

May 3, 2013

BY HAND DELIVERY

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

RECEIVED-FPSC
13 MAY -3 PM 4:06
COMMISSION
CLERK

130136-60

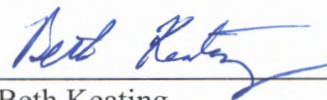
Re: New Filing: Petition by the Florida Division of Chesapeake Utilities Corporation for Approval of Assumption of Firm Transportation Service Agreement with JDC Development, LLC

Dear Ms. Cole:

Enclosed for filing, please find the original and 7 copies of the Petition of the Florida Division of Chesapeake Utilities Corporation for approval to assume a Special Contract for firm transportation service with JDC Development. Certain exhibits hereto are redacted and are submitted under separate cover along with a Request for Confidential Classification.

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

Kind regards,



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

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DOCUMENT NUMBER-DATE

02480 MAY-3 2013

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for Approval of Assumption of Special Contract with JDC Development, LLC by the Florida Division of Chesapeake Utilities Corporation.

Docket No. 130136-GW

Filed: May 3, 2013

PETITION FOR APPROVAL OF ASSUMPTION
OF SPECIAL CONTRACT WITH JDC DEVELOPMENT BY
THE FLORIDA DIVISION OF CHESAPEAKE UTILITIES CORPORATION

Pursuant to Section 366.06, Florida Statutes, and in accordance with Rules 25-9.034, Florida Administrative Code, and 28-106.201, Florida Administrative Code, the Florida Division of Chesapeake Utilities Corporation (“CHPK” or “Company”), hereby files this Petition seeking Commission approval of its assumption of the rights and obligations of a Firm Transportation Service Agreement (“Special Contract”) originally held by Peninsula Pipeline Company (“PPC”) with JDC Development, LLC (“JDC”). In support of this request, the Company states:

1. CHPK is a natural gas utility regulated by the Commission in accordance with Chapter 366, Florida Statutes. PPC is a natural gas transmission company subject to the Commission’s jurisdiction as outlined in Chapter 368, Florida Statutes. Both companies’ principal offices are located at:

1641 Worthington Road, Suite 220
West Palm Beach, FL 33409-6703

2. Please send copies of all notices, pleadings and other communications and documents in this docket to the following:

Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 601
Tallahassee, FL 32301

Florida Division of Chesapeake
Utilities Corporation
Cheryl Martin, Director/Regulatory Affairs
1641 Worthington Road, Suite 220
West Palm Beach, FL 33409-6703

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FPSC-COMMISSION CLERK

3. As, respectively, the original party to the contract and the party to whom the contract will be assigned, both PPC and CHPK's substantial interests will be determined in this proceeding, because the Commission's actions herein will determine whether or not CHPK will be allowed to provide transportation service to JDC pursuant to the Special Contract contract.

4. JDC owns and operates a phosphate facility in Fort Meade, Florida. PPC has provided the transportation service necessary to deliver the natural gas to JDC since 2011, pursuant to the Special Contract, which is attached hereto at Attachment 1.¹

5. In recent months, PPC has determined that CHPK is best positioned to continue to provide transportation service to JDC at this location. Likewise, the customer, JDC, has indicated a preference for service by CHPK, which will enable the customer to participate in company conservation programs. CHPK is willing to undertake the service obligation and is able to provide such service to the JDC facility with no adverse impact to its existing body of ratepayers. In accordance with Section 9.9 of the Special Contract, JDC has consented to the assignment, as reflected in Attachment 2 to this Petition.

6. CHPK's tariff allows for Special Contracts of this nature consistent with Original Sheet No. 19, which provides, in pertinent part:

c. Special Contract Service (SCS)

Transportation Service provided to a Consumer, at the sole option of the Company pursuant to Commission Rule 25-9.034, F.A.C., where the rates, terms and/or conditions of service may be different than those set forth in the Company's approved tariff. All SCS Consumers shall enter into a Special Contract Agreement with the Company, subject to the approval of the Commission.

¹ Notice and affidavits filed in Docket No. 110000-OT.

Petition for Approval of Special Contract

7. Approval of this Special Contract will allow CHPK to be the transportation service provider for JDC, which benefits not just the parties to the Special Contract, but also CHPK's general body of ratepayers. Moreover, the rate set forth in the Special Contract will allow CHPK to appropriately recover its costs to serve JDC as demonstrated in Attachment 3 to this Petition.

8. Neither PPC nor CHPK are aware of any disputed issues of fact pertaining to this Special Contract and suggests that approval of the Special Contract is appropriate and consistent with Chapter 366, Florida Statutes.

