110133-GU

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DIRECT TESTIMONY

OF THOMAS A. GEOFFROY

Q. PLEASE STATE YOUR NAME, OCCUPATION AND BUSINESS ADDRESS.

A. My name is Thomas A. Geoffroy. I am the Vice President of Chesapeake Utilities Corporation ("Chesapeake") and the Vice President - Regulatory Affairs & Business Planning of Florida Public Utilities Company ("FPUC"). My business address is 1015 6th Street N.W., Winter Haven, Florida 33882.

Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND RELEVANT PROFESSIONAL EXPERIENCE.

A. I attended the University of Florida and graduated in 1982 with a Bachelor of Science degree in Accounting. From 1983 through 1996, I was employed by Gainesville Gas Company and, subsequent to its acquisition in 1990, by the City of Gainesville. During my tenure there, I worked in various capacities, including Special Services Manager, in charge of customer service, accounting and information services. Next, I held the position of Controller and then Gas System Operations Director. I have been employed by Chesapeake since 1996, first as the Florida Regional Manager, next as Assistant Vice President and then as Vice President, responsible for all operations in the State of Florida. My current role with the Company is Vice President – Regulatory Affairs & Business Planning for Chesapeake and Florida Public Utilities (together, the "Company") operations in Florida.

Q. PLEASE DESCRIBE YOUR CURRENT RESPONSIBILITIES.

A. In my current position, I am responsible for regulatory and business planning functions for the Company's natural gas, electric and unregulated operating units. My specific duties include setting goals and objectives for my area of responsibility, all regulatory filings and activities, strategic planning, preparation of capital, revenue and operations and maintenance budgets, and analysis of all financial activities in Florida.

Q. WHAT IS THE PURPOSE OF THE COMPANY'S FILING?

A. The Company's Petition has two principal purposes. First, the Company's filing is responsive to the data submittal requirements included in Commission Order No. PSC-10-0029-PAA-GU, issued on January 14, 2010, which seeks certain information related to the October 28, 2009 merger of Chesapeake and Florida Public Utilities Company (FPUC). The Order provides that Chesapeake and FPUC submit by April 29, 2011, "...post merger data that details all known benefits, synergies, and cost savings that have resulted from the merger, and if costs have risen from the merger, those increases shall also be identified." The requirement to file this data is commonly referred to as the "Come Back" filing. Second, as a result of its merger transaction, the Company is seeking Commission approval for recovery of a positive acquisition adjustment and recovery of certain Regulatory Assets. In the above referenced Order, the

Commission authorized Chesapeake to defer amortization of the positive acquisition adjustment, and emphasized that the Company was not allowed to begin amortizing the acquisition adjustment without prior Commission approval. Likewise, the Commission allowed the Company to record its merger related transaction and transition costs as Regulatory Assets and defer amortization of these costs, but directed the Company not to begin amortizing those Regulatory Assets without first obtaining Commission approval. The Company is seeking approval of a positive acquisition adjustment and associated Regulatory Assets on the books of FPUC Consolidated Natural Gas and authority to amortize the requested amounts in accordance with the modified straight line amortization schedule described in the testimony of Mr. Matthew Kim.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. My testimony provides an overview of the information that the Company is submitting to fulfill the "Come Back" requirements of Commission Order No. PSC-10-0029-PAA-GU. My testimony also explains and supports the Company's request for recovery of a positive acquisition adjustment and the transaction/transition costs ("Regulatory Assets") related to the Chesapeake and FPUC merger. I will also describe, in conjunction with Mr. Jeffrey S. Sylvester, Vice President – Customer Care and Mr. Matthew Kim – Assistant Vice President and Corporate Controller, the qualitative and quantitative benefits to our customers that are a direct result of Chesapeake's acquisition of FPUC. I will outline how, as a result of these benefits, the Company has met the five-factor test traditionally applied by the Commission for determining whether a Company should be allowed to recover a position acquisition adjustment. Finally, my testimony addresses requested changes in certain regulatory reporting and accounting records practices that arise as a result of the merger.

