

Company Response:

The effective date for the proposed FPUC-Fort Meade tariffs will be upon finalization of the acquisition of the utility from the City of Fort Meade, currently scheduled for December 2, 2013.

3. How many miles of cast iron gas pipe are in the Fort Meade system?

Company Response:

There are zero miles of cast iron pipe in the Fort Meade system.

4. How many miles of bare steel gas pipe are in the Fort Meade system?

Company Response:

There are zero miles of bare steel gas pipe in the Fort Meade system.

5. If the answer to the above two questions is more than zero, is there a plan for FPUC to replace the cast iron and bare steel pipe in the system acquired from Fort Meade?

Company Response:

N/A

6. Paragraph 4 of the petition says the City will sell its natural gas system to FPUC for \$820,000, plus additional annual amounts.” What are those additional annual amounts?

Company Response:

The agreement provides for additional payments of twenty thousand dollars per year for five years for economic development, community improvement or installation of natural gas improvements in the Ft Meade area.

7. Will the City Commission’s approval of the franchise agreement upon second reading constitute final approval? If not, when is final approval anticipated?

Company Response:

Once the City Commission approves the second reading of the franchise agreement, the Company will sign the purchase agreement. The Company anticipates a closing date of December 2, 2013.

8. The petition states the Company “expects to be able to obtain natural gas at lower prices than the City has been able to achieve.” If this is accurate, why is FPUC proposing to charge its new Fort Meade residential customers \$0.5570 per therm (see Original Sheet 34, FPUC-Fort Meade tariff), while charging its other FPUC residential customers \$0.49828 per therm (see Twentieth Revised Sheet No. 20 of FPUC’s tariff)?

Company Response:

This statement in the petition refers to the commodity cost. It is the Company’s understanding that base rates need to remain at the rates that the City of Ft Meade was charging its natural gas customers until such time that a rate proceeding is completed and approved by the Florida Public Service Commission, and accordingly the tariff filed for approval reflects the same base rates charged by the City of Fort Meade for natural gas service. The purchase agreement requires that the base rates stay the same for three years, unless and until the PSC were to compel a rate investigation. After that time, the Company could file for a rate proceeding to change base rates.

9. Original Sheet No. 13.1 of the proposed tariff appears to be misnumbered and should be Original Sheet No. 15. Please confirm if this is true, and if so, please send a corrected copy.

Company Response:

There was a typographical error and the tariff should have been No. 15 not 13.1. The appropriate Original Sheet No. 15 has been attached.

10. Will residential FPUC – Fort Meade customers have a choice of purchasing gas from FPUC- Fort Meade or select transportation service? If transportation service is not available to residential customers, please explain why not.

Company Response:

The residential customers for Fort Meade will have the same choices as Florida Public Utilities Company's Natural Gas residential customers. At this time transportation service has not been made available to the residential customers of FPUC.

11. Will commercial FPUC – Fort Meade customers have a choice of purchasing gas from FPUC- Fort Meade or select transportation service?

Company Response:

The Commercial customers for Fort Meade will have the same choices as Florida Public Utilities Company's Natural gas commercial customers. The Company has included tariff options for transportation customers similar to those offered under the FPUC umbrella. Initially all customers will be considered non transportation until such time that the customer requests a change in their service classification.

12. Tariff Sheet No. 62 shows a PGA factor of 93.410 cents per therm for 2013. What is the basis for this factor? How and when will FPUC – Fort Meade's 2014 PGA factor be determined?

Company Response:

The FPUC-Fort Meade customers will be consolidated under the FPUC natural gas division for purposes of PGA. The Ft Meade customers and the related sales and purchase data were included in the FPUC natural gas PGA projections for 2014. Since Ft Meade customers will fall under this Consolidated PGA, they are subject to the same PGA rates and cap (93.410) that was established for the FPUC natural gas customers for the 2013 period.

13. Tariff Sheet No. 63 provides for 2014 Energy Conservation factors that are the same as the FPUC 2014 conservation factors proposed in Docket No. 130004-GU. What is the basis for charging FPUC – Fort Meade customers energy conservation factors that include a 2012 and 2013 true-up amount (since FPUC did not serve the Fort Meade customers in 2012 and 2013)?

