

Writer's Direct Dial Number: (850) 521-1706
Writer's E-Mail Address: bkeating@gunster.com

February 29, 2024

BY ELECTRONIC FILING

Mr. Adam Teitzman, Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

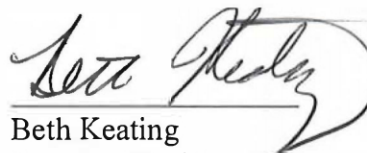
[New Filing] - Petition for Approval of Amendment to Transportation Agreement with Florida Public Utilities by Peninsula Pipeline Company, Inc.

Dear Mr. Teitzman:

Attached for electronic filing, please find Peninsula Pipeline Company's Petition for Approval of Amendment to its Firm Transportation Service Agreement with Florida Public Utilities Company (St. Cloud), along with the referenced Amendment. Peninsula deems portions of the Exhibit B to the Amendment as confidential; therefore, those portions are redacted. A request for confidentiality is being filed under separate cover today.

As always, thank you for your assistance in connection with this filing. If you have any questions whatsoever, please do not hesitate to let me know.

Sincerely,



Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 601
Tallahassee, FL 32301
(850) 521-1706

Cc: Certificate of Service

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for Approval of Amendment to)	
Transportation Service Agreement with the)	Docket No.:
Florida Public Utilities Company by Peninsula)	
Pipeline Company, Inc.)	Filed: February 29, 2023
)	

PETITION FOR APPROVAL OF AMENDMENT TO TRANSPORTATION
SERVICE AGREEMENT BETWEEN PENINSULA PIPELINE COMPANY,
INC. AND FLORIDA PUBLIC UTILITIES COMPANY

Peninsula Pipeline Company, Inc. ("Peninsula" or "Company"), by and through its undersigned counsel, hereby files this Petition seeking approval by the Florida Public Service Commission ("Commission") of Amendment No. 1 to its existing Firm Transportation Agreement ("Agreement") between the Company and Florida Public Utilities Company ("FPUC"), which is attached hereto as Attachment A (redacted)¹.

Specifically, the Petitioner seeks approval of Amendment No. 1 to the Firm Gas Transportation Agreement ("FTSA") originally approved by the Commission by Order No. PSC-2022-0351-PAA-GU, issued October 11, 2022, in Docket No. 20220123. The project represented by the amendment will allow FPUC to serve projected growth coming to the area around St. Cloud, Florida. If the Agreements are approved, Peninsula will construct two extensions from an existing Peninsula pipeline. The two extensions will, in total, be 15 additional miles of 6-inch pipe installed in the St. Cloud area.

In support of this request, the Company hereby states:

1. Peninsula is a natural gas transmission company subject to the Commission's jurisdiction as prescribed under Chapter 368.101, et. seq., Florida Statutes. Its

¹ Confidential version provided under separate cover consistent with 25-22.004, F.A.C.

principal business address is:

Peninsula Pipeline Company, Inc.
208 Wildlight Ave.
Yulee, FL 32097

2. The name and mailing address of the persons authorized to receive notices are:

Beth Keating, Esq.
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 601
Tallahassee, FL 32301
(850) 521-1706

Matt Everngam
Director – Regulatory Affairs
208 Wildlight Ave,
Yulee, FL 32097
MEverngam@chpk.com

3. Peninsula, a wholly owned subsidiary of Chesapeake Utilities Corporation ("CUC"), is a Delaware corporation authorized to transact business in the State of Florida. Peninsula is engaged in the business of building pipeline laterals from interstate transmission pipelines for customers. Peninsula provides firm transportation service only and does not engage in the sale of natural gas. Consistent with Section 368.105(6), Florida Statutes, the Company constructs such pipeline lateral facilities and related facilities required for interconnection with a customer only if the potential customer agrees to fully compensate the Company for reasonable costs incurred. Likewise, consistent with the referenced provision, the Company provides transmission access, subject to available capacity, on a basis that is not unreasonably preferential, prejudicial, or unduly discriminatory.²
4. The Company is unaware of any material facts in dispute at this time, but the proceeding may involve disputed issues of material fact. The Company's request set forth herein does not involve reversal or modification of a Commission decision or

² By the same token, Section 368.105(6), Florida Statutes, recognizes that a natural gas transmission company is not required to provide transmission access to a person at rates that are not just and reasonable.

proposed agency action. This is a Petition representing an initial request to the Commission, which is the affected agency located at 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399.