Q. ARE YOU SPONSORING ANY EXHIBITS TO YOUR TESTIMONY?

A. Yes. I am sponsoring the following Exhibits to my testimony:

- Exhibit___(TAG-1) – FGT Capacity Savings Calculation
- Exhibit___(TAG-2) – Cost of Capital Savings Calculation
- Exhibit___(TAG-3) – Operating Cost Savings – Employee Related
- Exhibit___(TAG-4) – Operating Cost Savings - Corporate
- Exhibit___(TAG-5) – Operating Cost Increases – Employee Related
- Exhibit___(TAG-6) – Operating Cost Increases - Corporate
- Exhibit___(TAG-7) – Total Net Operating Cost Savings
- Exhibit___(TAG-8) – Organizational Charts and Roadmap
- Exhibit___(TAG-9) – Calculation of Revenue Requirements on Acquisition Premium and Total
- Exhibit___(TAG-10) – Calculation of Revenue Requirements - Regulatory Assets
- Exhibit___(TAG-11) – FPUC December 31, 2010 ESR
- Exhibit___(TAG-12) – Chesapeake December 31, 2010 ESR

Q. PLEASE SUMMARIZE THE COMPANY'S SPECIFIC REQUESTS FOR COMMISSION ACTION INCLUDED IN ITS PETITION.

A. The Company requests that the Commission take the following actions:

1. Find that the Company has met the requirements of the Commission, as stated in Order No. PSC-10-0029-PAA-GU for the filing of data in this "Come Back" filing;
2. Grant the Company authority to record the $34,192,493 purchase price premium as a positive acquisition adjustment in Account 114 – Gas Plant Acquisition Adjustment to be amortized over a 30-year period beginning November 1, 2009;
3. Authorize the Company to use the modified straight line amortization schedule proposed by the Company for the positive acquisition adjustment and that this amortization expense be recorded in Account 406 – Amortization of Gas Plant Acquisition Adjustments;
4. Authorize the Company to record $2,207,158 as Regulatory Assets in Rate Base in Account 182.3 – Other Regulatory Assets to be amortized over a 5-year period beginning November 1, 2009;
5. Authorize the Company to use the modified straight line amortization schedule proposed by the Company for the Regulatory Assets and that this amortization expense be recorded in Account 407.3 – Regulatory Debits;

6. Find that no over-earnings exist as of December 31, 2010 and, therefore, no refund to customers is required;
7. Allow Chesapeake and FPUC (including the Indiantown Division) to consolidate their accounting records as of the date the Order from this proceeding is final;
8. Allow Chesapeake and FPUC (including the Indiantown Division) to file natural gas earnings surveillance reports (ESR filings) on a consolidated basis. Establish, for ESR purposes only, a 10.85% mid-point ROE (plus or minus 100 basis points), as of the date this proceeding is final; and,
9. Establish a benchmark methodology for the Company's combined natural gas operations (excluding the FPUC Indiantown Division), inclusive of the post merger savings detailed in this filing, for use in future Commission proceedings to assess incremental cost increases.

Q. PLEASE DESCRIBE THE TRANSACTION THAT RESULTED IN THE ABOVE-DESCRIBED COMMISSION REQUIREMENTS FOR THIS FILING?

A. On October 28, 2009, Chesapeake and FPUC merged. Under the terms of the transaction, FPUC became a wholly-owned subsidiary of Chesapeake through an exchange of stock, as opposed to a sale of assets. To be clear, although the Commission specifically required that the Companies file "post-merger data," the transaction between Chesapeake and FPUC actually resulted in FPUC being acquired in full by Chesapeake. My testimony will refer to the transaction as an "acquisition" as opposed to a "merger", however, for the purposes of this testimony the terms are used interchangeably.

Q. DOES THIS DISTINCTION HAVE ANY BEARING ON THE "COME BACK" DATA FILING REQUIREMENT?

A. No. I simply point this out to avoid confusion.

Q. ON JULY 31, 2010, FPUC ACQUIRED THE ASSETS OF INDIANTOWN GAS COMPANY. DOES THIS PETITION ALSO SEEK ANY COMMISSION ACTION RELATED TO THE INDIANTOWN GAS COMPANY TRANSACTION?

A. Yes, but only to the extent that the Company is asking to consolidate the accounting records and ESR filings of Chesapeake, FPUC, and the FPUC - Indiantown Division. At this time, the Company is not seeking any Commission action related to the acquisition premium associated with the Indiantown Gas Company transaction.

