

**Dorothy Menasco**

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**From:** Keating, Beth <BKeating@gunster.com>  
**Sent:** Saturday, April 26, 2014 8:15 PM  
**To:** Filings@psc.state.fl.us  
**Subject:** Docket No. 120313-GU  
**Attachments:** 120313\_FERC Order.PDF

Attached for electronic filing in the referenced Docket, please find attached FERC Order CP14-28-000, which is hereby filed in accordance with Order No. PSC-13-0378-PAA-GU in this Docket.

a. Person responsible for this electronic filing:

Beth Keating  
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b. Docket No. 120313-GU - **Petition for approval of transportation service agreement with Florida Public Utilities Company, by Peninsula Pipeline Company, Inc.**

c. On behalf of: Peninsula Pipeline Company

d. There are a total pages: 6

e. Description: Letter with FERC Order CP14-28-000



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April 28, 2014

**BY E-FILING**

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

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

Dear Ms. Stauffer:

Attached for filing, on behalf of Peninsula Pipeline Company, Inc., and in accordance with Order No. PSC-13-0378-PAA-GU, issued August 13, 2013, please find the FERC approval order referenced in the Commission's Order.

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

Sincerely,

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

UNITED STATES OF AMERICA 146 FERC ¶ 62,225  
FEDERAL ENERGY REGULATORY COMMISSION

Peninsula Pipeline Company, Inc.

Docket No. CP14-28-000

ORDER ISSUING BLANKET CERTIFICATE OF LIMITED JURISDICTION

(Issued March 28, 2014)

1. On December 6, 2013, Peninsula Pipeline Company, Inc. (PPC), a Hinshaw pipeline operating in Florida, filed an application under section 7(c) of the Natural Gas Act (NGA) and section 284.224 of the Commission's regulations for a limited jurisdiction blanket certificate to provide transportation services in interstate commerce.<sup>1</sup> In addition, PPC requests an extension of time to fulfill the filing requirements for rates under section 284.224(c)(7). For the reasons discussed below, the requested certificate authority and extension is granted subject to the conditions discussed herein.

Proposal/Background

2. PPC, a Delaware corporation, is a wholly-owned subsidiary of Chesapeake Utilities Corporation. Chesapeake Utilities Corporation is a diversified energy company whose subsidiaries operate natural gas transportation and distribution companies and other energy businesses in Delaware, Florida, Maryland and Pennsylvania. PPC is an intrastate natural gas transportation company operating in Florida. It owns and operates an 8-mile natural gas transportation pipeline system located in Suwannee County, Florida. PPC provides transportation services through this pipeline subject to regulation by the Florida Public Service Commission (FPSC). PPC also owns and operates a 14-mile pipeline system in Indian County, Florida (the Indian River Pipeline) which it uses to transport natural gas to markets served by Florida City Gas in Sebastian and Fellsmere, Florida.

3. In September 2013, PPC acquired from Florida Gas Transmission Company (FGT) certain pipeline facilities, consisting primarily of 5.4 miles of 12-inch pipeline and 1.3 miles of 8-inch pipeline, located in Palm Beach County, Florida. PPC states that this "Riviera Lateral" interconnects a local natural gas distribution company (LDC) owned

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<sup>1</sup> 18 C.F.R. § 284.224 (2013). Section 284.224 of Part 284, subpart G, authorizes local distribution companies (LDC) and Hinshaw pipelines to perform the same types of transactions which intrastate pipelines are authorized to perform under section 311 of the Natural Gas Policy Act (NGPA) and subpart C and D of Part 284 of the Commission's regulations.



and operated by PPC's affiliate, Florida Public Utilities Company (FPUC), to FGT's interstate pipeline system.<sup>2</sup> PPC and FPUC have executed a long-term firm transportation service agreement providing for deliveries of natural gas received from FGT to FPUC's distribution system through the Riviera Lateral.<sup>3</sup> PPC states that it qualifies as a Hinshaw pipeline because: (1) it receives all of the natural gas it transports from FGT within the State of Florida; (2) all of its pipeline facilities are located within the State of Florida; (3) all of the natural gas it transports is ultimately consumed within the State of Florida; and (4) PPC's rates and services are subject to regulation by the FPSC.