I. **BACKGROUND**

5. By Order No. PSC-2007-1012-TRF-GP, issued December 21, 2007, the Commission approved the Company's intrastate pipeline tariff, consistent with the Commission's jurisdiction under Chapter 368, Florida Statutes. Therein, the Commission also determined that the tariff was consistent with the Commission's prior Declaratory Statement, which provided additional parameters for Peninsula's operations in the State.³
6. Pursuant to the Company's tariff on file with the Commission, as well as Order No. PSC-2007-1012-TRF-GP, the Company is allowed to undertake certain projects without express Commission approval. For instance, the Company is not required to seek prior approval if the customer is not currently receiving natural gas service from another entity, such as a local distribution company ("LDC"), and the customer's facilities are located at a distance greater than one mile from the existing gas facilities of an investor-owned gas utility, a municipal gas utility, or a gas district. The Company also need not seek regulatory approval if it is engaged to serve an LDC that is not an affiliate of the Company.⁴ Consistent with Section 368.105(3), Florida Statutes, for contracts such as these, the Company is only required to file affidavits

³ Order No. PSC-2006-0023-DS-GP, issued January 9, 2006, in Docket No. 050584-GP, in Re: Petition for declaratory statement by Peninsula Pipeline Company, Inc. concerning recognition as a natural gas transmission company under Section 368.101, et seq.

⁴ Peninsula Pipeline Company, Inc., Intrastate Pipeline Tariff, Original Vol. 1, Sheet No. 11, Section 3

from both the Company and the customer affirming that:

- a. Neither the natural gas transmission company nor the customer had an unfair advantage during the negotiations;
- b. The rates are substantially the same as rates between the natural gas transmission company and two or more of those customers under the same or similar conditions of service; or
- c. Competition does or did exist either with another natural gas transmission company, another supplier of natural gas, or with a supplier of an alternative form of energy. Section 368.105(3), Florida Statutes (emphasis added).

7. The Company is, however, required to seek Commission approval of projects in the following categories:

- a. Interconnection to an LDC in order to serve a customer downstream;
- b. Interconnection with an LDC to provide service to another LDC;
- c. Construction of facilities to serve a current LDC customer or one that is within 1 mile of the existing facilities of an investor-owned or municipal gas utility, or a gas district; and
- d. Other projects that are not otherwise specifically identified in the tariff as not requiring prior Commission approval.⁵

8. FPUC is a subsidiary of Chesapeake Utilities Corporation (“CUC”), a Delaware corporation authorized to conduct business in Florida. Thus, both Peninsula and FPUC

⁵ Peninsula Pipeline Company, Inc., Intrastate Pipeline Tariff, Original Vol. I, Sheet No. 12, Section 4.

are owned and/or controlled by CUC. Pursuant to the provisions of Chapter 366, Florida Statutes, FPUC is subject to economic regulation by the Commission. FPUC's principal offices are located at 208 Wildlight Ave, Yulee, FL 32097. Because both FPUC and Peninsula are corporate subsidiaries of CUC, the Company is required to seek Commission approval prior to entering into a contract to construct facilities and provide transportation service to FPUC, consistent with Sheet 12, Section 4(d).

9. As noted above, the approved tariff, consistent with Order No. PSC-2006-0023-DS-GP, provides that the Company must seek approval for agreements unless an individual agreement fits the criteria set forth in the Company's tariff for an agreement that does not require prior Commission approval.⁶ The underlying, approved FTSA and the proposed Amendment No. 1 with FPUC addressed herein would not meet any of the enumerated criterions; thus, Peninsula respectfully seeks Commission approval in this instance.