Q. PLEASE EXPLAIN HOW YOUR TESTIMONY IS STRUCTURED.

A. Certainly. For purposes of context, I begin with a brief explanation of the events that led to the acquisition of FPUC by Chesapeake. I then address the information the Company is submitting in compliance with the "Come Back" filing requirements. My testimony then transitions to support and provide justification for the Company's additional requests regarding an acquisition adjustment and Regulatory Assets. As it so happens, the information required to be submitted to fulfill the "Come Back" filing requirements is also information generally consistent with the test historically applied by the Commission to determine whether or not extraordinary circumstances warrant approval of an acquisition adjustment. Thus, to the extent that there is overlap in these areas, I have endeavored to eliminate redundancy where at all possible and included cross-references to the pertinent "Come Back" data. Closing out my testimony are sections addressing the Company's requests to consolidate ESR filings and accounting records for FPUC, FPUC-Indiantown Division, and Chesapeake, as well as an explanation of the Company's request that the Commission set a benchmark for assessing, in any future proceedings for the Company, incremental cost increases.

I. BACKGROUND

Q. DESCRIBE THE EVENTS LEADING UP TO THE MERGER TRANSACTION THAT PROMPTED THE "COME BACK" FILING REQUIREMENTS.

A. Chesapeake and FPUC interacted frequently following Chesapeake's initial acquisition of utility assets in the state of Florida in 1985. As a result, Chesapeake and FPUC were familiar with the other's respective businesses. FPUC's management team approached Chesapeake in 2007 to discuss a possible combination of the companies. Both Chesapeake and FPUC recognized that a merger of their operating assets in Florida would result both in operating synergies and provide greater opportunities for expansion and growth. The initial merger discussions were discontinued in early 2008 when the parties failed to reach agreement on the terms of the transaction. All of the costs of the unconsummated merger transaction were expensed by both companies in 2008.

Q. WHAT OCCURRED AFTER THE INITIAL MERGER DISCUSSIONS CEASED?

A. Both companies continued to operate their respective businesses as usual. Then, in early 2009, the companies re-engaged in merger-related discussions. On April 20, 2009, a joint press release announcing a potential merger transaction was issued. Both companies filed Form 8-Ks describing the key terms and conditions of the intended transaction.

Q. AT THE TIME OF THE MERGER ANNOUNCEMENT, FPUC HAD A NATURAL GAS RATE INCREASE REQUEST BEFORE THE COMMISSION AND CHESAPEAKE FILED FOR A RATE INCREASE SHORTLY AFTER THE ANNOUNCEMENT. DID EITHER COMPANY'S RATE REQUEST CONTEMPLATE CONSUMMATION OF THE MERGER?

A. No. Several months after the initial merger discussions ceased, on December 17, 2008, FPUC filed a petition for a permanent rate increase for its natural gas business. Chesapeake filed its petition for a permanent rate increase in July 2009, approximately three months following the announcement that the companies agreed to merge. Since the transaction was conditioned upon approval by the shareholders of both companies, as well as a number of approvals or reviews by federal and state regulatory authorities, there was no certainty that the transaction would ultimately be consummated. Each company's rate proceeding was filed to recover the costs associated with its separate operations in place at the time of the respective filings. No attempt was made by either company in its filing to speculatively forecast the impact of a combined operation in Florida. Both Chesapeake's Florida Division and FPUC's rates of return had deteriorated to a point that warranted a rate proceeding. The possibility of a merger was not a factor in the decisions to file.

Q. WHAT WAS THE RESULT OF THE FPUC RATE FILING?

A. The Commission approved a rate increase for FPUC of $8,496,230 in Order No. PSC-09-0375-PAA-GU, issued on May 27, 2009. The FPUC Rate Order included a requirement that, in the event the Chesapeake FPUC merger was completed, FPUC would be required to file within 180 days of the date of the final Order, MFR's and testimony based on a 2011 test year. The Office of Public Counsel protested the Order. On December 28, 2009, the Commission issued Order No. PSC-09-0848-S-GU (Settlement Order) approving a Stipulation and Settlement Agreement between FPUC and OPC. The Settlement Order authorized a reduction of $527,230 to the revenue increase of $8,496,230 approved in the original Order. The final rate increase totaled $7,969,000. The Order also stated that any reporting or filing requirements related to the potential

Chesapeake FPUC merger would be addressed in the, then pending, Chesapeake rate case (Docket No. 090125-GU), assuming the transaction was consummated.

