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IN REPLY REFER TO:

Ansley Watson, Jr.
P.O. Box 1531
Tampa, Florida 33601
e-mail: aw@macfar.com

REDACTED

February 13, 2015

VIA FEDEX

Carlotta S. Stauffer, Director
Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

RECEIVED-FPSC
15 FEB 16 AM 10:03
COMMISSION
CLERK

Re: Petition for approval of a special contract with Nopetro-Orlando, LLC, by Peoples Gas System

Dear Ms. Stauffer:

We enclose for filing with the Commission:

1. the original and seven (7) copies of the petition of Peoples Gas System referenced above (confidential treatment is being requested for portions of Exhibits A, B and C to the petition);
2. the original and seven (7) copies of Peoples Gas System's Request for Specified Confidential Classification of portions of Exhibits A, B and C to the above petition; and
3. a single unredacted copy of Exhibits A, B and C to the petition in which the sensitive information for which confidential treatment is sought has been highlighted.

Redacted electronic versions of the enclosures will be e-mailed once Staff has been assigned.

In the original and all seven (7) "public" copies of the petition identified above, the sensitive information in Exhibits A, B and C has been redacted.

Please acknowledge your receipt and the date of filing of the enclosures, together with the docket number assigned, on the enclosed duplicate copy of this letter, and return the same to me in the preaddressed envelope which is also enclosed.

NOTE: No duplicate copy or preaddressed envelope included
-LTC 2/16/15

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Carlotta S. Stauffer, Director
February 13, 2015
Page 2

Thank you for your usual assistance.

Sincerely,

A handwritten signature in blue ink that reads "Ansley Watson, Jr." in a cursive style.

ANSLEY WATSON, JR.

AWjr/a
Enclosures

cc: Office of Public Counsel
Kandi M. Floyd
Andrew M. Brown, Esq.
Ashley R. Kellgren, Esq.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for approval of a special contract)
with Nopetro-Orlando, LLC, by Peoples Gas)
System.)
_____)

Docket No.

Submitted for Filing:
2-16-15

PETITION FOR APPROVAL OF SPECIAL CONTRACT

Peoples Gas System ("Peoples" or the "Company"), by and through its undersigned attorneys, and pursuant to Section 366.06, *Florida Statutes*, and Rule 25-9.034(1), *Florida Administrative Code*, hereby petitions the Commission for approval of a special contract with Nopetro-Orlando, LLC ("Nopetro"), and in support thereof states:

1. The name and address of the petitioner are:

Peoples Gas System
702 N. Franklin Street
Tampa, Florida 33602

2. The persons to whom notices, orders and pleadings in this docket should be addressed are:

Ansley Watson, Jr., Esquire
Andrew M. Brown, Esquire
Ashley R. Kellgren, Esquire
Macfarlane Ferguson & McMullen
Post Office Box 1531
Tampa, Florida 33601-1531

Paula K. Brown
Peoples Gas System
Post Office Box 111
Tampa, Florida 33601-0111

Kandi M. Floyd
Peoples Gas System
Post Office Box 2562
Tampa, Florida 33601-2562

3. Peoples is a natural gas distribution utility subject to the Commission's regulatory jurisdiction under Chapter 366, *Florida Statutes*. Its substantial interests will be affected by the Commission's disposition of this petition in that such disposition will determine whether Peoples will be permitted to provide gas transportation service for

Nopetro on terms agreeable to Peoples and Nopetro, as well as terms favorable to Peoples' general body of ratepayers.

4. Nopetro is a Florida limited liability company that is building compressed natural gas ("CNG") fueling facilities for the purpose of fueling transit vehicles (buses) owned and operated by LYNX, the transit system of the City of Orlando. The City of Orlando is in the process of converting its fleet of buses to use CNG as a motor fuel, thereby taking advantage of recent actions by the Florida Legislature reflecting a State policy to promote the use of natural gas as a vehicle fuel that can not only produce significant cost savings for consumers but also provide significant environmental benefits for the State.¹

5. Peoples will be required to extend its distribution facilities in order to provide the service required by Nopetro. The extension will consist of approximately 5.1 miles of 6-inch steel natural gas pipeline extending from PGS's Orlando West interconnect with Florida Gas Transmission's pipeline in the vicinity of Vineland and Silver Star Road in Orange County, Florida, to its terminus at a point of interconnection with Nopetro's proposed CNG fueling station to be located at 2713 Lynx Lane, Orlando, Florida.

6. The parties have entered into, subject to the Commission's approval, a Letter of Authorization under PGS's Natural Choice Transportation Service Rider ("Rider NCTS"), inasmuch as Nopetro will receive transportation service under that rider as part of a pool of customers. A redacted copy of the Letter of Authorization is attached hereto as Exhibit A (hereinafter, the "LOA").²

¹ Additional information on Nopetro and its project in Orlando is attached to this Petition as Exhibit D.