II. ST. CLOUD NORTH AND SOUTH EXPANSION

10. In Commission Order PSC-2022-0351-PAA-GU, the Commission approved the FTSA between Peninsula and FPUC for the construction of the St. Cloud Expansion in Osceola County. The proposed Amendment No. 1 to the FTSA reflects the construction of additional facilities necessary for FPUC to expand its service to expected new growth in the St. Cloud area. With regard to review of the amendment under the standard set forth in Section 368.105, Florida Statutes, the Company submits that the amendment withstands review under the seminal case for review of affiliate transactions, because the rates charged under the amendment to the agreement are not "inherently unfair" or in excess of the going

⁶ Moreover, since the tariff expressly provides that the Company need not seek approval if it enters into an agreement with a non-affiliated LDC, the Company believes that it must therefore seek Commission approval when the converse situation arises.

market rates.⁷

ST. CLOUD NEW PROJECT EXTENSIONS

11. Peninsula's St. Cloud North and South project extensions will be constructed in two separate extensions ("North" and "South"), which in total will result in approximately 15 miles of new, 6-inch coated steel pipeline running from the existing Peninsula system near St. Cloud. The project's locations are shown on the Project Map attached hereto as Attachment B.
12. The South Expansion is broken into two parts. Part one of the South Expansion will begin with a new interconnect with Florida Gas Transmission ("FGT") near Hickory Tree Road. This interconnect is needed to support both the North and South phases of the total expansion when full buildout is complete, because the interconnect will supply an additional source of interstate gas to serve the projects as additional demand will be coming to the area. From the new interconnect, Peninsula will build a line southward and interconnect with the St. Cloud project built in the existing agreement along Hickory Tree Road. Part two of the South Expansion will interconnect at a separate location on the original St. Cloud project located near the intersection of Canoe Creek and Nolte Road. From this interconnect, Peninsula will proceed to build the pipeline south following the ROW on Canoe Creek Road and will terminate near Sullivan Drive in the area of a planned new development, Green Island Ranch. This development will consist of approximately 14,000 new homes. The pipeline will also be used to serve anticipated new commercial and industrial customers, as well as those already located along the pipeline route.

⁷ See GTE Florida Incorporated v. Deason, 642 So. 2d 545 (Fla. 1994)(determining that the appropriate review of an affiliate transaction considers "... whether the transactions exceed the going market rate or are otherwise inherently unfair.")

13. The North expansion will also interconnect with the new FGT tap built in the South portion of the project. From the FGT tap, Peninsula will build the pipeline northward along Hickory Tree and Narcoossee Road, and will terminate where another new development, the Center Lake Ranch development, is expected to be built near Narcoossee Road. The Center Lake Ranch development will consist of approximately 3,900 new homes.
14. Amendment No. 1 contains the option for a second phase of construction that can be built off the extensions of the initial project phase. FPUC anticipates additional growth coming to the area of St. Cloud that will likely require additional pipeline capacity and support. The proposed optional phase will ensure that FPUC is able to request, in a timely manner, that Peninsula build the necessary pipeline facilities in the event expected new growth does in fact come to St. Cloud. The rates represented in phase two of the amendment are based upon best current estimates to build a project should the additional growth come but contemplate that such rates would only be applicable within the defined time frame. If the request to build the additional facilities does materialize, the parties would have to negotiate new rates and file for approval of a new amendment. The new rates would go into effect once the phase is in-service.

III. TRANSPORTATION SERVICE AGREEMENT

15. The proposed Amendment No. 1 to the FTSA for which Peninsula seeks Commission approval originated from FPUC's request for Peninsula to complete the work described above. The proposed projects will allow FPUC to serve growth in and around St. Cloud in Osceola County. As such, the Petitioners assert that the proposed Agreements are in the public interest.

16. Peninsula notes that the rates currently reflected in the Amendment No. 1 are based upon current cost projections and available information. Both parties to the Agreement (“Parties”) recognize, however, that additional regulatory and other external approvals must be obtained prior to actual construction, which have the potential to delay the engineering and construction of the project, as well as ordering of materials for construction. Given the current fluctuations in the market, a delay in the project timeline could impact project costs including, but not limited to, interest rates, as well as construction inputs such as labor and materials. Peninsula will use best practices to minimize these impacts on the contract. Nonetheless, given the variables involved, both Parties acknowledge that, in the event circumstances arise that make the project uneconomical for Peninsula, the Parties will endeavor to negotiate a revised rate that is mutually acceptable and reasonable. In that event, the Parties also acknowledge that such revised rate would require Commission approval as another amendment to the Agreement.

