

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition to resolve territorial dispute in)
Sumter County and/or Lake County with)
City of Leesburg and/or South Sumter Gas)
Company, LLC, by Peoples Gas System.)
_____)

Docket No. 20180055-GU

Submitted for filing:

July 25, 2018

**PEOPLES GAS SYSTEM'S RESPONSE TO
THE CITY OF LEESBURG'S COUNTER PETITION**

Peoples Gas System ("Peoples"), by its undersigned counsel, hereby responds to The City of Leesburg's ("Leesburg") Counter Petition and states:

BACKGROUND

1. Peoples is a natural gas local distribution company ("LDC") providing sales and transportation delivery of natural gas throughout most of the State of Florida to approximately 380,000 customers, including approximately 19,387 residential and commercial customers in Sumter County, Florida. Peoples has provided natural gas service in Sumter County since it acquired by merger West Florida Natural Gas Company in 1997.

2. According to the map on the City of Leesburg website (which is attached as Exhibit A), the American Cement Plant is outside of the territory served by Leesburg. While Leesburg is providing natural gas service outside of Sumter County, the only location at which such service is being provided appears to be the Coleman Federal Correctional Facility. The vast majority of Leesburg's customers are within Lake County and most of those are within the Leesburg City limits.

3. Despite the implication of the allegations in paragraphs 9 and 10 of the Counter Petition, there are currently no natural gas distribution lines in place on CR 470 west of the Coleman Correctional Institute. If Peoples is to serve American Cement, it will not involve the installation of lines that are adjacent to any already existing lines that have been installed by Leesburg. Although Leesburg describes the right of way along CR 470 as suffering the

“burden” of the installation of lines to serve American Cement, that so called “burden” will not involve lines from competing utilities in the same easement (as will likely be the case in The Villages’ developments at issue in Peoples’ Petition). Peoples is able to serve American Cement without crossing any Leesburg distribution line and without running lines parallel to Leesburg lines within the same easement. The same cannot be said regarding lines being installed by The Villages in the developments that are at issue in Peoples’ Petition.

THE ONGOING DISPUTE

4. Peoples has filed a Petition to Resolve a Territorial Dispute with Leesburg and/or South Sumter Gas Company, LLC (“SSGC”). That Petition alleges that Leesburg and SSGC are infringing on Peoples’ gas territory pursuant to an Agreement between Leesburg and SSGC. The Petition generally alleges that Peoples is best positioned to serve these areas given among other things, its close proximity to the area (literally a matter of feet) and the position of already existing infrastructure in the area.

5. In its Motion to Dismiss Peoples’ Petition, Leesburg argued that The Villages was a “customer,” and that the customer should have the right to select gas service from a provider which makes economic sense for that customer. The Villages is not a customer of gas service. It will not be purchasing any gas. In fact under the Agreement between Leesburg and South Sumter Gas Company (SSGC”), The Villages (through SSGC in the Agreement) will be a seller of gas to customers who have purchased homes in The Villages’ developments.

6. American Cement, on the other hand, is a gas customer and applying Leesburg’s argument of customer choice favors Peoples because American Cement, reacting to market forces, prefers to have Peoples provide its gas service. American Cement must make a considerable investment in its facility to convert equipment to permit it to use natural gas instead of coal. In its full economic evaluation, American Cement prefers gas service from Peoples, and will likely not proceed with this conversion in the event its gas service must come from Leesburg.

PEOPLES IS BEST POSITIONED TO PROVIDE GAS SERVICE TO AMERICAN CEMENT

7. Both Peoples and Leesburg have been in discussions with American Cement to provide gas service to its facility. Peoples believes that by virtue of its existing facilities and upstream pipeline capacity, it is able to provide transportation service more economically than Leesburg. American Cement has indicated a preference to have Peoples provide gas service to its facility and has previously declined alternative proposals for gas service. While Leesburg's line to Coleman Correctional Facility may be marginally closer to American Cement than are Peoples' lines, Peoples believes it will be able to show that Leesburg's cost to American Cement (the customer) will be higher than Peoples' cost to American Cement. Both market forces and the criteria under Rule 25-7.0472 favor resolution of the dispute alleged in Leesburg's Counter Petition in favor of Peoples.

Respectfully submitted,



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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of the foregoing Response has been furnished by electronic mail to the following, this 25th day of July, 2018:

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