Q. WHAT WAS THE RESULT OF THE CHESAPEAKE FLORIDA DIVISION RATE FILING?

A. On January 14, 2010, the Commission issued Order No. PSC-10-0029-PAA-GU, authorizing a rate increase of $2,536,307 for Chesapeake's Florida Division. The Chesapeake Rate Order also addressed the Commission's interest in reviewing certain information related to the Chesapeake FPUC merger. The Commission, therefore, included a requirement to file benefits, savings and cost data by April 19, 2011, approximately 18 months from the transaction date; the "Come Back" filing previously discussed.

II. "COME BACK" FILING

Q. HAS THE COMPANY PREPARED AND SUBMITTED TO THE COMMISSION THE POST-MERGER INFORMATION REQUIRED BY ORDER NO. PSC-10-0029-PAA-GU?

A. Yes. The Company has compiled information on all known benefits, synergies, and cost savings that have resulted from the merger. The Company has also tracked cost increases attributable to the merger. The above benefit, synergy and cost data has been submitted with the Company's filing.

Q. PLEASE DESCRIBE THE BENEFITS THAT HAVE RESULTED FROM CHESAPEAKE'S ACQUISITION OF FPUC.

A. The most significant quantifiable benefit is the cumulative savings to consumers resulting from the cost savings attributable to the transaction. Over the 30 year amortization life of the Company's proposed acquisition premium, consumers will save over $150 million, as described in greater detail in Matt Kim's testimony. While the consumer cost savings are significant, there are many other benefits to consider. The Commission has historically supported (through approval of acquisition adjustments) the acquisition of weaker or troubled companies by stronger companies. As described in greater detail later in my testimony, the acquisition of FPUC by Chesapeake was such a case.

FPUC customers are already benefitting from increased service quality levels through Chesapeake's investments in improved telephony and Customer Information System technology, the expansion of bill payment options, physical improvements to the FPUC energy delivery systems that have improved service reliability and expanded access to web based information and services, to name but a few of the myriad enhanced services. The Company has initiated a service quality excellence program, seeking to provide positive customer experiences every time a customer comes in contact with our organization. The ability to attract and retain high caliber, experienced employees is a key component of our service excellence objective. Chesapeake's financial strength has enabled FPUC to improve its employee benefit packages. In an era where many utilities are losing many of their most talented and technically proficient employees, Chesapeake's Florida operations have able to attract and hold on to well qualified operations, field service and management employees. At the time of the Chesapeake acquisition, FPUC was a capital constrained company. Its ability to extend gas service to un-served areas was limited, which negatively impacted both potential customers desiring service and existing customers who would reap the benefits that accrue from spreading fixed operating costs over a larger customer base. Natural gas is an attractive fuel choice for consumers. The recent technological ability to access the country's tremendous domestic shale gas reserves have resulted in low, stable commodity pricing which is forecast to continue for years to come. The low greenhouse gas emissions produced by natural gas combustion compared to other fuels also makes gas a highly desired fuel. The combination of Chesapeake's financial, technical and personnel resources with the larger Florida footprint of FPUC are already resulting in service expansion opportunities that would likely have gone unrealized absent the merger. Several substantial main construction projects are budgeted that will introduce natural gas to communities that currently have no access to gas. Chesapeake's announced expansion to serve communities in Nassau County is a good example of such a project. In support of its expansion efforts, Chesapeake has substantially improved and increased the marketing and advertising programs in its Florida operations. As a result, the Company has experienced a three-fold increase in gas appliance installations (measured by the number of energy conservation rebate payments) comparing the first quarter of 2010 with the first quarter of 2011. The Company's expansion activities bring a desired fuel to consumers, but they also support general economic development and, perhaps most importantly in today's economy, create jobs for Floridians. Appliance and equipment dealers, plumbers, heating and air conditioning contractors and numerous other trades are benefiting from the Company's growth efforts.

Under Chesapeake's ownership, FPUC has also significantly strengthened its safety initiatives. A reorganized Safety, Compliance and Training Department now include a Safety Coordinator position located in each of the Company's five Division offices. Chesapeake has a long history of safe operations (multiple winner of the AGA Safety Award) and has ensured that the same safety culture is a priority at FPUC. A tangible safety benefit to all residents in the Company's service areas is attributable to Chesapeake's greater access to capital resources. The Company will be able to accelerate its efforts to replace the bare steel and cast iron pipe that remain in the FPUC distribution system.

