

# MACFARLANE FERGUSON & McMULLEN

ATTORNEYS AND COUNSELORS AT LAW

ONE TAMPA CITY CENTER, SUITE 2000  
201 NORTH FRANKLIN STREET  
P.O. BOX 1531 (ZIP 33601)  
TAMPA, FLORIDA 33602  
(813) 273-4200 FAX (813) 273-4396

www.mfmlegal.com  
EMAIL: info@mfmlegal.com

625 COURT STREET  
P. O. BOX 1669 (ZIP 33757)  
CLEARWATER, FLORIDA 33756  
(727) 441-8966 FAX (727) 442-8470

IN REPLY REFER TO:

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

April 23, 2015

**VIA FEDEX**

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

**REDACTED**

**Re: Docket No. 150094-GU -- Petition for approval of amendment to special contract with Peninsula Pipeline Company, by Peoples Gas System**

Dear Ms. Stauffer:

Enclosed for filing with the Commission on behalf of Peoples Gas System, please find the original and six (6) copies of Peoples' responses to the Commission Staff's First Data Request in the above docket. You will note that portions of the responses are redacted, and Peoples will be filing separately its request for confidential treatment of the portions redacted in the enclosures.

Please acknowledge your receipt of the enclosures on the enclosed copy of this letter, and return the same to me in the enclosed preaddressed envelope.

Thank you for your usual assistance.

Sincerely,



Ansley Watson, Jr.

RECEIVED- FPSC  
15 APR 24 AM 9:29  
COMMISSION  
CLERK

- COM \_\_\_\_\_
- AFD \_\_\_\_\_
- APA \_\_\_\_\_
- ECO 3 \_\_\_\_\_
- ENG \_\_\_\_\_
- GCL 3 \_\_\_\_\_
- IDM \_\_\_\_\_
- TEL \_\_\_\_\_
- CLK \_\_\_\_\_

AWjr/a  
Enclosures

cc: Martha F. Barrera, Esquire  
Ms. Kandi M. Floyd

**REDACTED**

**PEOPLES GAS SYSTEM  
DOCKET NO: 150094-GP  
STAFF'S 1ST DATA REQUEST  
REQUEST NO. 1  
PAGE: 1 OF 1  
FILED: APRIL 24, 2015**

1. Please provide a map showing the location of the new pipeline in relation to existing infrastructure; for example, please show the location of the interconnection with the Southern Natural Gas Cypress Lateral, the location of the new line's terminus at the point of tie-in to the PGS system, and all proposed custody transfer points (if applicable) along the route of the new line.
  - A. The requested map showing the location of the new pipeline in relation to existing infrastructure has been redacted.

**REDACTED**

**PEOPLES GAS SYSTEM  
DOCKET NO: 150094-GP  
STAFF'S 1ST DATA REQUEST  
REQUEST NO. 2  
PAGE: 1 OF 1  
FILED: APRIL 24, 2015**

2. What is the cost to PGS to construct/install the new pipeline (including any necessary appurtenances)? Please include a general description of the types of costs that will be incurred (e.g., materials, labor, permitting, secure right-of-way, etc.) Also, please include the length and diameter of the new pipeline and confirm that it will not be "bare steel" construction.
- A. PGS will design and construct a new gate station connected to the SNG Cypress lateral and install approximately 1.6 miles of 20-inch pipeline connecting the new gate station to PGS' existing 20-inch line that traverses Ford Road in Nassau County, Florida. In addition, PGS will uprate the existing Capper Regulator station. PGS will incur the following costs:

Design – Magnolia River Engineering

Permitting – See data request No. 3

Materials – Piping, regulator station uprate, and new meter station

Land – PGS must purchase approximately 19 acres of property including 80-foot easement and an easement for a 400 foot x 400 foot gate station

The total cost of the facilities described above is approximately [REDACTED] and the pipeline material will not be "bare steel".

**PEOPLES GAS SYSTEM  
DOCKET NO: 150094-GP  
STAFF'S 1ST DATA REQUEST  
REQUEST NO. 3  
PAGE: 1 OF 1  
FILED: APRIL 24, 2015**

**3.** Will PGS need to obtain approval from any other state or local agencies to construct the pipeline? If the answer is affirmative, please provide a brief description of the approvals that will be required and an estimate of when they will be received.

**A.** Yes. The following approvals will be required:

1. Environmental permit from FDEP
2. Railroad crossing permit from CSX Railroad
3. FDOT permit to cross US301

PGS has not applied for these permits due to on-going negotiations with effected land owners. Therefore, PGS does not have a time frame for when the permits are expected to be completed. PGS believes that once the applications for the permits are tendered, the permitting process will take less than six months to complete.

**PEOPLES GAS SYSTEM  
DOCKET NO: 150094-GP  
STAFF'S 1ST DATA REQUEST  
REQUEST NO. 4  
PAGE: 1 OF 1  
FILED: APRIL 24, 2015**

4. When does PGS anticipate that construction of the pipeline will commence and what is the estimated completion date?
  - A. The construction will commence once all land rights and permits have been obtained. (See response to data request No. 3). The estimated completion date will be no later than June 1, 2016.