17. The rates in the Amendment No. 1 meet the requirements of Section 368.105(3), Florida Statutes, and the amendment itself is consistent with Order Nos. PSC-2006-0023-DS-GP and PSC-2007-1012-TRF-GP and with Peninsula's tariff on file with the Commission. Moreover, the rates set forth therein are consistent with a "market rate" in that they are within the range of the rates set forth in similar agreements between Peninsula and other customers, including the agreement between FPUC and Peninsula for a project in Nassau County, approved by the Commission by Order No. 2019-0356-PAA-GU, issued August 23, 2019, in Docket No. 20190128-GU. Likewise, the rates are not otherwise "inherently unfair," as proscribed by the Court in the GTE Florida v. Deason decision.⁸ As such, the Company asks that the Amendment

⁸ *Supra*, footnote 7.

No. 1 be approved.

WHEREFORE, Peninsula respectfully requests that the Commission approve the Amendment No. 1 to the FTSA between Peninsula Pipeline Company, Inc., and Florida Public Utilities Company, as attached hereto as Attachment A (redacted).

RESPECTFULLY SUBMITTED this 29th day of February 2023.



Beth Keating, Esq.
Gunster, Yoakley & Stewart, P.A.
215 S. Monroe St., Suite 601
Tallahassee, FL 32301
(850) 521-1706

*Attorneys for Peninsula Pipeline
Company, Inc.*

CERTIFICATE OF SERVICE

I HEREBY ATTEST that a true and correct copy of the foregoing Petition has been served upon the following by Electronic Mail (redacted only) this 29th day of February 2024:

Walter Trierweiler, Public Counsel
Office of Public Counsel
c/o the Florida Legislature
111 West Madison Street, Rm 812
Tallahassee, FL 32399-1400
trierweiler.walt@leg.state.fl.us

Keith Hetrick, General Counsel
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399
khetrick@psc.state.fl.us

By: _____



Beth Keating, Esq.
Gunster, Yoakley & Stewart, P.A.
215 S. Monroe St., Suite 601
Tallahassee, FL 32301
(850) 521-1706

Attorneys for Peninsula Pipeline Company, Inc.

ATTACHMENT A

Transportation Service Agreement Amendment – St.
Cloud

**FIRST AMENDMENT TO
FIRM TRANSPORTATION SERVICE AGREEMENT**

This First Amendment to Firm Transportation Service Agreement (“Amendment No. 1”) is made and entered into this 26 day of February, 2024, by and between Florida Public Utilities Company, a corporation of the state of Florida (herein called (“Shipper”) and Peninsula Pipeline Company, Inc., a corporation of the State of Delaware (herein called “Company” and jointly with Shipper called “Parties”) to amend certain provisions of the Firm Transportation Service Agreement dated June 20, 2022 between Company and Shipper.

WITNESSETH

WHEREAS, Company and Shipper are parties to that certain Firm Transportation Service Agreement entered into on June 20, 2022, and approved by the Florida Public Service Commission (“FPSC”) in Docket No. 20220123-GU (the “Agreement”), pursuant to which Company provides Shipper with firm transportation in Osceola County, Florida; and

WHEREAS, the Parties desire to amend the Agreement to extend the term of the Agreement, to add Monthly Reservation Charges for three (3) new Points of Delivery, to be constructed by Company (“Project”) in two separate phases. As specified in the Exhibit B, Segment I (a) of the Project will enable natural gas service to two (2) additional points of delivery and Segment I (b) will consist of an additional steel pipeline extension .

NOW THEREFORE, in consideration of the premises and of the mutual covenants and agreements herein contained, the sufficiency of which is hereby acknowledged, Company and Shipper do covenant and agree as follows:

1. Capitalized terms not otherwise defined herein shall have the meanings given to such terms in the Agreement.

2. Article I of the Agreement is hereby amended to by adding new definitions as follows:

“Phase Notification” means the notification from the Shipper to begin construction of additional routes; and

“Segment In-Service Date” means the date that Company has commenced commercial operations of the specified Segment of the Project, that construction has been completed on the specified Segment and that the Segment has been inspected and tested as required by applicable law.

Notice of Segment In Service Date - Company will use Commercially Reasonable Efforts to notify Shipper in writing in advance of the date on which each segment is expected to be in service. Company shall confirm the actual Segment In-Service Date to

Shipper in writing no later than five (5) days after such date.

