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April 29, 2024

BYE-PORTAL

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

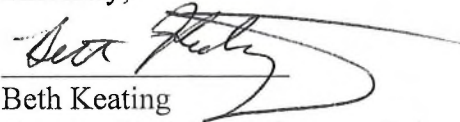
Docket No. 20240051-GU - **Petition for approval of transportation service agreement with Florida City Gas by Peninsula Pipeline Company, Inc.**

Dear Mr. Teitzman:

Attached for filing in the above referenced docket, 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
Tallahassee, FL 32301
(850) 521-1706

Cc: Certificate of Service

20240051-GU - Petition for approval of transportation service agreement with Florida City Gas by Peninsula Pipeline Company, Inc.

Peninsula Pipeline's Responses to Staff's First Set of Data Requests

- 1. Please explain the confidential dollar amount in parentheses next to the Total Monthly Reservation Charge on the first page of Exhibit A to the firm transportation service agreement (Agreement) between Peninsula and Florida City Gas (FCG). If that amount is a charge to FCG, please explain how FCG will recover those costs.**

Company Response

The charge represents the unauthorized overrun charge referenced in Section 2.2 of the Agreement. Should FCG overrun their allowed MDTQ, they will be charged the rate. FCG will recover the costs through the PGA should this occur.

The MDTQ was determined by FCG's historical usage and its projected growth in the area. FCG is not anticipated to overrun this MDTQ.

- 2. Please explain in detail how Peninsula will recover the cost of the pipeline acquisition from FCG.**

Company Response

Peninsula will not recover costs of the pipeline acquisition from FCG until FCG's next rate case. In FCG's next rate case, FCG will remove the pipeline from rate base. Afterwards, Peninsula will negotiate a new rate with FCG for service. This will ensure that the ratepayers of FCG are not charged twice for the asset.

- 3. Is the Pioneer Pipeline Supply Header currently in service? Please explain.**

Company Response

Yes, the pipeline is currently in-service. It is an active FCG asset currently used to provide gas service to itself, FPUC, and other industrial and commercial customers.

- 4. Please discuss approximately how many commercial and industrial customers are expected to take service from this pipeline.**

Company Response

FCG currently uses the pipeline to provide service to 9 industrial customers and 12 commercial customers. The pipeline also provides service to FPUC which FPUC uses to serve a residential development in the area.

- 5. Please clarify if there will be any new construction as part of the Agreement. If so, please explain how these costs will be recovered from customers.**

Company Response

No new construction is contemplated as part of this agreement.

- 6. Please refer to Exhibit A to the Agreement. Please explain the difference between Transporter Delivery Points and Points of Delivery.**

Company Response

Transporter delivery points is where the system interconnects with an upstream gas supply source. Points of Delivery is where gas exits the system and enters FCG's system.

7. Please explain how FCG plans to recover from customers any Monthly Reservation Charge charged by Peninsula to FCG pursuant to the Agreement.

Company Response

Noting the current Monthly Reservation Charge in Exhibit A, any revised reservation charge would be recovered through the PGA at a later point in time.

8. Please provide a copy of the pipeline purchase and sale agreement between FCG and Peninsula for the Pioneer Supply Header Pipeline. Please provide any additional agreement(s) that detail the transfer of pipeline assets.

Company Response

A copy of the draft Purchase and Sale Agreement is attached. *[Please note that the specifics of the term in Section 2.2, which would otherwise be confidential, are not included. While the Parties have identified an approximate purchase price, the precise amount will be dependent upon depreciation, and has therefore not yet been calculated as the depreciation input will likely change prior to Commission approval.]* The agreement will be signed upon approval of this petition by the FPSC. The purchase price will be the total book value and applicable goodwill at the time the agreement is executed.

9. Referring to paragraph 13 of the petition, please discuss the costs and benefits to the general body of ratepayers of Peninsula owning Pioneer Header, as opposed to FCG. In your discussion, include rate impacts and recovery method (base rates vs. clause) comparing the different ownerships.

Company Response

Under the current rate in the FTSA, the general body of rate payers will not experience an increased rate impact as the cost of the asset is already included in base rates for FCG, and Peninsula will be charging the applicable reservation charge for the project reflected in the Agreement. Under this structure, Peninsula will undertake the costs of ownership associated with the facilities instead of FCG. This will protect the general body of ratepayers from these costs. Additionally, FCG's ratepayers will experience additional benefits through Peninsula's expertise and operational process in owning and operating a transmission pipeline system. Currently, FCG estimates that the system is .0125% of its total asset rate base.

10. Referring to paragraph 13 of the petition, please explain the statement that as an FCG asset, the "Pioneer Header's potential deliverability has not been fully leveraged." Why would Peninsula be in better position to utilize the transmission line compared to FCG?

Company Response

The Pioneer Header is a transmission sized pipeline capable of transporting and delivering large volumes of gas to customers. The system consists of approximately 39.5 miles of 12-inch steel. It was originally constructed to provide service to larger production and industrial use customers, and for future projected growth. Peninsula believes this asset can be leveraged and become the basis of an overall larger-scale project that will enhance gas deliverability into this region to multiple customers in the region that need additional gas service. This is PPC's core business, not FCG's. Additionally, due to the costs of developing the planned system, an LDC such as FCG would not be able to undertake the risks of such a project without undertaking a rate case.