4. PPC anticipates that some of the natural gas it transports through the Riviera Lateral could subsequently be transported in interstate commerce. PPC states that this could occur through redelivery of natural gas to FGT or through the delivery of natural gas to be compressed for shipment in interstate commerce in containers. Accordingly, PPC is seeking a blanket certificate pursuant to 18 C.F.R. § 284.224 authorizing it to engage in interstate natural gas transportation.

5. PPC states it received 163,780 MMBtu at or within the boundaries of Florida during the 12-month period ending October 2013. According to PPC, all quantities transported by PPC were exempt from the Commission's jurisdiction under section 1(c) of the NGA. PPC states that FGT reported that it transported 658,298 MMBtu on the Riviera Lateral during the twelve months ended October 2013. PPC states that it anticipates that FGT's historic transportation quantities are representative of future quantities to be transported on the Riviera Lateral on an annual basis. All such quantities to be transported by PPC would be exempt from the Commission's jurisdiction under section 1(c) of the NGA. PPC states that it received no quantities of natural gas from any sources other than FGT.

6. PPC states that it has received FPSC approval of its transportation rates applicable to service provided to FPUC. However, PPC states that at present it does not have rates approved by the FPSC for comparable service that would meet the Commission's criteria governing a pipeline's election to adopt intrastate transportation rates, approved by an appropriate state regulatory agency, for interstate services. PPC does not anticipate that its customers will request interstate transportation services in the near term, therefore PPC requests that the Commission grant the requested blanket certificate subject to the

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<sup>2</sup> On July 1, 2013, FGT submitted a prior notice filing with the Commission seeking authorization under FGT's blanket certificate and NGA Section 7(b) to abandon the Riviera Lateral by sale to PPC.

<sup>3</sup> PPC has obtained the FPSC's approval of this service agreement (FPSC Order No. PSC-13-0378--PAA-GU, issued August 13, 2013).

requirement that PPC submit either a rate election or support for rates to be established by this Commission and a statement of operating conditions within 30 days following the date PPC begins to provide interstate transportation services. To this end, PPC requests an extension of time under 18 C.F.R. § 284.224(c)(7) to allow it to delay filing its transportation rates.

### Interventions

7. Public notice of the filing was issued on December 18, 2013, with interventions and protests due on or before December 27, 2013. Pursuant to Rule 214 (18 C.F.R. § 385.214 (2013)), all timely filed motions to intervene and any unopposed motion to intervene out-of-time filed before the issuance of this order are granted. Granting late intervention at this stage of the proceeding will not disrupt the proceeding or place additional burdens on existing parties. No protests or adverse comments were filed.

### Discussion

8. PPC requests section 284.224 blanket certificate authority based on its status as a Hinshaw pipeline. Under section 1(c) of the NGA, an entity rendering otherwise FERC jurisdictional service is exempt from the provisions of the NGA if all natural gas in interstate commerce received by that entity is received at or within the boundaries of the state; the natural gas is ultimately consumed within the state in which such delivery occurs; and the rates, service, and facilities of such entity are subject to regulation by a state commission. PPC states that it qualifies for Hinshaw pipeline status because it receives all its natural gas at or within the boundaries of Florida, the natural gas is entirely consumed within the state, and PPC's facilities, rates and services are all subject to regulation by the FPSC.

