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## Public Service Commission

October 17, 2014

Beth Keating, Esquire  
Gunster Law Firm  
215 South Monroe Street, Suite 601  
Tallahassee, Florida 32301  
bkeating@gunster.com

### STAFF'S FIRST DATA REQUEST

**Re: Docket No. 140190-GU - Petition for approval of transportation service agreement for an extension in Palm Beach County with Florida Public Utilities Company, by Peninsula Pipeline Company, Inc.**

Dear Ms. Keating:

By this letter, the Commission staff requests that Peninsula Pipeline Company (Peninsula) and Florida Public Utilities Company (FPUC) provide responses to the following data requests.

Staff respectfully requests the following information from Peninsula:

1. Please refer to page 5 of the petition, paragraph 12. What are the costs to Peninsula to perform the following steps related to the project: (a) inspect, test, and reactivate 800 feet of existing 12 inch steel pipe that runs from the southwest corner of Port property to a new interconnection at the southeast corner of the property, (b) install a new interconnection and extend 820 feet of 12 inch steel pipe north across Port property to FPUC facilities serving an existing FPUC customer, and (c) install an additional custody transfer point, with pressure regulation, at the southeast corner of Port property? Please include a general description of the types of costs that will be incurred (*e.g.*, materials, labor, permitting, secure right-of-way, etc.)
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.
3. For each of the project steps indicated in Question 1 above, what are Peninsula's estimated commencement and completion dates?
4. Please describe the manner in which Peninsula will recover its costs associated with the project.

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.
6. Please provide the basis for the derivation of the Unauthorized Use Rate shown in Exhibit A to the agreement.
7. Please refer to Sections 7.1 and 7.2 of the agreement and to Exhibit A. Please clarify whether Exhibit A shows Points of Delivery rather than Delivery Points. Also, please explain whether Exhibit A to the agreement should list the Delivery Points and the Points of Delivery; as an illustrative example showing both, please see Original Sheet No. 36 in Volume No. 1 of Peninsula's approved tariff.
8. On page 6 of the petition, paragraph 14, Peninsula states that the rates in the agreement are consistent with a "market rate" in that they are within the range of rates set forth in similar agreements between Peninsula and other customers. Please provide an analysis to support this statement, and identify the similar agreements.
9. Please refer to the MDTQ amount (confidential) in Exhibit A to the agreement; also, please refer to the increased contract capacity amount (confidential) on page 6 of the petition. As a hypothetical example, suppose the existing FPUC customer on Port property were to consume the full MDTQ on a given day. If that were to occur, it seems that it would not be possible on that day to meet the increased contract capacity commitment to the new interconnection at the southeast corner of Port property. Is it possible that the intended MDTQ should be a larger amount? If the answer is affirmative, it potentially could have a bearing on the responses to Question 10 below and to Question 9 in Staff's First Data Request in Docket No. 140189-GU.
10. Please refer to the monthly reservation charge and the total MDTQ quantities (confidential) shown in Exhibit A to the agreement. When one performs a calculation to arrive at a basic per-unit cost (*e.g.*, \$/Dt), the resulting quotient is a significantly different value from the corresponding value presented by Peninsula in its Exhibit A to the agreement filed with the petition in Docket No. 140189-GU. Please describe the reasons for the significant difference between the two values. In responding to this question, it might be helpful to refer to Question 9 above, and to Question 9 in Staff's First Data Request in Docket No. 140189-GU.
11. Regarding the increased contract capacity referred to on page 6 of the petition, paragraph 12(d), please clarify/confirm that this represents additional capacity that would be allocated by Peninsula to customers downstream of the new custody transfer point at the southeast corner of Port property.
12. Please provide a map showing the location(s) of the planned Peninsula facilities.

Staff respectfully requests the following information from FPUC:

13. Did FPUC issue Requests for Proposals (RFPs) to obtain cost estimates for any phases of the project from other entities? If the answer is affirmative, please identify all respondents to each 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.

14. Did FPUC consider building the facilities itself in lieu of contracting with Peninsula? If the answer is affirmative, please provide an estimate of what the costs to FPUC would be if it were to undertake the entire project itself.
15. How does FPUC plan to recover its payments to Peninsula pursuant to the agreement?
16. 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 2016?
17. Based on Peninsula's representation on page 6, paragraph 13, of the petition, it is inferred that the FPUC relocation costs for the 820 feet of 4 inch plastic main would not need to be incurred due to Peninsula's extension of 820 feet of steel pipe. Was FPUC's estimated cost (confidential) to relocate the plastic main an in-house estimate or the result of a competitive bidding process?
18. Please explain the relationship between FPUC's avoided costs of main relocation and Peninsula's construction costs for the new 12 inch extension and describe the work efforts for which FPUC would be compensating Peninsula in lieu of incurring the costs itself.
19. Are the costs of FPUC's 4 inch plastic main currently included in FPUC's base rates?
20. Please discuss what will happen to the 4 inch plastic main (*e.g.*, abandoned in place?) and how FPUC will treat the remaining book investment associated with the asset(s).

Please file the original and five copies of the requested information by Friday, October 24, 2014, with Carlotta Stauffer, Commission Clerk, Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida, 32399-0850. Please feel free to call me at (850) 413-6856 if you have any questions.

Sincerely,

*/s/ Danijela Janjic*

Danijela Janjic  
Senior Attorney

DJ/as

cc: Office of Commission Clerk