3. Article III Section 3.1 of the Agreement is hereby amended by replacing it with the following:

The Monthly Reservation Charge for Firm Transportation Service provided under this Agreement shall be as set forth in Exhibit B of this Agreement and shall be charged to the Shipper beginning on the Segment In-Service Date and shall thereafter be assessed in accordance with the terms and conditions set forth herein.

4. Article IV of the Agreement is further amended by adding Section 4.5. in its entirety and replacing it with the following:

Shipper has twelve (12) months from the final Segment In-Service Date of Phase I to notify the Company to begin construction of any of the Phase II additional Points of Delivery or Delivery Points as described in Exhibit B at the rates and terms set forth herein. If the Shipper notifies the Company after twelve (12) months, the Company may request the opportunity to negotiate a modification of the rates or terms of this Agreement to be effective for the remainder of the Current Term, and the parties shall negotiate such modification in good faith. Any such new rate will be implemented pending regulatory approval, and Exhibit A or B updated accordingly, on the In-Service Date of the additional Points of Delivery or Delivery Points. Notwithstanding the above, and regardless of whether notification occurs within twelve (12) months, if there is a material impact on project costs including but not limited to interest rates, materials, ROW, or labor after the notification and before the commencement of permitting, such as a material change in the construction fee or the cost of steel, the Company may also request the opportunity to negotiate a modification of the rates or terms of this Agreement to be effective for the remainder of the Current Term, and the parties shall negotiate such modification in good faith. The Parties hereto acknowledge that any amendments to this Agreement shall be filed with the Florida Public Service Commission for approval.

5. By this Amendment No. 1, Exhibit B is added to the Agreement.

6. The Parties agree to execute and file with the Commission a petition for approval of this Amendment No. 1 within thirty (30) days of execution by both Parties.

7. Except as modified by this Amendment No. 1, the Agreement shall remain unchanged and shall remain in full force and effect, including original Exhibit A.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers or representatives.

COMPANY
Peninsula Pipeline Company, Inc.

SHIPPER
Florida Public Utilities Company

By: William Hancock

By: Jeffrey Sylvester

William Hancock

Jeffrey S. Sylvester

Title: Assistant Vice President

Title: President and Chief Operating Officer

Date: 02/27/2024

Date: 02/27/2024

EXHIBIT B TO
AMENDMENT No. 1 TO FIRM TRANSPORTATION SERVICE AGREEMENT
BETWEEN
PENINSULA PIPELINE COMPANY, INC.
AND
FLORIDA PUBLIC UTILITIES COMPANY
DATED
February 26, 2024

Phase I Construction

Description of Transporter Delivery Point(s)

1. Segment I (a) A new Florida Gas Transmission gate at or near Hickory Tree Road and Jan Land Boulevard [REDACTED]

2. Interconnect with the existing PPC pipeline at or near Canoe Creek Road and Nolte Road

Description of Point(s) of Delivery

Phase I Pipeline Segments Monthly Reservation Charges:

1. Segment I (b) - At or near South Narcoosee Road and Ralph Miller Road [REDACTED]
2. Segment I (c) - At or near Canoe Creek Road and Sullivan Drive [REDACTED]

Phase I Total Monthly Reservation Charge: [REDACTED]

Phase II Construction

Description of Transporter Delivery Point(s)

Segment II (a) A new interconnect with Florida Gas Transmission and existing PPC pipeline at or near TBD [REDACTED]

Phase II Description of Point(s) of Delivery

Segment II (b) A three mile extension At or near TBD [REDACTED]

Phase II Total Monthly Reservation Charge [REDACTED]

Phase I and Phase II Total Monthly Reservation Charge [REDACTED]

Total MDTQ (Dekatherms): [REDACTED] Dt/Day

MHTP: [REDACTED]