9. Section 284.224 of the Commission's regulations permits any Hinshaw pipeline exempt from the Commission's jurisdiction pursuant to section 1(c) of the NGA or any LDC that is served by an interstate pipeline to apply for a blanket certificate to sell and transport natural gas in interstate commerce in the same manner that intrastate pipelines are authorized to engage in such activities under section 311 of the NGPA and sections C and D of Part 284 of the Commission's regulations. Under this blanket certificate, the Hinshaw pipeline can transport and deliver natural gas to any interstate pipeline or LDC, regardless of where the natural gas will ultimately be consumed, without jeopardizing its Hinshaw status.<sup>4</sup> PPC's application meets the requirements of section 284.224 and, accordingly, its proposal is in the public convenience and necessity.

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<sup>4</sup> See *Michigan Consol. Gas Co.*, 64 FERC ¶ 61,037 (1993). If PPC elects to compress natural gas and transport it by means other than by pipeline (e.g., trucks), such transportation would not be subject to the Commission's NGA jurisdiction. *Exemption of Certain Transport and /or Sales of Liquefied Natural Gas from the Requirements of*



10. Under section 284.224 blanket certificate authority, a Hinshaw pipeline may opt to base its rates on (1) rates submitted to the Commission for Commission approval along with sufficient information (including the methodology used to derive the rates) for the Commission to determine that the proposed rates are fair and equitable; or (2) existing rates contained in one of its then effective transportation rate schedules for intrastate service on file with the appropriate state regulatory agency which the intrastate pipeline determines covers service comparable to the proposed service in the blanket certificate filing.<sup>5</sup> PPC must make the rate election as part of its filing to comply with the extension to meet the requirements under section 284.224(c)(7).

11. No environmental assessment or environmental impact statement has been prepared for this application because it qualifies for categorical exclusion from such review under section 380.4(a)(22) of the Commission's regulations.<sup>6</sup>

Findings:

(A) A blanket certificate of limited jurisdiction is granted under section 284.224 of the Commission's regulations authorizing PPC to engage in the transportation of natural gas that is subject to the Commission's jurisdiction under the NGA to the same extent and in the same manner that intrastate pipelines are authorized to engage in such activity by Subpart C of Part 284 the Commission's regulations.

(B) The certificate issued by paragraph (A) above and the rights granted thereunder are conditioned upon PPC's compliance with all applicable Commission regulations under the NGA and in particular paragraphs (a) and (e) of section 157.20 of the Commission's regulations. Further, the authorization granted herein is also subject to all the terms and conditions in section 284.224 of the Commission's regulations.

(C) PPC's request for an extension of time to file for rates under section 284.224(c)(7) is granted, however it must make the filing within 30 days of commencing interstate transportation service. The filing shall be pursuant to section 284.123 of the Commission's regulations,<sup>7</sup> and include its rate election made pursuant to paragraph (b)

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*Section 7(c) of the NGA*, 49 FPC 1078, at p. 1079 (1973), declaring the Commission "does not have jurisdiction over the transportation of LNG by means other than pipeline," which holds as well for CNG.

<sup>5</sup> 18 C.F.R. § 284.123 (2013)

<sup>6</sup> 18 C.F.R. § 380.4(a)(22) (2013).

<sup>7</sup> 18 C.F.R. § 284.123(e) (2013).

of that section, rates for interstate transportation service, and a statement of operating conditions containing a rate sheet and terms and conditions of service.<sup>8</sup>

12. This action is taken pursuant to the authority delegated to the Director, Division of Pipeline Regulation under section 375.307.<sup>9</sup> This action constitutes final agency action. Requests for rehearing by the Commission may be filed within 30 days of the date of issuance of this order, pursuant to section 385.713.<sup>10</sup>

Sincerely,

Nils Nichols, Director  
Division of Pipeline Regulation

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<sup>8</sup> See *Electronic Tariff Filings*, Order No. 714, FERC Stats. & Regs. ¶ 31,276, at PP 84-85 (2008) (providing guidance on the structure of electronic tariffs for intrastate pipelines, LDCs, and Hinshaw pipelines).

<sup>9</sup> 18 C.F.R. § 375.307 (2013).

<sup>10</sup> 18 C.F.R. § 385.713 (2013).