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GENERAL COUNSEL
MICHAEL G. COOKE
(850) 413-6248

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Public Service Commission

February 15, 2007

Beth Keating, Esquire
Akerman Senterfitt, Attorneys at Law
106 East College Avenue, Suite 1200
Tallahassee, FL 32302-1877

Re: Docket Number 060675-GU - Petition for authority to implement phase two of experimental transitional transportation service pilot program and for approval of new tariff to reflect transportation service environment, by Florida Division of Chesapeake Utilities Corporation.

Dear Mrs. Keating:

After review of the Florida Division of Chesapeake Utilities Corporation's (Chesapeake) petition in the above-captioned matter, a need for additional information vital to proceeding with this matter was apparent. By this letter, Commission staff requests that Chesapeake provide responses to the following data requests:

1. Please explain and provide detail of the Competitive Rate Adjustment.
2. Please explain in detail what other future cost recovery surcharges the company plans on seeking.
3. Please explain in detail how Chesapeake plans to administer and operate a fixed Energy Conservation Cost Recovery (ECCR) charge.
4. Please explain in detail how Chesapeake plans to administer and operate a fixed Competitive Rate Adjustment Charge.
5. Please explain in detail how a fixed charge would effect recovery in Chesapeake's ECCR.
6. Please identify and explain in detail under what scenario(s) the proposed fixed ECCR charge would change.
7. Please explain in detail how changing the ECCR charge to a dollar per customer charge would affect how recovery is calculated.

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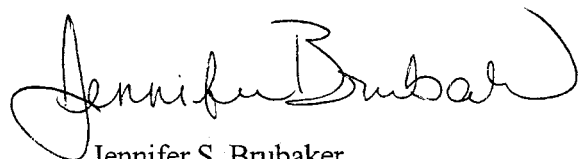
8. Please explain in detail how the ECCR true-up would be calculated under the pilot fixed program.
9. Please explain in detail how the proposed pilot program would affect how conservation is currently calculated.
10. Please explain in detail how participating in the fixed charge pilot program would benefit customers in the FTS-A, FTS-B, FTS-1, FTS-2 and FTS-3 rate classes.
11. Please explain in detail what, if any, penalties would be associated to a customer participating in the proposed fixed charge pilot programs.
12. Please explain in detail what effect the proposed fixed charge pilot program would have on goals, audits, or cost-effectiveness tests.
13. Please explain in detail whether you are aware of any other utilities who offer a similar fixed charge program through ECCR, including the identity of any such utilities and what results have they experienced.
14. Please explain in detail whether Chesapeake has considered other alternatives besides the ECCR in changing billing factors to a fixed charge. Has Chesapeake considered utilizing the Fuel Clause? If so, please describe what the procedure would be in doing so.
15. On page 14 of its petition, Chesapeake refers to an initial index price mark-up that does not exceed the current mark-up. Please explain what the "index price mark-up" is and how it is calculated.
16. On page 25, section 55, of its petition, Chesapeake states that the Commission has approved rates for the current off-system delivery point operator (DPO) customers in special contracts. Please explain whether the rates for off-system DPO service approved by the Commission in the special contracts are the same as in the proposed OS-DPO rate schedule as shown on Tariff Sheet No. 97. If the answer to the above question is no, please provide cost support for the proposed OS-DPO rates as shown on Tariff Sheet No. 97.
17. In Order No PSC-06-0594-PAA-GU, the Commission approved a special contract for the provision of DPO services and associated charges for Minute Maid and Cutrale. If the Commission approves the proposed OS-DPO rate schedule, please explain whether Minute Maid and Cutrale would continue to take service under the terms and conditions of the special contract or under the OS-DPO rate schedule. If Minute Maid and Cutrale are to receive DPO services under the OS-DPO rate schedule, would their DPO charges change from what they are currently paying pursuant to the special contract?
18. In Order No. PSC-06-0143-PAA-GU, the Commission approved a special contract between Chesapeake and Polk Power Partners, that included charges for the provision of DPO services. If the Commission approves the proposed OS-DPO rate schedule, would Polk

- Power continue to take service under the terms and conditions of the special contract or under the OS-DPO rate schedule? If Polk Power is to receive DPO services under the OS-DPO rate schedule, would their DPO charges change from what they are currently paying pursuant to the special contract?
19. Please refer to paragraph 81 of the petition, concerning capacity release. The petition refers to the capacity release methodology approved in Order No. PSC-02-1646-TRF-GU. Please identify specifically which page(s) of the order the methodology was approved, and explain the methodology.
 20. Please refer to tariff sheet no. 55, Section III E 3 (a) and (b). Please explain why the DCQ is based on gas usage for the year 2001 (as opposed to more current usage, e.g., year 2006).
 21. Please explain in detail the difference between the calculation of the FGT cash-out price (currently used to resolve imbalances) and the proposed Unit Price (as shown on tariff sheet nos. 62 and 63). Please explain how the monthly average of gas prices (used under FGT cash-out methodology) is different from what is published in the *Platts Gas Daily*.
 22. During the meeting in this docket with the shippers on January 19, 2007, People's Gas expressed a concern regarding the disposition of OBA balance. Please restate the concern, and explain whether and how Chesapeake will address the concern.
 23. Please explain why Chesapeake proposed \$100,000 (as opposed to a different dollar amount) before disposing of the balance, and whether the current tariff includes a minimum balance.
 24. Please explain how changing from use of the maximum allowable construction cost (MACC) to a discounted cash flow model (DCF) is more favorable to consumers. Please explain whether linking the hurdle rate used by the DCF model to the midpoint of Chesapeake's allowable return on equity (ROE) range exposes consumers to more uncertainties of the market than the MACC model (which is based on the estimated annual transportation revenue from the customers served by an extension multiplied by 6). Please explain the rationale for linking the hurdle rate to ROE.
 25. Please explain why some of the factors being input into the DCF model (Chesapeake's depreciation, tax, cost of debt and equity, etc.) should not be recovered entirely through base rates, instead of contributions through aid of construction charges (CIAC).
 26. Please provide sample calculations for a hypothetical industrial site and a multi-use development that would require a CIAC contribution, and show how the amount of CIAC required would be calculated under the present MACC model and proposed DCF model.
 27. Please provide a sample calculation of the amounts collected under the current and proposed Area Expansion Program (AEP) Rider of a hypothetical 150 unit subdivision, with 10 homeowners moving in per year for the first 10 years.

28. Please identify the average term use, broken out by class, for the FTS-A, FTS-B, FTS-1, FTS-2, and FTS-3 rate classes.
29. Please identify or explain what information the company intends to provide to consumers during the open enrollment periods. Please explain whether cost comparisons/differentials between the fixed charge and traditional fixed plus variable rate schedule be displayed in the information. If not, please explain whether the information will be available in some form to the consumer.
30. Please provide forecasts (if available) of the dollar amounts to be collected if the proposed fixed ECCR and CRA surcharges are applied, breaking the forecasts out by customer class. Please explain how Chesapeake will handle overcollections and undercollections of the ECCR and CRA surcharges.

As time is of the essence in order to allow sufficient time for staff to analyze the data requested, we are requesting that responses to the above questions be provided by March 6, 2007. If you have any questions, please do not hesitate to contact me at (850) 413-6228 or Ms. Connie Kummer at (850) 413-6701.

Sincerely,



Jennifer S. Brubaker
Senior Attorney

JSB/pe

cc: Division of Commission Clerk & Administrative Services
Division of Economic Regulation (Kummer, Draper, Baxter, S. Brown)