This pipeline system is similar to many of Peninsula's other projects such as the Callahan or Northwest pipeline projects that Peninsula has experience in owning and operating. These are larger

scale systems that bring gas from a city gate with an interstate pipeline to a delivery point interconnect for customers.

11. Does FCG plan to sell other transmission assets to Peninsula? If yes, please discuss.

Company Response

Peninsula is evaluating if FCG has assets similar to the Pioneer Pipeline that can be utilized to ultimately enhance gas service to areas of Florida. If additional assets are identified Peninsula and FCG will submit the proper approval requests to this Commission.

PURCHASE AND SALE AGREEMENT

PIVOTAL UTILITY HOLDINGS, INC. D/B/A FLORIDA CITY GAS (“SELLER”)

AND

PENINSULA PIPELINE COMPANY, INC. (“PURCHASER”)

Dated: July XX, 2024

PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT (this “**Agreement**”) is made this XXth day of July, 2024 (the “**Effective Date**”), between Peninsula Pipeline Company, Inc., a corporation of the State of Delaware (herein called “**Purchaser**”) and Pivotal Utility Holdings, Inc. d/b/a Florida City Gas, a corporation of the State of Florida (herein called (“**Seller**”). Each Seller and Purchaser are sometimes referred to herein individually as a “**Party**” and collectively as the “**Parties.**”

RECITALS

WHEREAS, Seller desires to sell to Purchaser, and Purchaser desires to purchase from Seller, a certain existing gate stations and steel pipeline (as hereinafter defined) and related assets on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the premises, the mutual covenants and conditions contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

ARTICLE I.

DESCRIPTION OF GATE STATIONS AND STEEL PIPELINE

1.1 Pioneer Supply Header Pipeline. As used herein, the term “Pioneer Supply Header Pipeline” shall mean approximately 39.5 miles of 12-inch coated steel pipe that runs from east to west located in Palm Beach County, Florida and includes an interconnect with Florida Gas Transmission (“FGT”) at the east end and an interconnect at a pigging station at the west end of the pipeline near the city of South Bay, as described and depicted in Exhibit A, which shall include each of the following:

(a) all public rights of way and other rights, privileges or interests in real property that are used or held for use primarily in connection with the operation and maintenance of the Pioneer Supply Header Pipeline (the “**Rights of Way**”);

(b) all permits, licenses, certifications, orders, approvals, authorizations, grants, consents, concessions, waivers, registrations, warrants, franchises and similar rights and privileges that are granted by a governmental authority or other person or entity and used or held for use primarily in connection with the operation and maintenance of the Pioneer Supply Header Pipeline; and

(c) to the extent related to the Pioneer Supply Header Pipeline and in the possession of Seller, all books, records, documents, files, muniments of title and title records (including abstracts of title, title opinions, and memoranda, other non-privileged legal opinions relating to the Pioneer Supply Header Pipeline and including all of the paper and electronic data files comprising the accounting and land records, and title curative documents

related to the Facilities (collectively, "Records").

**ARTICLE II.
PURCHASE AND SALE OF GATE STATION AND STEEL PIPELINE**

2.1 Sale and Delivery of Pioneer Supply Header Pipeline. Upon the terms and subject to the conditions set forth in this Agreement, at the Closing provided for in Section 2.3, Seller shall sell, transfer, convey, assign and deliver to Purchaser, and Purchaser shall purchase, acquire and accept from Seller, effective as of 11:59 p.m. Eastern Standard Time on the Closing Date (as defined in Section 2.3 hereof), all of Seller's right, title and interest in and to the Pioneer Supply Header Pipeline.

2.2 Consideration. Upon the terms and subject to the conditions set forth in this Agreement, in consideration of the aforesaid sale, conveyance, assignment, transfer and delivery of all of Seller's right, title and interest in and to the Pioneer Supply Header Pipeline, Purchaser shall pay to Seller the total amount as follows:

- a. Purchase Price. Upon execution of this Agreement, Purchaser shall transfer to Seller _____ (**"Purchase Price"**), which is the total book value inclusive of applicable goodwill of the Pioneer Supply Header Pipeline at the time of execution.

2.3 Closing. The closing of the sale and purchase contemplated by this Agreement (the "**Closing**") shall take place by electronic exchange of executed documents or another mutually agreed upon method, on the Effective Date of this Agreement. The date and time on which the Closing occurs is referred to herein as the "**Closing Date.**"

Purchaser: _____

William Hancock
Assistant Vice President
Peninsula Pipeline Company, Inc.
500 Energy Lane,
Suite 200
Dover, DE 19901 Attn: Contracts

Seller: _____

Jeffrey S. Sylvester
President and Chief Operating Officer

Pivotal Utility Holdings, Inc. d/b/a Florida City Gas
208 Wildlight Avenue
Yulee, FL 32097

EXHIBIT A

DESCRIPTION AND GENERAL DEPICTION OF DESCRIPTION OF GATE STATIONS AND STEEL PIPELINE

Certain twelve inch (12") steel natural gas pipeline, approximately 39.5 miles in length, starting from an interconnect with FGT, continuing along Pioneer Road to SR 80 and Spooner Road, extending westward along US SR 441 and terminating at interconnect with a pigging station near the intersection of W Palm Road and US Highway 27 with approximate coordinates of 26°39'51"N 80°42'59"W.

