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January 29, 2013

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Ms. Ann Cole, Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

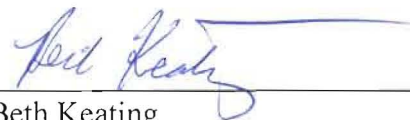
Re: Docket 120313 -- Petition for approval of transportation service agreement with Florida Public Utilities Company, by Peninsula Pipeline Company, Inc.

Dear Ms. Cole:

Enclosed for filing, please find the original and 7 copies of Florida Public Utilities Company's Responses to Staff's First Data Request (redacted). By separate filing also made today, FPUC is submitting a Request for Confidential Classification of certain information set forth in these Data Responses.

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

Sincerely,



Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 601
Tallahassee, FL 32301
(850) 521-1706

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**FLORIDA PUBLIC UTILITIES COMPANY'S RESPONSES TO STAFF'S FIRST SET OF
DATA REQUEST**

RE: Docket No. 120313-GU - Petition for approval of transportation service agreement with Florida Public Utilities Company, by Peninsula Pipeline Company, Inc.

1. Prior to Peninsula Pipeline Company's (Peninsula) purchase of the Riviera Lateral, did FPUC pay Florida Gas Transmission (FGT) for the use of the Riviera Lateral?

Company Response: FPUC did not pay FGT specifically for the use of the Riviera Lateral. FPUC has a contract with FGT for pipeline capacity and for specific delivery points in Florida, including one on the Riviera Lateral. FPUC and FGT will amend the contract to relocate the amount of capacity contracted for delivery to the existing city gate station on the Riviera Lateral to the new interconnect constructed by Peninsula and FGT near the Florida Turnpike, at the beginning of the Riviera Lateral.

2. If yes, did FPUC recover those costs through the PGA and what was the \$/therm PGA factor associated with the Riviera Lateral FPUC recovered from the general body of ratepayers for the past five years?

Company Response: See response to Question 1 above. Not applicable.

3. Will FPUC seek to recover the payments to Peninsula through the PGA? If yes, what is the projected \$/therm PGA factor in 2014.

Company Response: Yes. The projected \$/therm impact to the PGA factor for 2014 is [REDACTED] per therm.

4. Could FPUC have purchased the Riviera Lateral itself, as opposed to contracting with Peninsula? Please discuss the pros and cons of each decision.

Company Response: Yes, FPUC could have purchased the Riviera Lateral itself.

If FPUC had purchased the Riviera Lateral, FPUC would have incurred significant capital costs (purchase price of lateral, new city gate station, etc.) which would have been included in rate base. At one time, FGT's Riviera Lateral provided service to both FPUC and FP&L's Riviera Beach Power Plant. As such, the amount of capacity of the Riviera Lateral (approximately 5.4 miles of 12" diameter line and approximately 1.3 miles of 8" diameter line) is substantially more than what FPUC has contracted for through its agreement with Peninsula (in essence, the lateral is oversized for what FPUC needs are). Therefore, FPUC has been able to only purchase the amount of capacity that it needs from Peninsula to provide service to this area of its distribution system customers, thus efficiently utilizing the infrastructure without unduly burdening its customers. In addition, most of the existing FGT lateral is 12" steel pipe. FPUC does not currently have this size pipe in its distribution system. Therefore, in order to properly operate and maintain the lateral, FPUC would need to acquire

**FLORIDA PUBLIC UTILITIES COMPANY'S RESPONSES TO STAFF'S FIRST SET OF
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new tools, equipment and materials and train its employees/contractors in procedures for this size pipe.

5. Please discuss how FPUC's ratepayers will benefit from FPUC contracting with Peninsula to deliver gas from FGT to FPUC.

Company Response: See Company Response to Question 4.