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IN REPLY REFER TO:

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

February 3, 2016

VIA FEDEX

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

REDACTED

160029-GU

RECEIVED-FPSC
2016 FEB -4 AM 9:40
COMMISSION
CLERK

**Re: Petition for approval of a special contract with United Parcel Service, Inc.,
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 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 and C to the above petition; and
3. a single unredacted copy of Exhibits A 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 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.

COM	
APD	1
APA	
ADD	5
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Carlotta S. Stauffer, Director
February 3, 2016
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.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for approval of a special contract)
with United Parcel Service, Inc., by Peoples Gas)
System.)
_____)

Docket No.

Submitted for Filing:
2-4-16

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 United Parcel Service, Inc. ("UPS"), 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
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 UPS on terms agreeable to Peoples and UPS, as well as terms favorable to Peoples' general body of ratepayers.

4. Founded in 1907 and headquartered in Atlanta, Georgia, UPS is the world's largest package delivery company and a leading global provider of specialized transportation and logistics services. As an industry leader, it now has more than 5400 vehicles which operate on alternative fuels and advanced technology. As part of its long-term fleet strategy, UPS has expanded the use of compressed natural gas (CNG) and last year announced the development of 15 CNG stations across the country to support its daily operations. UPS is now expanding on that commitment to develop additional stations across the U.S., including at their Orlando, Florida operating center. There, UPS will build a CNG fueling facility to initially serve 30 tractors with opportunities for future expansion. Those 30 CNG-fueled tractors alone will allow UPS to displace over 700,000 gallons of conventional fuels annually.

5. Peoples will be required to extend its distribution facilities in order to provide the service required by UPS. The extension will consist of approximately 3.8 miles of 6-inch coated steel natural gas pipeline extending from PGS's existing distribution system with an interconnect located in Orange County, Florida, to its terminus at a point of interconnection with UPS's proposed CNG fueling station.

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 UPS 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").¹

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

¹ A Request for Specified Confidential Classification of the redacted portions of Exhibits A (the Addendum to the LOA) and C (Cost of Service Study) to the petition accompanies the filing of this petition.

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

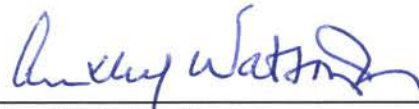
9. The LOA generates revenues in excess of the cost of service, thereby providing benefits to Peoples' general body of ratepayers.

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.²

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 UPS 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
Macfarlane Ferguson & McMullen
P. O. Box 1531
Tampa, Florida 33601-1531

Attorneys for Peoples Gas System

² The Commission recently approved a substantially similar special contract by its Order No. PSC-15-0174-PAA-GU, issued May 6, 2015, in Docket No. 150053-GU, *In re: Petition of Peoples Gas System for approval of special contract with Nopetro-Orlando, LLC.*

EXHIBIT A

LETTER OF AUTHORIZATION

NATURAL CHOICE TRANSPORTATION SERVICE 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: UPS Fuel Services, Inc.
Contact Name: Ashley Sheehan
Address: 55 Glenlake Pkwy NE
City, State, Zip Code: Atlanta, GA 30328
Phone: 404-828-8507 Fax: 404-828-6828
E-mail Address: asheehan@ups.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 and 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.

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 then 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.

Customer affirms that it has been informed of the list of approved pool managers for the supply of gas for transportation under Rider NCTS, available on the PGS website (www.peoplesgas.com).

Signature: _____

Print Name: Michael S. Whittlatch

Title: _____

Date: 1-28-16

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: _____

By: _____

Title: _____

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

[REDACTED]

[REDACTED]

[REDACTED]

(c) During the Term and any extension thereof, Customer shall pay to PGS, in addition to the applicable Distribution Charge provided above, all other charges, surcharges and adjustments otherwise applicable under Rate Schedule GS-5.

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**

UPS FUEL SERVICES, INC.

By: 
Gordon L. Gillette
President


By: 
Name Michael S. Whitlatch
Title: Vice President

EXHIBIT B
COMPARISON OF ANNUAL COST OF SERVICE
AND
REVENUES FOR THE UPS CNG FACILITY

Under the LOA, UPS 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 UPS over the initial 10-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.

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 UPS's CNG filling facility. As shown by the study, the projected annual operating costs will be fully recovered and provide Peoples with a return on its net investment through the annual average revenues.

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
Peoples Gas System, a Division of Tampa Electric Company
UPS
Cost of Service

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