² A Request for Specified Confidential Classification of the redacted portions of the LOA and Exhibits B and C accompanies the filing of this petition.

7. Attached hereto as Exhibit B is an explanation of the transportation charges for and their impact on Peoples' general body of ratepayers.

8. Attached hereto as Exhibit C is a Cost of Service Study with respect to the cost to provide service to Nopetro's CNG fueling facility and the revenues to be derived by Peoples from the provision of transportation service to that facility under the LOA.

9. The LOA generates revenues in excess of the cost of service, thereby providing benefits to Peoples' general body of ratepayers.

10. Rule 25-9.034(1) requires Commission approval of special contracts, and Peoples requests that the Commission approve the LOA as described in this petition.

11. Peoples is not aware of any disputed issues of material fact.

WHEREFORE, Peoples Gas System requests that the Commission enter its order approving the LOA with Nopetro as a special contract.

Respectfully submitted,

Ansley Watson, Jr.
Phone: (813) 273-4321
E-mail: aw@macfar.com
Andrew M. Brown
Phone: (813) 273-4209
E-mail: ab@macfar.com
Ashley R. Kellgren
Phone: (813) 273-4247
E-mail: ark@macfar.com
Macfarlane Ferguson & McMullen
P. O. Box 1531
Tampa, Florida 33601-1531

Attorneys for Peoples Gas System

EXHIBIT A
LETTER OF AUTHORIZATION

NATURAL CHOICE TRANSPORTATION SERVICE
Letter of Authorization

Peoples Gas System ("PGS")
P.O. Box 2562
Tampa, Florida 33601-2562

TO WHOM IT MAY CONCERN:

This letter constitutes a formal request by the undersigned ("Customer") for gas transportation service pursuant to PGS's Rider NCTS and other applicable provisions of PGS's applicable Natural Gas Tariff, as the same may be amended from time to time, for the following PGS customer account number(s):

ACCOUNT NUMBER(S):

CUSTOMER CONTACT:

Company: Nopetro-Orlando, LLC, a Florida limited liability company
Contact Name: Jonathan "Jack" Locke
Address: 2625 Ponce de Leon Blvd.
City, State, Zip Code: Coral Gables, FL 33134
Phone: 305-441-8059 Fax: 305-379-4208
E-mail Address: jlocke@nopetro.com

As signified by initials in the box, Customer hereby authorizes PGS to release to the "Pool Manager" named below, the twelve-month historic gas usage for the accounts listed above. Customer understands that said Pool Manager will be assessed a fee of \$20 per account, payable upon receipt of request, for the authorized information.

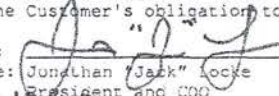
Customer has entered, or intends to enter, into one or more agreement(s) with Pool Manager providing for Pool Manager's delivery of the gas purchased by Customer from or through Pool Manager to PGS pursuant to the Firm Delivery and Operational Balancing Agreement between PGS and Pool Manager (the "Firm Delivery Agreement").

Provided the Firm Delivery Agreement is in effect at the time gas is tendered to PGS by or on behalf of Pool Manager for Customer's account(s) listed above, PGS will transport gas delivered for such account(s) pursuant to Rider NCTS, the applicable provisions of PGS's tariff on file with the Florida Public Service Commission ("FPSC"), as the same may be amended from time to time, and the provisions of Addendum A to this Letter of Authorization.

Subject to the terms of Rider NCTS and the Firm Delivery Agreement, such service shall continue until Customer, Pool Manager, or PGS gives written notice to the others of the termination of such service in accordance with Rider NCTS. If the Firm Delivery Agreement is terminated for any reason as it applies to any Gas to be delivered for Customer's account(s) for transportation by PGS, PGS shall have the right to immediately terminate transportation service to the above account(s) under Rider NCTS.

Customer understands that it may terminate participation in Rider NCTS with thirty (30) days' notice and return to sales service from the Company. However, the Customer must remain on sales service for the following twelve-month period. In the event the Pool Manager terminates its agreement with the Customer without the Customer's consent, the Customer may return to Rider NCTS, but not to the same Pool Manager within the twelve-month period.

Customer agrees to pay PGS in accordance with the applicable rate schedule for the transportation of gas for Customer's account(s), including charges that may be applicable under Rider NCTS that are not applicable under sales service. Customer understands that it is responsible for the payment of all bills rendered to Customer by Pool Manager, and that each Pool Manager's bill for gas purchased by Customer will be rendered separately from PGS's bill for transportation service. It is the Customer's obligation to make payments to the Company (or to an Authorized Payment Agent of the Company) of all bills rendered. Payment by a Customer to a third party (including a Third Party Gas Supplier) which has not been designated by Company as an Authorized Payment Agent will not satisfy the Customer's obligation to make payment of Company's bill for Gas Service.