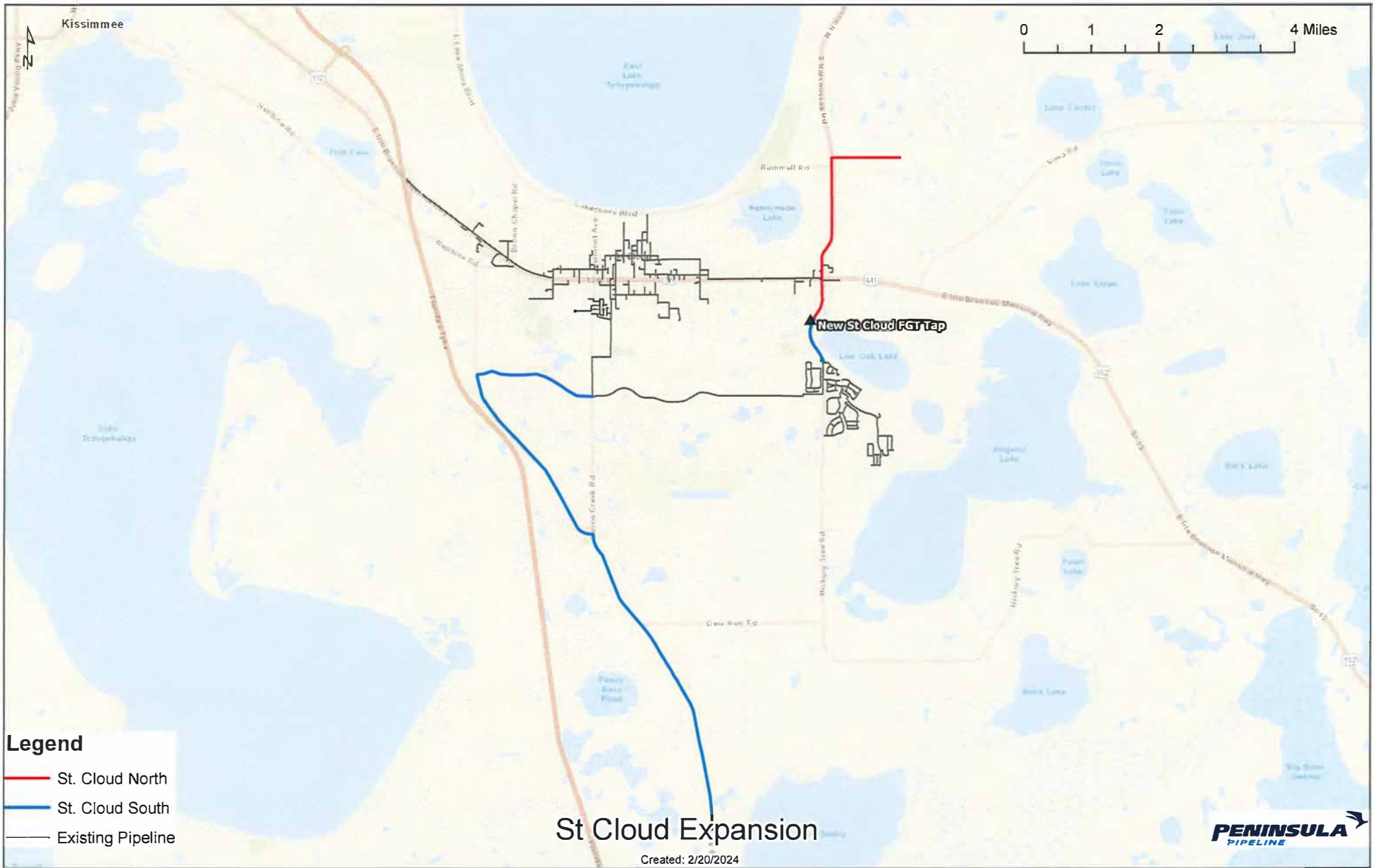
This charge is subject to adjustment pursuant to the terms of this Agreement and is additive to the Initial Monthly Reservation Charge¹

Unauthorized Use Rate (In addition to Monthly Reservation Charge): [REDACTED] Each Day
Unauthorized Use

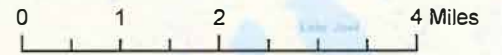
¹ The Parties to this Agreement acknowledge and recognize that the facilities to be installed represent an extension of existing facilities currently used by the Company to provide service to Shipper in Osceola County. The pricing hereunder does not otherwise duplicate charges for service from the existing interconnection "Delivery Point" (renamed "Point of Delivery" herein) with the existing Twin Lakes/St. Cloud Pipeline located at the intersection of Hickory Tree Road and Nolte Road owned and operated by Peninsula Pipeline Company, Inc. approved as part of the original Agreement in Docket No. 20220123-GU.

ATTACHMENT B

Project Map



Kissimmee



New St. Cloud FERTap

St. Cloud Expansion

Created: 2/20/2024

