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February 24, 2020

E-PORTAL FILING

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

Re: Docket No. 20200046-GU - Petition to revise tariffs for Florida Public Utilities Company, Florida Public Utilities Company - Indiantown Division, Florida Public Utilities Company - Fort Meade, Florida Division of Chesapeake Utilities Corporation, and Peninsula Pipeline Company to update the description of gas quality, character of service, and pressure.

Dear Mr. Teitzman:

Attached for filing in the referenced docket, please find the responses of the above-noted companies to Commission Staff's First Data Requests in the referenced docket.

Thank you for your assistance with this filing. As always, please don't hesitate to let me know if you have any questions or concerns.

Kind regards,



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Enclosure

Cc:/(Office of Public Counsel – Christensen)

Re: Docket No. 20200046-GU - Petition to revise tariffs for Florida Public Utilities Company, Florida Public Utilities Company - Indiantown Division, Florida Public Utilities Company - Fort Meade, Florida Division of Chesapeake Utilities Corporation, and Peninsula Pipeline Company to update the description of gas quality, character of service, and pressure.

1. Does the proposed Quality of Gas table have any impact on the receipt of any current or future renewable natural gas?

Company's Response:

It could, potentially. The tariff changes proposed, however, extend beyond the potential receipt of Renewable Natural Gas ("RNG"). The proposed Quality of Gas tables establish a gas quality standard for the Florida entities of Chesapeake Utilities Corporation ("CUC") gas systems that not only allows for additional supply sources beyond their existing pipeline gas supply, but also protects the integrity of the Company's system and its customers while doing so. Currently, the Company's system does not have established gas quality standards of its own; rather we have accepted the upstream pipeline's gas quality standard. By implementing its own standard, the Company can diversify its sources of gas supply and establish a gas quality standard for deliveries from both the existing pipeline systems, as well as any potential future pipeline supply interconnections, including local sources of supply such as RNG, CNG and LNG supplies. This will result in more diversified supply options and increased access to gas supply while maintaining gas at a pipeline quality level as determined by nationally recognized measurement criteria.

2. Please list all potential sources of natural gas entering the system that are not coming from an interconnected pipeline.

Company's Response:

The Company's potential natural gas supply sources could include, but not limited to

- a) natural gas from CNG,
- b) direct pipeline interconnection with landfills,
- c) waste water treatment facilities, agricultural operations and LNG supplies.

All potential sources would be required to meet the same pipeline quality level as determined by nationally-recognized measurement criteria.

3. Please explain why these revisions are now being requested and if there have been any occurrences that highlighted the need for these revisions.

Company's Response:

As a result of ongoing interest by project developers and customers, the Company has been researching the potential to develop additional supply sources that address both customer interest and the Company's desire to be as environmentally-minded in the sourcing of gas supply as possible. While the Company continues to evaluate potential new opportunities to diversify its supply, there have been no specific occurrences that have forced us to request these revisions.

4. For the following questions, please also refer to the proposed revisions to the Character of Service section of all rate schedules for FPUC and FPUC- Fort Meade.
 - a. Present tariffs require a nominal heat content of 1,000 Btu per cubic foot, but the proposed revision provides a range of 967-1,100 Btu per cubic foot. Please explain why the Companies believe this new range is necessary.

Company's Response:

The Character of Service revisions allow for the acceptance of natural gas equivalents, such as RNG, LNG and CNG as long as the Quality of Gas specifications are satisfied. The Company reached this conclusion based upon its own significant research, as well as the advice of outside consultants, the National Gas Council interim guidelines, and the practices of other similarly-situated utilities which indicate that a range of 967-1,100 Btu per cubic foot as a heat content is consistent with industry practice while adhering to the pipeline quality requirements.

- b. FGT's tariffs require a Btu content of no less than 1,000 Btu per cubic foot (FGT Tariff Fifth Rev. Volume No.1, Part IV, effective Feb 1, 2016), please explain why the Companies propose accepting a Btu content lower than what FGT requires.

Company's Response:

Because the Company has not had its own gas quality standard, it has used that of its original upstream pipeline supply. This upstream supply has historically been FGT. However, as the system and delivery of gas into Florida has evolved, the Company began accepting supply from other upstream pipelines (such as Gulf Stream Natural Gas Company and SONAT). Each pipeline company may have a slightly different Btu

heat content, but that does not affect its ability to still maintain pipeline quality natural gas. As the natural gas industry has evolved it has become more critical than ever to make available sources of natural gas that are derived from diverse sources be available to the Company as long as they are delivered at the same pipeline quality as required by our customers.