WHEREFORE, the Florida Division of Chesapeake Utilities Corporation hereby respectfully requests approval of its assumption of the Firm Transportation Service Agreement with JDC Development, LLC, effective as of the date of the Commission's vote. In the event that the Commission's vote is protested, CHPK further requests that the parties be allowed to operate under the terms of the assumed Special Contract, subject to refund, pending resolution of the protest.

Respectfully submitted this 3rd day of May, 2013, by:



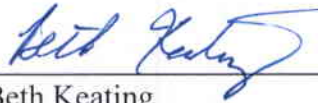
Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 601
Tallahassee, FL 32301

*Attorneys for Florida Division of
Chesapeake Utilities Corporation*

CERTIFICATE OF SERVICE

I HEREBY ATTEST that a true and correct copy of the foregoing Petition has been provided to the following by U.S. Mail this 3rd Day of May, 2013, along with redacted copies of the referenced documents:

Office of the Public Counsel c/o The Florida Legislature 111 West Madison St., Rm. 812 Tallahassee, FL 32399-1400	Ms. Cheryl Martin, Director/Regulatory Affairs Florida Public Utilities Company 1641 Worthington Road, Suite 220 West Palm Beach, FL 33409
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Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 601
Tallahassee, FL 32301
(850) 521-1706

PENINSULA PIPELINE COMPANY, INC.
FIRM TRANSPORTATION SERVICE AGREEMENT

THIS AGREEMENT entered into this 5 day of MAY, 2011, by and between Peninsula Pipeline Company, Inc., a corporation of the State of Delaware (herein called "Company"), and JDC Development, LLC, a corporation of the State of Florida (herein called "Shipper").

WITNESSETH

WHEREAS, Shipper desires to obtain Firm Transportation Service from Company and Company is willing to provide Firm Transportation Service for Shipper; and

WHEREAS, such service will be provided by Company for Shipper in accordance with the terms hereof.

NOW THEREFORE, in consideration of the premises and of the mutual covenants and agreements herein contained, the sufficiency of which is hereby acknowledged, Company and Shipper do covenant and agree as follows:

ARTICLE I
DEFINITIONS

Unless otherwise defined in this Agreement, all definitions for terms used herein have the same meaning as provided in Company's tariff.

ARTICLE II
QUANTITY; UNAUTHORIZED USE

2.1 The monthly reservation charge for Firm Transportation Service provided under this Agreement shall be the monthly reservation charge as set on Exhibit A of this Agreement.

2.2 If, on any Day, Shipper utilizes transportation quantities, as measured at the Point(s) of Delivery, in excess of the established MDTQ, as shown on Exhibit A, such unauthorized use of transportation quantities (per Dekatherm) shall be billed at a rate of 2.0 times the rate to be charged for each Dekatherm of the MDTQ as set forth on Exhibit A of this Agreement.

PENINSULA PIPELINE COMPANY, INC.
FIRM TRANSPORTATION SERVICE AGREEMENT

ARTICLE III
FIRM TRANSPORTATION SERVICE RESERVATION CHARGE

3.1 The monthly reservation charge for Firm Transportation Service provided under this Agreement shall be set forth on Exhibit A of this Agreement.

3.2 The parties agree to execute and administratively file with the Commission an affidavit, in the form provided in this tariff, to comply with the provisions of the Regulatory Act.

3.3 If, during the term of this Agreement, the Federal Government, or any State, municipality or subdivision of such Government, should increase or decrease any present tax or levy any additional or eliminate any existing tax, relating to the service provided by Company under this Agreement, such change shall be implemented immediately upon the effective date of such change.

ARTICLE IV
TERM AND TERMINATION

4.1 Subject to all other provisions, conditions, and limitations hereof, this Agreement shall be effective upon its date of execution by both parties and shall continue in full force and effect for an initial period of 2 year(s) from the in-service date. Thereafter, Agreement shall be extended on a one year basis unless terminated by either party, with at least ninety (90) day's written notice to the other party prior to the termination date.

4.2 Any portion of this Agreement necessary to resolve monthly balancing and operational controls under this Agreement, pursuant to the Rules and Regulations of Company's tariff, shall survive the other parts of this Agreement until such time as such monthly balancing and operational controls have been resolved.

4.3 In the event Shipper fails to pay for the service provided under this Agreement or otherwise fails to meet Company's standards for creditworthiness, otherwise violates the Rules and Regulations of Company's tariff, or defaults on this Agreement, Company shall have the right to terminate this Agreement pursuant to the conditions set forth in Section D of the Rules and Regulations of Company's tariff.