Signature: 
Print Name: Jonathan "Jack" Locke
Title: President and COO
Date: 2/19/15

The undersigned Pool Manager agrees that it will keep confidential, and not use or disclose to any person not named herein, information released pursuant to the above authorization, or information received from the above Customer, except to the extent necessary to deliver gas to PGS for transportation to the above Customer account(s), or as may be required by law (in which case Pool Manager will provide notice to PGS prior to making such disclosure).

Pool Manager: BP Energy Company

By: _____
Title: Originator

Customer history requested by Pool Manager. If requested, payment must be received to deem complete.

Please fax completed Letter of Authorization to (813) 228-1268 or (813) 228-1271



ADDENDUM A
to
LETTER OF AUTHORIZATION
OF Nopetro-Orlando, LLC

Date: Feb 9, 2015

Customer hereby agrees that the following provisions are an integral part of the Letter of Authorization to which this Addendum A is attached, and incorporated by reference in said Letter of Authorization. Capitalized terms used herein, but not defined below, have the meanings given for such terms in PGS's tariff on file with the FPSC ("PGS's FPSC Tariff").

Definitions. The following terms shall have the following meanings:

"Commencement Date" means the first Day of the first Month following receipt by Customer of notice from PGS that the facilities required for the provision of service by PGS to Customer have been completed and tested, and are available to provide service to Customer (projected to be December 31, 2015, ("Targeted Commencement Date").

"Contract Year" means the period of twelve (12) consecutive months commencing on the Commencement Date, and each successive consecutive 12-month period thereafter, each commencing on an anniversary of the Commencement Date.

Term. Customer agrees to receive service from PGS pursuant to this Letter of Authorization for a term commencing at the beginning of the Day commencing on the Commencement Date and continuing until the end of the last Day of the [REDACTED] Contract Year (the "Termination Date") (the "Term"). The Term of Customer's receipt of service from PGS may be extended for an additional period of five (5) years upon mutual agreement of Customer and PGS under the otherwise applicable rate schedule and tariff rate as approved by the FPSC at the time of such extension of the Term.

Full Requirements. During the term specified above and any extension thereof, Customer agrees that all Gas used by Customer will be delivered by PGS through PGS's distribution system, except to the extent Customer's requirements for Gas are not delivered by PGS pursuant to the provisions of the Letter of Authorization and this Addendum A.

Applicable Distribution Charge; Volume Commitment. The Distribution Charge, Customer Charge, and conditions of service shall be governed by Rider NCTS and Rate Schedule GS-5; provided, however, that because PGS will be required to extend its facilities in order to provide the service to Customer contemplated by this Letter of Authorization:

(a) During the term of this Letter of Authorization, the Distribution Charge payable by Customer shall be [REDACTED]

[REDACTED]

[REDACTED]

(b) [REDACTED]

(c) [REDACTED]

(d) [REDACTED]

(e) [REDACTED]

FPSC Approval. Notwithstanding any other provision of this Letter of Authorization, the same shall be of no force or effect until approved by a final non-appealable order of the FPSC. In the event the FPSC denies approval of this Letter of Authorization, the same shall be of no force or effect. Customer shall, if requested by PGS, support any petition to the FPSC for approval of this Letter of Authorization as a special contract.

Confidentiality. Neither PGS nor Customer, nor their respective affiliates, nor the directors, officers, employees, advisors and representatives of any of them, shall disclose to any other person the terms and conditions of this Letter of Authorization without the prior written consent of the other party hereto to such disclosure (which consent shall not be unreasonably withheld or delayed). This provision shall not apply to (i) disclosures that, in the opinion of PGS's or Customer's legal counsel, are required by the FPSC or another governmental authority (in which case, the party from which disclosure is sought shall advise the other party prior to such disclosure and, if requested by such other party, shall use reasonable efforts to maintain the confidentiality of this Letter of Authorization, including, without limitation, seeking a protective order).

Conflict of Provisions. In the event of any conflict between the provisions of PGS's FPSC Tariff and the provisions of this Addendum A, the provisions of this Addendum A shall be controlling to resolve such conflict.

IN WITNESS WHEREOF, the parties hereto have caused this Addendum A to the Letter of Authorization to be executed by their respective duly authorized officers as of the date first above written.

