

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of Florida Public Utilities : Docket No. 080642-GU
Company to resolve a territorial dispute :
with Peoples Gas System. : Submitted for filing:
: 5-22-09

**PEOPLES' RESPONSE TO REQUEST FOR
INFORMATION REQUIRED BY RULE 25-7.0472(2), F.A.C.**

Peoples Gas System ("Peoples" or the "Company"), by its undersigned counsel, submits the following information required by Rule 25-7.0472(2), *Florida Administrative Code*, pursuant to the request of the Commission Staff:

1. The capability of each utility to provide natural gas service within the disputed area with its existing facilities and gas supply contracts and the extent to which additional facilities are needed.

Although required by subsection (1) of the rule (but not subsection (2)), the map attached to Peoples' answer to Florida Public Utilities Company's ("FPUC") Interrogatory No. 2 depicts – with solid red lines – the existing natural gas facilities of Peoples within Martin County. It also depicts (broken red lines) additional lines scheduled to be installed by Peoples during 2009 and 2010. Peoples' existing FGT gate stations are also shown on that map, one being located just east of the Florida Turnpike in the north central part of Martin County. The other two gate stations are located two to three miles north of FPUC's Palm Beach County distribution system and service area. The natural gas service areas of FPUC are depicted on the map with red slash marks and those of Indiantown Gas Company ("IGC") in light blue slash marks.

Note that with the exception of a very small 97 home residential development which is bounded by the service territory of IGC in the far western part of the county, FPUC has no natural gas facilities within Martin County. FPUC provides natural gas

service to the specific residential development through an exchange meter pursuant to a transportation arrangement approved by the Commission (Order No. PSC-06-0948-PAA-GU) The Commission order also provides a legal description of the agreed service territories, the boundary between those service areas, and a map depicting the territories between FPUC and IGC.

It is unclear from either the original petition or the amended petition filed by FPUC whether the “disputed area” consists of all of Martin County lying west of the Florida Turnpike, or only the small area depicted on Exhibit B to the amended petition (where FPUC provides underground propane service to approximately nine homes). Regardless of which of these two areas FPUC contends is the disputed area, Peoples is – simply by virtue of its existing FGT gate stations and other natural gas distribution facilities in the county – far more capable than FPUC of providing natural gas service to potential customers in Martin County. Either utility would need to install additional facilities to meet any such need. While this might not be true of FPUC in the case of the underground propane system currently used to provide propane service to the small development depicted on Exhibit B to the amended petition (which could be converted to deliver natural gas), FPUC has no proximate source from which to obtain supplies of natural gas for delivery through such system, whereas Peoples has existing mains and a transmission pipeline interconnection located proximately to the area.

2. The nature of the disputed area and the type of utilities seeking to serve it and degree of urbanization of the area and its proximity to other urban areas, and the present and reasonably foreseeable future requirements of the area for other utility services.

It is unclear from either the original petition or the amended petition filed by

FPUC whether the “disputed area” consists of all of Martin County lying west of the Florida Turnpike, or only the small area depicted on Exhibit B to the amended petition. Regardless of which area FPUC contends is in dispute, the nature of the area is primarily rural, with scattered small housing developments such as the one depicted on Exhibit B to the amended petition in which FPUC has installed an underground propane block system which currently serves nine homes. There is an existing industrial park with established businesses and future growth opportunities located west of the Florida Turnpike and in the vicinity of the Canopy Creek residential propane block system depicted on Exhibit B, but to date there has been no significant or formal demand for natural gas service by potential customers in the park.

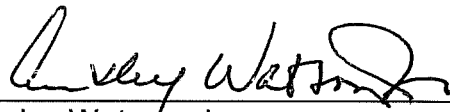
The only truly urbanized area in Martin County lying west of the Florida Turnpike is Indiantown. FPUC’s facilities near Indiantown are not capable of providing natural gas service to customers lying west of the Florida Turnpike except in the small area within which FPUC currently delivers natural gas (which is surrounded by the service area of IGC). Peoples has a natural gas gate station and other existing distribution facilities in the urbanized area of Martin County, which could be used to provide service to potential customers located west of the Florida Turnpike.

3. The cost of each utility to provide natural gas service to the disputed area presently and in the future; which includes but is not limited to the following: [listing various costs in subparagraphs 1 through 9 of the rule].

Because there appears presently to be no demand for natural gas service from potential customers within the “disputed area” (whether it is as depicted on Exhibit A or Exhibit B to the amended petition), Peoples is unable to provide the specified information. Nevertheless, each of the costs specified in the rule would be less for

Peoples than for FPUC because Peoples' existing natural gas system is much closer in proximity to all points in Martin County lying west of the Florida Turnpike. In order to provide natural gas service to any location within such area, FPUC would require one or more gate stations, or some other arrangement permitting it to acquire natural gas to be delivered through whatever facilities it might install to provide service to customers.

Respectfully submitted,

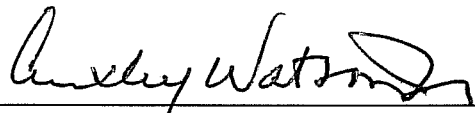


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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of Peoples' Response to FPUC's Amended Petition has been furnished electronically and by regular U.S. Mail to Norman H. Horton, Jr., Esquire, Messer, Caparelo & Self, P.A., P. O. Box 15579, Tallahassee, Florida 32317, and Keino Young, Esquire, Office of General Counsel, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, this 22nd day of May, 2009.



Ansley Watson, Jr.