ARTICLE V
COMPANY'S TARIFF PROVISIONS

5.1 Company's tariff approved by the Commission, including any amendments thereto approved by the Commission during the term of this Agreement, is hereby incorporated into this Agreement and made a part hereof for all purposes. In the event of any conflict between Company's tariff and the specific provisions of this Agreement, the latter shall prevail, in the absence of a Commission Order to the contrary.

PENINSULA PIPELINE COMPANY, INC.
FIRM TRANSPORTATION SERVICE AGREEMENT

ARTICLE VI
REGULATORY AUTHORIZATIONS AND APPROVALS

6.1 Company's obligation to provide service is conditioned upon receipt and acceptance of any necessary regulatory authorization to provide Firm Transportation Service for Shipper in accordance with the Rules and Regulations of Company's tariff.

ARTICLE VII
DELIVERY POINT(S) AND POINT(S) OF DELIVERY

7.1 The Delivery Point(s) for all Gas delivered for the account of Shipper into Company's pipeline system under this Agreement, shall be as set forth on Exhibit A attached hereto.

7.2 The Point(s) of Delivery shall be as set forth on Exhibit A attached hereto.

7.3 Shipper shall cause Transporter to deliver to Company at the Delivery Point(s) on the Transporter's system, the quantities of Gas to be transported by Company hereunder. Company shall have no obligation for transportation of Shipper's Gas prior to receipt of such Gas from the Transporter at the Delivery Point(s). Company shall deliver such quantities of Gas received from the Transporter at the Delivery Point(s) for Shipper's account to Company's Point(s) of Delivery identified on Exhibit A.

ARTICLE VIII
SCHEDULING AND BALANCING

8.1 Shipper shall be responsible for nominating quantities of Gas to be delivered by the Transporter to the Delivery Point(s) and delivered by Company to the Point(s) of Delivery. Shipper shall promptly provide notice to Company of all such nominations. Imbalances between quantities (i) scheduled at the Delivery Point(s) and the Point(s) of Delivery, and (ii) actually delivered by the Transporter and/or Company hereunder, shall be resolved in accordance with the applicable provisions of Company's tariff, as such provisions, and any amendments to such provisions, are approved by the Commission.

8.2 The parties hereto recognize the desirability of maintaining a uniform rate of flow of Gas to Shipper's facilities over each Gas Day throughout each Gas Month. Therefore, Company agrees to receive from the Transporter for Shipper's account at the Delivery Point(s) and deliver to the Point(s) of Delivery up to the MDTQ as described in Exhibit A, subject to any restrictions imposed by the Transporter and to the provisions of Article IX of this Agreement, and Shipper agrees to use reasonable efforts to regulate its deliveries from Company's pipeline system at a daily rate of flow not to exceed the applicable MDTQ for the Month in question, subject to any additional restrictions imposed by the Transporter or by Company pursuant to Company's tariff provisions.

PENINSULA PIPELINE COMPANY, INC.
FIRM TRANSPORTATION SERVICE AGREEMENT

ARTICLE IX
MISCELLANEOUS PROVISIONS

9.1 Notices and Other Communications. Any notice, request, demand, statement or payment provided for in this Agreement, unless otherwise specified, shall be sent to the parties hereto at the following addresses:

Company: Peninsula Pipeline Company, Inc.
Post Office Box 960
Winter Haven, Florida 33882
Attention: Customer Services

Shipper: JDC Development, LLC.

9.2 Headings. All article headings, section headings and subheadings in this Agreement are inserted only for the convenience of the parties in identification of the provisions hereof and shall not affect any construction or interpretation of this Agreement.

9.3 Entire Agreement. This Agreement, including the Exhibits attached hereto, sets forth the full and complete understanding of the parties as of the date of its execution by both parties, and it supersedes any and all prior negotiations, agreements and understandings with respect to the subject matter hereof. No party shall be bound by any other obligations, conditions or representations with respect to the subject matter of this Agreement.

9.4 Amendments. Neither this Agreement nor any of the terms hereof may be terminated, amended, supplemented, waived or modified except by an instrument in writing signed by the party against which enforcement of the termination, amendment, supplement, waiver or modification shall be sought. A change in (a) the place to which notices pursuant to this Agreement must be sent or (b) the individual designated as the Contact Person pursuant to Section 9.1 shall not be deemed nor require an amendment of this Agreement provided such change is communicated in accordance with Section 9.1 of this Agreement. Further, the parties expressly acknowledge that the limitations on amendments to this Agreement set forth in this section shall not apply to or otherwise limit the effectiveness of amendments that are or may be necessary to comply with the requirements of, or are otherwise approved by, the Commission or its successor agency or authority.