Company Response: FPUC-Fort Meade customers were included in the FPUC natural gas conservation projections for 2014, and therefore, costs to provide programs to these customers are contemplated in the factors set for 2014. The Company will be providing services and programs identical to those offered to the FPUC natural gas customers, and these customers will be entitled to participate in the same programs while benefiting from the synergies surrounding a consolidated program. Establishing a separate factor for these customers that does not take into account the prior year true-up would not only be difficult to calculate, but administratively complicated to bill. Any attempt to set – and bill – a separate factor for Fort Meade would undoubtedly produce more costs for customers than will otherwise be incurred by application of the factors now set for 2014. Moreover, in the future, the Company plans to consolidate all natural gas divisions into one Consolidated Natural Gas division. To carry a separate surcharge for customers in

Fort Meade, while providing identical conservation programs to all FPUC customers, will cause additional work and tracking as well as create additional costs to all customers. The Company believes that the most appropriate way to handle introduction of Fort Meade customers into FPUC's conservation program is to apply the same factor(s) as those that will apply to other similarly situated FPUC customers. As costs are passed through and over/under collections are true-up through the Clause process, the Company believes that application of the 2014 factors to the customers in Fort Meade will ultimately prove to be a "wash" as any perceived over-collections will, in time, likely be offset by the Company's ability to spread the costs over an expanded customer base. Furthermore, since this total projected over recovery associated with application of the 2014 factors (including the prior period true-up) is approximately \$100,000, the amount that would be refunded to the customers in Ft Meade would be extremely immaterial due to the size of those customers and their associated allocation of costs compared to the remaining customers on the FPUC Natural Gas system.

14. Will the FPUC – Fort Meade customers be able to participate in conservation programs effective January 2014? The petition in paragraph 7 seems to indicate that the FPUC – Fort Meade customers will be able to participate in conservation programs at the time of FPUC's next rate case.

Company Response:

The Company hopes to offer Conservation Programs to the customers in Fort Meade beginning January 1, 2014. Since Conservation is not part of a Company's base rate proceeding, the Company believes that the request for a Conservation Program for these customers does not need to wait until a base rate case. The Customers will begin to immediately benefit from the programs that will be offered on the Conservation side of the Company. The Company included the Ft Meade customers, and related programs in the FPUC Natural Gas Conservation Projection filing for 2014, and rates for the customers in Ft Meade were requested under the same methodology in place for existing customers in FPUC Natural Gas division.

RULES AND REGULATIONS (Continued)

4. Customer Deposits (Continued)

G. Refund of Deposit When Service is Discontinued

Upon discontinuance of service, the deposit and accrued interest shall be credited against the final account and the balance, if any, shall be returned promptly to the customer, but in no event later than fifteen (15) days after service is discontinued.

5. Customer's Installation

Customer shall make or procure satisfactory conveyance to Company of all necessary easements and rights-of-way, including right of convenient access to Company's property, for furnishing adequate and continuous service or the retirement of Company's property upon termination of service.

Customer's Installation shall be constructed, installed and maintained in accordance with standard practice as determined by local codes and ordinances applicable thereto, these Rules and Regulations and other applicable governmental requirements.

Where governmental inspection of a Customer's Installation is required, Company will not supply Gas Service to such installation until the necessary inspections have been made and Company has been authorized to provide Gas Service.

Company may also inspect Customer's Installation prior to rendering Gas Service, and from time to time thereafter, but assumes no responsibility whatsoever as a result of having made such inspection. Company will not render Gas Service to any Customer's Installation which Company finds to be hazardous, or in noncompliance with any applicable code, ordinance, regulation or statute.

Company will discontinue Gas Service to a Customer's appliance(s) or Customer's Installation whenever Company finds a hazardous condition or a condition that is in violation of a code, ordinance, regulation or statute governing the installation or use of Gas appliance or Customer's Installation, and Gas Service will be rendered or restored only when the hazardous condition or noncompliance has been corrected.

A Customer shall notify Company of any change in Customer's requirements for Gas Service and receive authorization from Company prior to making any such change so that the Company may be in a position to meet the Customer's requirements. A Customer will be liable for any damage resulting from violation of this rule.

Customer shall give Company's employees and representatives access to Customer's property so that Company may operate, inspect and maintain its facilities on Customer's premises.

No Customer or other person shall, unless authorized by Company to do so, operate, change or tamper with any of the Company's facilities.