**PEOPLES GAS SYSTEM  
DOCKET NO: 150094-GP  
STAFF'S 1ST DATA REQUEST  
REQUEST NO. 5  
PAGE: 1 OF 1  
FILED: APRIL 24, 2015**

- 5.** Please refer to Exhibit B to the petition. Please identify and explain the types of costs that the monthly reservation charge (confidential) is designed to recover.
  - A.** The reservation charge is designed to recover costs associated with FPUC's allocated portion of the expansion project. Those costs include O&M, depreciation, income taxes, and return.

**PEOPLES GAS SYSTEM  
DOCKET NO: 150094-GP  
STAFF'S 1ST DATA REQUEST  
REQUEST NO. 6  
PAGE: 1 OF 1  
FILED: APRIL 24, 2015**

- 6.** Please refer to Exhibit B to the petition. Please provide the basis for the derivation of the usage charge (confidential) for all quantities delivered by PGS in excess of the Maximum Daily Delivery Quantity (MDQ).
  
- A.** The usage rate applies only to those volumes used greater than the MDQ. The rate is closely equivalent to the PGS IS rate, and was approved by Commission's Order No. PSC-12-0230-PAA-GU.

PEOPLES GAS SYSTEM  
DOCKET NO: 150094-GP  
STAFF'S 1ST DATA REQUEST  
REQUEST NO. 7  
PAGE: 1 OF 3  
FILED: APRIL 24, 2015

7. Please refer to Exhibit C to the petition. Please explain how the amounts (confidential) shown for Operation and Maintenance, Depreciation, Income Taxes, and Return Requirements were derived.

A.

Cost of Service Study  
Peninsula Pipeline - Nassau County  
Peoples Gas System, a Division of Tampa Electric Company

Calculation of Rate Base, Return Requirements and Income Taxes

Line	Description	Amount
1	Gross investment in plant	[REDACTED]
2	Less: credit to capital	-
3	Less: Accumulated depreciation @ 4.20%	[REDACTED]
4	13 month average rate base	[REDACTED]
5	Overall cost of Capital (December 31, 2013 ESR)	6.64%
6	Return requirements	[REDACTED]
7	Revenue > Return Requirements	[REDACTED]
8	Less: Interest on Debt	[REDACTED]
9	Net Income after Taxes	[REDACTED]
10	Divided by 1-tax rate	61.41%
11	Taxable income	[REDACTED]
12	Income Taxes @ 38.595%	[REDACTED]

**REDACTED**

**PEOPLES GAS SYSTEM  
DOCKET NO: 150094-GP  
STAFF'S 1ST DATA REQUEST  
REQUEST NO. 7  
PAGE: 2 OF 3  
FILED: APRIL 24, 2015**

Cost of Service Study  
Peninsula Pipeline Company - Nassau County  
Peoples Gas System, a Division of Tampa Electric Company

Cost of Service

Line	Description	Amount
1	Operation and Maintenance	[REDACTED]
2	Depreciation @ 4.20%	[REDACTED]
3	Taxes other than Income	\$ -
4	Income Taxes	[REDACTED]
5	Return Requirements	[REDACTED]
6	<b>Total Cost of Service</b>	[REDACTED]

NOTES:

Taxes other than Income - Property Taxes and Revenue Related

2013 Property tax expense	\$	8,978,233
13 month average rate base - 12/31/2013 ESR	\$	<u>662,867,000</u>

Average tax rate 1.35%

Rate Base [REDACTED]

**Property Tax Expense** [REDACTED]

RAF Percentage 0.50%

Projected Annual Revenue [REDACTED]

**Revenue Related Taxes** [REDACTED]

**Total Taxes Other than Income** [REDACTED]

PEOPLES GAS SYSTEM  
DOCKET NO: 150094-GP  
STAFF'S 1ST DATA REQUEST  
REQUEST NO. 7  
PAGE: 3 OF 3  
FILED: APRIL 24, 2015

Cost of Service Study  
Peninsula Pipeline Company - Nassau County  
Peoples Gas System, a Division of Tampa Electric Company

Estimated O&M Expense

Line	Description	Amount
1	Meter (prove) - [REDACTED]	[REDACTED]
2	Repaint station(s) every 2 years @ \$2,500 each	[REDACTED]
3	Maintenance and calibration of EFM Equipment	[REDACTED]
	[REDACTED] replacement board	[REDACTED]
	[REDACTED] replacement modem	[REDACTED]
	[REDACTED] replacement battery (5 years)	[REDACTED]
	[REDACTED] Misc. materials	[REDACTED]
4	Annual Regulator Testing and Repair (16 hours)	[REDACTED]
	[REDACTED] Misc. materials	[REDACTED]
5	Line Maintenance - CP, Leak Surveys, Locates	[REDACTED]
6	Miscellaneous Expense	[REDACTED]
7	Total Estimated O&M Expenses	[REDACTED]

**PEOPLES GAS SYSTEM  
DOCKET NO: 150094-GP  
STAFF'S 1ST DATA REQUEST  
REQUEST NO. 8  
PAGE: 1 OF 1  
FILED: APRIL 24, 2015**

- 8.** Did PGS issue a Request for Proposals (RFP) to obtain construction cost estimates for the pipeline from other entities? If the answer is affirmative, please identify all respondents to the RFP and provide an explanation regarding why their proposals were rejected. If the answer is negative, please state why PGS did not solicit competitive bids.
  - A.** Construction cost estimates were obtained by a third party engineering firm hired by PGS who met with a single pipeline contractor to develop the initial construction costs. PGS will issue an RFP in order to select the actual contractor who will complete construction of the expansion system.