9.5 Severability. If any provision of this Agreement becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, this Agreement shall continue in full force and effect without said provision; provided, however, that if such severability materially changes the economic benefits of this Agreement to either party, the parties shall negotiate in good faith an equitable adjustment in the provisions of this Agreement.

PENINSULA PIPELINE COMPANY, INC.
FIRM TRANSPORTATION SERVICE AGREEMENT

9.6 Waiver. No waiver of any of the provisions of this Agreement shall be deemed to be, nor shall it constitute, a waiver of any other provision whether similar or not. No single waiver shall constitute a continuing waiver, unless otherwise specifically identified as such in writing. No waiver shall be binding unless executed in writing by the party making the waiver.

9.7 Attorneys' Fees and Costs. In the event of any litigation between the parties arising out of or relating to this Agreement, the prevailing party shall be entitled to recover all costs incurred and reasonable attorneys' fees, including attorneys' fees in all investigations, trials, bankruptcies and appeals.

9.8 Independent Parties. Company and Shipper shall perform hereunder as independent parties. Neither Company nor Shipper is in any way or for any purpose, by virtue of this Agreement or otherwise, a partner, joint venturer, agent, employer or employee of the other. Nothing in this Agreement shall be for the benefit of any third person for any purpose, including, without limitation, the establishing of any type of duty, standard of care or liability with respect to any third person.

9.9 Assignment and Transfer. No assignment of this Agreement by either party may be made without the prior written approval of the other party (which approval shall not be unreasonably withheld) and unless the assigning or transferring party's assignee or transferee shall expressly assume, in writing, the duties and obligations under this Agreement of the assigning or transferring party. Upon such assignment or transfer, as well as assumption of the duties and obligations, the assigning or transferring party shall furnish or cause to be furnished to the other party a true and correct copy of such assignment or transfer and the assumption of duties and obligations.

9.10 Governmental Authorizations; Compliance with Law. This Agreement shall be subject to all valid applicable state, local and federal laws, orders, directives, rules and regulations of any governmental body, agency or official having jurisdiction over this Agreement and the transportation of Gas hereunder. Company and Shipper shall comply at all times with all applicable federal, state, municipal, and other laws, ordinances and regulations. Company and/or Shipper will furnish any information or execute any documents required by any duly constituted federal or state regulatory authority in connection with the performance of this Agreement. Each party shall proceed with diligence to file any necessary applications with any governmental authorities for any authorizations necessary to carry out its obligations under this Agreement. In the event this Agreement or any provisions herein shall be found contrary to or in conflict with any applicable law, order, directive, rule or regulation, the latter shall be deemed to control, but nothing in this Agreement shall prevent either party from contesting the validity of any such law, order, directive, rule, or regulation, nor shall anything in this Agreement be construed to require either party to waive its respective rights to assert the lack of jurisdiction of any governmental agency other than the Commission, over this Agreement or any part thereof. In the event of such contestation, and unless otherwise prohibited from doing so under this Section 9.10, Company shall continue to transport and Shipper shall continue to take Gas pursuant to the terms of this Agreement. In the event any law, order, directive, rule, or regulation shall prevent either party from performing hereunder, then neither party shall have any obligation to the other during the period that performance under the Agreement is precluded.

PENINSULA PIPELINE COMPANY, INC.
FIRM TRANSPORTATION SERVICE AGREEMENT

9.11 Applicable Law and Venue. This Agreement and any dispute arising hereunder shall be governed by and interpreted in accordance with the laws of the State of Florida. The venue for any action, at law or in equity, commenced by either party against the other and arising out of or in connection with this Agreement shall be in a court of the State of Florida having jurisdiction.

9.12 Counterparts. This Agreement may be executed in counterparts, all of which taken together shall constitute one and the same instrument and each of which shall be deemed an original instrument as against any party who has signed it.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers or representatives effective as of the date first written above.

COMPANY
Peninsula Pipeline Company, Inc.
By: [Signature]
Title: Vice President

SHIPPER
[Signature]
By: MEDDINE PFOWLER
Title: CEO

(To be attested by the corporate secretary if not signed by an officer of the company)

Attested By: [Signature]
Title: VP - Regulatory Affairs
Date: 5/12/11

Attested By: [Signature]
Title: CTO
Date: May 5th, 2011

PENINSULA PIPELINE COMPANY, INC.
FIRM TRANSPORTATION SERVICE AGREEMENT

EXHIBIT A

TO

FIRM TRANSPORTATION SERVICE AGREEMENT

BETWEEN

PENINSULA PIPELINE COMPANY, INC.

