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February 7, 2024

BY E-PORTAL

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

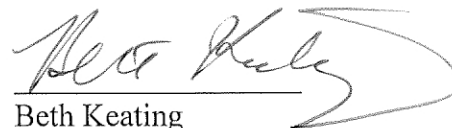
Docket No. 20230135-GU - Petition for approval of transportation service agreement with Florida Public Utilities Company by Peninsula Pipeline Company, Inc.

Dear Mr. Teitzman:

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

As always, thank you for your assistance in connection with this filing. If you have any questions whatsoever, please do not hesitate to let me know.

Sincerely,



Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 601
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Cc: PSC Staff (Dose, Kelley)

Docket No. 20230135-GU - Petition for Approval of Transportation Service Agreements for the Boynton Beach and New Smyrna Beach projects with the Florida Public Utilities Company by Peninsula Pipeline Company

Florida Public Utilities Company and Peninsula Pipeline Company Responses to Staff's First Data Requests

1. Regarding the proposed Boynton Beach pipeline project:

- a. What is the cost to FPUC to construct/install 3 miles of new, 4-inch coated steel pipeline (including any necessary appurtenances) from the upgraded gate station with Florida Gas Transmission (FGT), to an existing district regulator station that will connect to FPU's system? Please include a general description of the types of costs that will be incurred (e.g., materials, labor, permitting, secure right-of-way, etc.). Also, please confirm that the pipeline material will not consist of "bare steel" construction.**

Company Response:

Component	Estimated Cost
Detailed Engineering, Design, and Permitting	\$230,000
Internal Department Charges	\$275,000
Materials	\$951,926
Contract Labor	\$4,582,000
Interconnect Costs	\$950,000
Inspections	\$1,319,000
Right-Of-Way	\$20,000
Legal	\$1,000
Overhead Allocations and Contingency	\$2,823,053
AFUDC	\$431,592
Total Estimated Project Cost	\$11,583,571

- b. What is the cost to FPUC to construct/install 2 miles of new, 4-inch coated steel pipeline (including any necessary appurtenances) from an existing district regulator, to the new district regulator station? Please include a general description of the types of costs that will be incurred (e.g., materials, labor, permitting, secure right-of-way, etc.). Also, please confirm that the pipeline material will not consist of "bare steel" construction.**

Company Response:

Component	Estimated Cost
Detailed Engineering, Design, and Permitting	\$93,500
Internal Department Charges	\$274,000

Materials	\$673,107
Contract Labor	\$4,121,000
Inspections	\$1,316,000
Right-Of-Way	\$10,000
Legal	\$500
Overhead Allocations and Contingency	\$2,199,113
AFUDC	\$336,199
Total Estimated Project Cost	\$9,023,419

2. Regarding the proposed New Smyrna Beach pipeline project:

- a. **What is the cost to FPUC to construct/ install 14.8 miles of new, 4-inch coated steel pipeline (including any necessary appurtenances) following public right of way and the four new district regulator stations built along the route of the project? Please include a general description of the types of costs that will be incurred (e.g., materials, labor, permitting, secure right-of-way, etc.). Also, please confirm that the pipeline material will not consist of “bare steel” construction.**

Company Response:

Component	Estimated Cost
Detailed Engineering, Design, and Permitting	\$1,293,000
Internal Department Charges	\$121,000
Materials	\$2,474,461
Contract Labor	\$5,924,000
Inspections	\$793,000
Right-Of-Way	\$300,000
Legal	\$1,500
Overhead Allocations and Contingency	\$3,696,858
AFUDC	\$565,157
Total Estimated Project Cost	\$15,168,976

3. Please explain how FPUC plans to recover the costs of constructing the East Coast Expansion projects.

Company Response:

FPUC plans to include the costs paid to Peninsula for recovery through the PGA and Swing Service Mechanism.

4. Please provide a brief description of the approval required by PPC or FPUC from any other state or local agencies to complete the proposed projects.

Company Response:

Peninsula is required to obtain permits from the Florida Department of Environmental Protection, FEC Railway, Florida Department of Transportation, Palm Beach County, Volusia County, the City of New Smyrna Beach, and the City of Boynton Beach.

5. Did FPUC issue a formal request for proposals or initiate discussions with other parties to obtain construction cost estimates for the proposed pipeline? If so, please identify all respondents and provide an explanation regarding why their proposals were rejected. If not, please justify why FPUC did not solicit competitive bid from other parties.

Company Response:

FPUC did not issue a request for proposal (RFP) for either project.

For the project in Boynton Beach, Florida Gas Transmission (FGT), an interstate pipeline company would be the other option for FPUC to request build the extension as FGT is the interconnecting pipeline. 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.

Additionally, in order for any interstate pipeline Company regulated by the Federal Energy Regulatory Commission (FERC) to build this pipeline, it would first have to go through the process of obtaining a certificate from the FERC. This process can increase both the costs of the project and the in-service timeline due to the FERC review requirements. A project timeline may be increased by a significant length due to the amount of time a project may be deliberated at the FERC.

For the project in New Smyrna Beach, the extension is being built off an existing Peninsula Pipeline project that supplies gas to the area. Due to such, Peninsula was requested to build this new expansion.

6. Please discuss approximately how many residential, commercial, and industrial customers are expected to take service from this expansion project.

Company Response:

FPUC anticipates that the projects will allow the Company to expand its service to following estimated customer counts along the routes of the project,

Boynton Beach –

- Residential – 382 New Customers
- Commercial/Industrial – 7 New Customers

New Smyrna Beach –

- Residential – 1,297 New Customers
- Commercial/Industrial – 46 New Customers

In addition to the expected, continued growth, one of the important needs for this project is the system support necessary to serve the customer growth that has already occurred in recent years. As such a key component of the projects will be operational benefits of additional capacity and enhanced system resiliency that is needed for both existing and new customers.

In addition, the system's existing gate station is currently undersized and needs upgrading to meet both the current and anticipated future loads. These systems have also experienced acute pressure changes with seasonal demands and at times exceeding the maximum daily capacity supplying the system. In particular, New Smyrna has required seasonal pressure support served through an existing CNG trucking contract. The PPC expansion of the existing service will provide a long-term solution for the system in New Smyrna, reducing the need for seasonal CNG support in the area, and allowing for the CNG equipment to be available across the FPU system. Finally, the constrained Boynton Beach system bordering the Atlantic coast on the east will be supported with increased capacity.

- 7. In previous firm transportation service agreements, the parties have agreed to charge 2.0 times the rate of the Maximum Daily Transportation Quantity per Dekatherm for unauthorized usage, as described in Article 2.2. Please explain why the parties have agreed to the rate identified in Exhibit A for unauthorized usage in both of the proposed transportation service agreements.**

Company Response:

The purpose of the unauthorized usage rate is to discourage customers from using more Maximum Daily Transportation Quantity (MDTQ) than they have contracted. On systems that have multiple shippers, a customer over running their contracted amount of MDTQ can impact other customers on the system.

In the instances of these projects, FPUC is the sole customer of both pipeline projects, and as such the projects have been sized to meet FPUC's needs. Under these circumstances Peninsula agreed to lower the unauthorized usage rate as any overrun will not impact other customers on the project.