**PEOPLES GAS SYSTEM, A DIVISION
OF TAMPA ELECTRIC COMPANY**

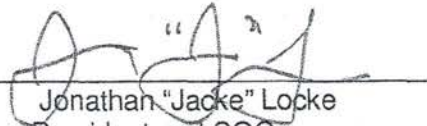
By: _____



Gordon L. Gillette
President

Nopetro—Orlando, LLC

By: _____



Jonathan "Jackie" Locke
President and COO

EXHIBIT 1
to
ADDENDUM A
to
LETTER OF AUTHORIZATION
of
NOPETRO-ORLANDO, LLC

[REDACTED]

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[REDACTED]

Date:

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EXHIBIT B

**COMPARISON OF ANNUAL COST OF SERVICE
AND
REVENUES FOR THE NOPETRO CNG FILL FACILITY**

Under the LOA, Nopetro will pay to Peoples a distribution charge as set forth in Peoples' Rate Schedule GS-5, together with an additional amount designed to allow Peoples to recover its cost of service and the cost of the facilities extension required to provide service to Nopetro over the initial 15-year term of the LOA. The LOA also provides for annual minimum volumes to be taken or paid for during the term of the LOA. Nopetro is provided options at different times under the LOA to either increase the annual volume commitments, or to make a lump sum payment to Peoples.

As demonstrated by the Cost of Service Study attached to this petition as Exhibit C, the annual transportation revenues derived from the LOA will enable Peoples to more than recover the fully allocated cost of serving Nopetro's CNG filling facility. As shown by the study, the projected [REDACTED] annual operating costs will be fully recovered and provide Peoples with a return on its net investment through the annual average revenues of [REDACTED].

The Transport Agreement generates revenues in excess of the cost of service, thereby providing benefits to Peoples' general body of ratepayers.

EXHIBIT C

COST OF SERVICE STUDY

Cost of Service Study
NoPetro Orlando
Peoples Gas System, a Division of Tampa Electric Company

Cost of Service

Line	Description		Amount
1	Operation and Maintenance		██████████
2	Depreciation	4.20%	██████████
3	Taxes other than Income		██████████
4	Income Taxes		██████████
5	Return Requirements		██████████
6	Total Cost of Service		██████████
7	Projected Average Annual Revenue		██████████

EXHIBIT D

ADDITIONAL INFORMATION ON NOPETRO

Founded in 2007 and headquartered in Miami, Florida, Nopetro specializes in the design, construction, operation and maintenance of CNG fueling stations for public and private sector fleets. In 2011, the company developed Florida's first CNG P3 with Leon County Schools ("LCS"), the City of Tallahassee, and Leon County in the state's capitol. The foundation of this arrangement was the execution of a 20-year exclusive CNG Fueling Agreement between Nopetro and LCS detailing the school district's commitment to transition its entire 240 school bus fleet to CNG fuel in exchange for Nopetro's commitment to provide all of the capital and expertise necessary to design, build, operate and maintain a 6-lane fast-fill CNG fueling station on school district property. In addition to supplying CNG to all three governmental entities in Leon County, the facility also currently services numerous private fleet customers including Waste Pro, Seaboard Transport, Frito-Lay, Saddle Creek Transportation, Anderson Columbia, Proctor Honda and others. Nopetro has also been awarded and has executed other Florida CNG P3 fueling station contracts with St. Johns County and the Charlotte County Public School District, and is actively developing these projects for its government partners.

Nopetro has formed a public-private partnership ("P3") with the Central Florida Regional Transportation Authority d/b/a LYNX to bring CNG fuel to the Central Florida community. The P3 is structured based on well understood Florida law specifically for such public service agencies' use. Nopetro is providing a turn-key CNG P3 fueling operation to be integrated into the company's growing network of CNG P3 fueling facilities across the Southeast. Nopetro requirements in the agreement are to finance, design, construct, operate and maintain a fast-fill public access CNG fueling station (6 lanes – 3 dedicated to LYNX and 3 public access) on property the company acquired

adjacent to LYNX's current main bus depot, finance and perform all modifications to LYNX's current maintenance facility to allow for work on lighter-than-air fueled vehicles such as CNG buses, operate and maintain the fueling facility, and market the CNG fuel to public and private fleets in the surrounding area giving its government partner LYNX a royalty on every third party gallon sold. In exchange for this effort, LYNX has committed to a minimum annual take-or-pay commitment of 500,000 DGEs for 15 years of a 20 year exclusive fueling arrangement term. LYNX also agrees to purchase only CNG transit buses over the first 5 years of this commitment.

In January 2015, the partnership was fully documented. The parties are in the process of moving forward with collaboration necessary for the design and construction of the CNG infrastructure, and anticipate having the CNG fueling station and maintenance facility modifications complete by the end of this year. LYNX has also ordered 35 brand new CNG transit buses capable of meeting its annual take-or-pay CNG fuel commitment under its agreement with Nopetro. This CNG P3 will generate measurable economic and environmental benefits for fleets throughout Central Florida, as access to cheap CNG fuel becomes a reality which will increase the widespread use of natural gas transportation fuel in the State of Florida and encourage a larger shift to such clean, low cost and all domestic resources.