AND

JDC Development, LLC

DATED

MAY 5, 2011

<u>Description of Delivery Point(s)</u>	<u>Description of Point(s) of Delivery</u>	<u>MDTQ, in Dekatherms, excluding Fuel Retention</u>
Interconnection Between Florida Gas Transmission Company And Peninsula Pipeline Company Vicinity of County Road 630	JDC Development Located on JDC's Property	●

Total MDTQ (Dekatherms): ●

MHTP: 6% or 12.6/hour

Fuel Retention Percentage: .05%

Monthly Reservation Charge: ● for the initial term and ● per month thereafter.

Florida Division of Chesapeake Utilities Corporation

Cost of Service Study

JDC Development, LLC

Exhibit "B"

Page 1 of 3

<u>Rate Base Assumptions:</u>	<u>Projected Rate Base</u>
City Gate Station (Acct 379)	\$182,500
Mains - Plastic (Acct 376.2)	\$34,486
Meters (Acct 381)	\$0
	<u>\$216,986</u>

Rate Base and Return Requirements

Projected Investment in Plant - 13 Month Average	\$216,986
Accumulated Depreciation - 13 Month Average	<u>(\$4,389)</u>
13 Month Average Rate Base	\$212,597
Return on Rate Base (Dec 31, 2012 ESR)	<u>6.81%</u>
Return Requirements	\$14,478
Less: Interest Expense	<u>\$3,189</u>
Net Income after Taxes and Interest	\$11,289
Divide by (1 - Tax Rate)	<u>61.43%</u>
Taxable Income	<u>\$18,379</u>
Income Taxes (due to Net Operating Loss Carryforwards used)	\$7,090

Florida Division of Chesapeake Utilities Corporation

**Cost of Service Study
JDC Development, LLC**

Exhibit "B"

Page 2 of 3

Project Financing

Debt	29.69%
Equity, Zero Cap	<u>70.31%</u>
	100.00%

Weighted Average Cost of Debt	1.50%
13 Month Average Rate Base	<u>\$212,597</u>
Interest Expense	\$3,189

Taxes Other Than Income (TOTI)

Property Taxes	\$3,720
Reg Assess Fee	<u>\$428</u>
Total TOTI	\$4,148

Cost of Service

Projected Operation & Maintenance	\$3,000
Depreciation	\$7,524
TOTI	\$4,148
Income Taxes	\$7,090
Return Requirements	<u>\$14,478</u>
Total Cost of Service	<u>\$36,239</u>

Monthly Rate per Special Contract
Annual Revenues



Annual Revenue Excess (Deficiency)

Florida Division of Chesapeake Utilities Corporation
Cost of Service Study
JDC Development, LLC

Exhibit "B"

Page 3 of 3

City Gate Station (Acct : Depreciation Expense / Accumulated Depreciation

Depr Rate	1	2	3	4	5	6	7	8	9	10	11	12	13
3.50%	\$532	\$532	\$532	\$532	\$532	\$532	\$532	\$532	\$532	\$532	\$532	\$532	\$532
A/D	\$532	\$1,064	\$1,596	\$2,128	\$2,660	\$3,192	\$3,724	\$4,256	\$4,788	\$5,320	\$5,852	\$6,384	\$6,916

Mains - Plastic (Acct 37 Depreciation Expense / Accumulated Depreciation

Depr Rate	1	2	3	4	5	6	7	8	9	10	11	12	13
3.30%	\$95	\$95	\$95	\$95	\$95	\$95	\$95	\$95	\$95	\$95	\$95	\$95	\$95
A/D	\$95	\$190	\$285	\$380	\$475	\$570	\$665	\$760	\$855	\$950	\$1,045	\$1,140	\$1,235

Meters (Acct 381) Depreciation Expense / Accumulated Depreciation

Depr Rate	1	2	3	4	5	6	7	8	9	10	11	12	13
4.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
A/D	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Total Depreciation Expense / Accumulated Depreciation

	1	2	3	4	5	6	7	8	9	10	11	12	13
Depr Exp	\$627	\$627	\$627	\$627	\$627	\$627	\$627	\$627	\$627	\$627	\$627	\$627	\$627
A/D	\$627	\$1,254	\$1,881	\$2,508	\$3,135	\$3,762	\$4,389	\$5,016	\$5,643	\$6,270	\$6,897	\$7,524	\$8,151