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IN REPLY REFER TO:

Ansley Watson, Jr.
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March 11, 2016

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. 160029-GU -- Petition for approval of a special contract with United Parcel Service, Inc., 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 Second 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.

AWjr/a
Enclosures

cc: Kyesha Mapp, Esquire
John J. Truitt, Esquire
Ms. Kandi M. Floyd

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**PEOPLES GAS SYSTEM
DOCKET NO: 160029-GU
STAFF'S 2nd DATA REQUEST
REQUEST NO. 1
PAGE: 1 OF 1
FILED: MARCH 14, 2016**

1. On March 03, 2016 Peoples responded to Staff's First Data Request. In response to question 1 of the data request, Peoples, in its confidential information stated that only a certain portion of the 3.8 miles pipeline extension cost will be allocated to UPS. Please explain how Peoples will recover the remaining cost of the pipeline extension.
 - A. The remaining cost of the pipeline will be recovered from new customers that will connect to the line; anticipated later in 2016. When this occurs, including UPS, over [REDACTED] of the line will be utilized. The remaining portion of the gas line will be used for system reinforcement and peaking requirements.

Typically, PGS does not plan expansions based on a single customer's utilization of the entire quantity of capacity associated with a new natural gas expansion. PGS' expansions are sized by considering not only the anchor customers' needs but also future growth, existing system benefits such as system reinforcement and reliability as well as peaking requirements within the vicinity of the new gas line.