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May 17, 2023

**VIA E-PORTAL**

Mr. Adam Teitzman, Clerk  
Office of the Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

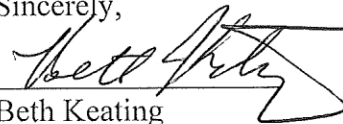
**Re: Docket No. 20230063 -GU - Petition for approval of transportation service agreement  
with Florida Public Utilities Company by Peninsula Pipeline Company, Inc.**

Dear Mr. Teitzman:

Attached for filing, please find Peninsula Pipeline Company's Responses to Staff's First Data Requests.

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

Sincerely,



Beth Keating  
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MEK

Cc: (Office of Public Counsel)  
(Office of the General Counsel – Dose)

**Peninsula Pipeline Company’s Responses to Staff’s First Data Requests**

- 1. Please provide estimated costs and descriptions of the various components of the proposed construction project.**

**Company Response**

<b>Component</b>	<b>Estimated Cost</b>
Detailed Engineering, Design and Permitting	\$1,083,000
Internal Department Charges	\$311,000
Materials	\$1,572,500
Contract Labor	\$7,272,000
Gate Station Upgrades and M&R Station	\$931,500
Overhead Allocations and Contingency	\$3,742,000
Total Estimated Project Cost	\$14,912,000

- 2. Please explain when construction is expected to start and the expected completion date.**

**Company Response**

Pending Commission approval and obtaining the required permits, the Company anticipates beginning construction of the project in Q2 of 2024. The anticipated completion date would be based on contractor resources and coordination with the City of Newberry.

- 3. The following questions refer to paragraph 13 of the petition and the statement regarding the interest in the City of Newberry for “replacing their current fuel source with less expensive natural gas.”**
- a. Please state what the current fuel source is for customers in the City of Newberry.**

**Company Response**

Outside of customers that are 100% electric, most residential customers in the City of Newberry use propane as their secondary fuel source.

- b. Who is the provider of the current fuel source?**

**Company Response**

The Company does not have a comprehensive list of fuel providers for the City of Newberry. Due to the nature of unregulated fuels, customers have a variety of choices of possible suppliers in and around the City. These suppliers in the City can range from national to smaller regional suppliers.

Crescent Propane, which operates in Newberry, provides a portion of the propane service in the area and is a subsidiary of Chesapeake Utilities Corporation.

- c. Does the current fuel source have any existing infrastructure FPUC would use for the provision of the planned natural gas service? If yes, please explain how the transfer of any infrastructure to FPUC would be handled, including its costs.**

**Company Response**

Crescent Propane operates two underground Community Gas Systems (CGS). A CGS is an independent underground system for delivering fuels to customers. Each CGS operated by Crescent Propane delivers propane to a community in the area.

As part of the buildout of the natural gas distribution system in the City, FPUC would acquire these systems from Crescent Propane. Upon acquisition, FPUC would begin the process of converting these systems to deliver natural gas.

Any other similar facilities as described above in the area would be considered for acquisition on a case-by-case basis. The Company is not requesting to acquire these facilities as part of this approval process for the transportation service agreement.

- 4. Does FPUC have a franchise agreement with the City of Newberry to provide natural gas service? Please explain.**

**Company Response**

Yes, FPUC has a franchise agreement in the City of Newberry for natural gas service.

- 5. Has FPUC had discussions with other parties or issued a Request for Proposals to obtain construction cost estimates for the project to provide natural gas service to the City of Newberry? Please explain.**

**Company Response**

No, in previous discussions and requests with Florida Gas Transmission (FGT) for other projects, FGT has declined to bid on those projects, citing constructing, owning, and operating laterals such as the one proposed in this Petition are not a focus of their expansion activities.

FPUC did not issue an RFP for construction estimates for the project as that would be completed by Peninsula Pipeline Company (PPC) during their bidding and estimating process when assessing a contractor for the project.

**6. How will FPUC recover its payments to Peninsula pursuant to the projected transportation agreement?**

**Company Response**

Initially, FPUC will recover the costs paid to Peninsula through the PGA and Swing Service Mechanism.

The Company is currently negotiating with a large industrial customer nearby for service. Payments from this industrial customer will be used to offset the amounts paid to Peninsula. Establishing the pipeline in the City will be key to helping finish the negotiation process as it puts FPUC in a position to more readily offer service to the potential customer.

**7. The following questions refer to footnote 8 on page 6 of the petition.**

- a. Peninsula's tariff sheet No. 3 refers to Peninsula as a natural gas transmission company. Footnote 8 indicates that the proposed pipeline will not meet the definition of a transmission pipeline. Please explain whether Peninsula pursuant to its tariff can engage in the construction of pipelines that do not meet the definition of a transmission pipeline.**

**Company Response**

The definition of a pipeline referred to in Footnote 8 is in reference to the Natural Gas Transmission Pipeline Siting Act. Peninsula is primarily engaged in building facilities used to transport natural gas, but not every pipeline built by Peninsula will meet the definition of a "natural gas transmission pipeline" in the Siting Act. Specifically, per Section 403.9403(16), F.S.:

(16) "Natural gas transmission pipeline" or "pipeline" means the transmission pipeline and any related equipment, facility, or building used in the transportation of natural gas or its treatment or storage during the course of transportation. The term does not include a gathering line, but the term includes a transmission pipeline that transports gas from a gathering line or a storage facility to a distribution center or a storage facility or that operates at a hoop stress of 20 percent or more of specified minimum yield strength, as defined by federal law, or that transports gas within a storage field.

In contrast, Peninsula is certified as a "natural gas transmission company," which, in accordance with Section 368.103(4), F.S., (4) means any person owning or operating for compensation facilities located wholly within this state for the transmission or delivery for sale of natural gas, but shall not include any person that owns or operates facilities primarily for the local distribution of natural gas or that is subject to the jurisdiction of the Federal Energy Regulatory Commission under the Natural Gas Act, 15 U.S.C. ss. 717 et seq., or any municipalities or any agency thereof or a special district created by special act to distribute natural gas.

As a "natural gas transmission company", Peninsula is authorized to own and operate for compensation facilities located wholly within this state for the transmission or delivery for sale

of natural gas. Chapter 368, F.S., does not require the natural gas transmission company to own and operate only those facilities that qualify as “natural gas transmission pipelines” under Chapter 403, F.S., nor does it prohibit Peninsula from owning and operating such facilities. In this instance, the facilities in question will operate at a hoop stress of less than 20 percent of specified minimum yield strength, which is below the level necessary to be considered a “transmission pipeline” for purposes of the Siting Act.

Additionally, Peninsula’s service as defined on Original Sheet No. 3 of the tariff is for Firm Transportation Services. Section A3 of Peninsula’s tariff does not limit the types of projects the Company can build based on whether facilities qualify to be reviewed under the Siting Act.

- b. Please explain how the hoop stress of the proposed pipeline has been determined and why Peninsula is not constructing a transmission pipeline to serve the City of Newberry.**

**Company Response**

The pipeline hoop stress was determined by the following formula:

$$\text{Hoop Stress} = (2 * S * t) / D$$

Where:

S = Pipe yield strength (psi)

t = Nominal pipe wall thickness (inches)

D = Nominal outside pipe diameter (inches)

The pipe being used for this project is appropriately sized for the project specifications.