

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: October 11, 2007

TO: Office of Commission Clerk (Cole)

FROM: Division of Economic Regulation (Draper, Kummer)
Office of the General Counsel (Fleming)

RE: Docket No. 070570-GP – Petition for approval of natural gas transmission pipeline tariff by Peninsula Pipeline Company, Inc.

AGENDA: 10/23/07 – Regular Agenda – Tariff Filing – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: 10/27/07 (60-Day Suspension Date)

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\ECR\WP\070570.RCM.DOC

Case Background

On August 27, 2007, Peninsula Pipeline Company, Inc., (Peninsula), a subsidiary of Chesapeake Utilities Corporation, filed a petition for approval of an intrastate gas pipeline tariff. By Order PSC-06-0023-DS-GP,¹ the Commission found that Peninsula, as a corporation with a separate legal identity from its parent corporation, qualified as a natural gas transmission company as defined in Section 368.103(4), Florida Statutes (F. S.). The order further states that Peninsula will operate as an intrastate pipeline and would be subject to Commission jurisdiction under Chapter 368, F. S. Under Section 368.05(2), F. S., the Commission has the authority to “perform any and all acts necessary or appropriate to the exercise of the authority granted under

¹ See Order No. PSC-06-0023-DS-GP, issued on 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, F.S., et seq.

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the provisions of this law.” Peninsula has requested approval of an initial tariff for intrastate pipeline operations which sets forth the terms and conditions under which it will offer service.

The Commission has jurisdiction over this subject matter pursuant to Section 386, Florida Statutes.

Discussion of Issues

Issue 1: Should the Commission suspend the proposed tariff for further review?

Recommendation: Yes. (Draper)

Staff Analysis: There is only one earlier instance of Commission approval of an intrastate pipeline,² and today there are no intrastate pipelines operating in the State. Staff, therefore, requires additional time to ensure that the tariff is reasonable and in compliance with all applicable rules and statutes. The sixty day clock for approval or suspension expires October 27, 2007. Staff engaged in preliminary discussions with the company when the tariff was initially filed but believes that more investigation is necessary, since this is a new type of utility, before bringing a final recommendation addressing the tariff filing to the Commission.

Pursuant to Section 366.06(3), Florida Statutes, the Commission may withhold consent to the operation of all or any portion of a new rate schedule, delivering to the utility making the request a reason or written statement of good cause for doing so within 60 days. Staff recommends that the tariff be suspended to allow staff sufficient time to review the petition in order to present the Commission an informed recommendation on the tariff proposal. Staff believes that this reason is good cause consistent with the requirements of Section 366.06(3), Florida Statutes.

Issue 2: Should this docket be closed?

Recommendation: No. The docket should remain open pending the Commission's decision on the proposed tariff. (Fleming)

Staff Analysis: The docket should remain open pending the Commission's decision on the proposed tariff.

² See Order No. PSC-97-0609-FOF-GP, issued on May 28, 1997, in Docket No. 970361-GP, in Re: Five Flags Pipeline Company – Petition for approval of existing firm and interruptible system transportation rates.