The combination of Chesapeake and FPUC has proven to be a "good deal", with benefits both to ratepayers and numerous other stakeholders.

Q. HAS THE MERGER OF CHESAPEAKE AND FPUC RESULTED IN

SYNERGIES?

A. Yes. There are several areas in which we have been able to identify and take advantage of operational and financial synergies as a direct result of the combination of the two companies. As you would expect many of these synergies are attributable to corporate level activities. Chesapeake is a publically traded company. At the time of the merger FPUC was a publically traded company. Both companies had Boards of Directors and incurred similar type expenses for corporate governance, audit, investor relations, tax preparation, and other typical administrative functions of a corporation. The combination of the companies enabled the consolidation of many of the corporate functions heretofore performed by both companies. The following list outlines the corporate synergies identified to date:

- Internal audit functions.
- External audit resources.
- Stock-related activities.
- Insurance policies (property, excess liability, D&O, etc.).
- Sarbanes Oxley compliance audit and certification related activities.
- Income tax preparation and consulting fees.

In addition to the corporate synergies, several Florida specific synergies have been identified.

- The Chesapeake Florida Division call center located in Winter Haven, Florida was disbanded and the incoming calls were moved to the FPUC call center in West Palm Beach.
- Many of the "back office" meter to cash functions (billing, credit and collections, CIS support, etc.) have been consolidated from six operations centers into the West Palm Beach administrative office.
- The gas engineering functions of the two companies were consolidated.
- The Gas Control functions of all Chesapeake operations, including Florida, were consolidated within the 24/7 Gas Control group of Eastern Shore Natural Gas Company.
- Chesapeake's Citrus County operations center was closed and absorbed into the Inglis, Florida FPUC operations center.
- A functionalized organizational structure was adopted by the combined Florida operation replacing the previous geographic location based organization. The function structure changed management reporting lines, enabled greater standardization of policies and processes and supported a reduction in positions by eliminating duplicated functions at each location.

Q. PLEASE PROVIDE INFORMATION ON THE COST SAVINGS THAT THE COMPANY HAS ACHIEVED.

A. The Company has achieved significant operating cost savings over a remarkably short time period. In the eighteen months since the October

2009 closing date, the Company has reduced its costs, on an annualized basis, by more than $6 million. These cost savings are detailed in Exhibits __(TAG-1) through (TAG-4) and briefly described below. The Company's savings have resulted from a focus on four principal areas: 1) Interstate pipeline capacity savings in the FPUC Purchase Gas Adjustment account; 2) Cost of capital savings; 3) Savings related primarily to a reduction in employees; and 4) Savings related to corporate synergies.

Q. PLEASE DESCRIBE THE INTERSTATE PIPELINE CAPACITY SAVINGS.

A. The Company has existing contracts for interstate pipeline capacity with both Florida Gas Transmission Company (FGT) and Gulfstream Natural Gas Systems (Gulfstream). This capacity provides the opportunity to schedule natural gas for delivery from the wellhead to the city gate station. The existing contracts provide for specific levels of capacity each month, and were subscribed for based upon peak customer usage requirements and future growth needs. Prior to the merger, each company contracted for sufficient capacity to meet peak seasonal requirements and for future system growth. An assessment of both Chesapeake's Florida Division and FPUC contracted capacity quantities determined that, as a result of the merger, the combined interstate pipeline capacity quantity was greater than the quantity required to provide reliable service and meet the contractual obligations of both companies. One of the primary factors that resulted in this conclusion is that the Chesapeake Florida Division and

FPUC peak demands are not concurrent with each other and, therefore, excess capacity existed. An opportunity existed to permanently turn back capacity to FGT since one of the Chesapeake Florida Division's capacity reservation contracts expired on July 31, 2010. FGT's tariff requirements allow capacity turn backs in one of two ways: a levelized quantity of capacity for each month or a constant percentage of total capacity each month. Chesapeake's Florida Division exercised its rights to permanently relinquish 25% of its existing monthly capacity levels back to FGT, effective August 1, 2010. Due to the nature of Chesapeake's unbundling program, this capacity was required for release to various Shippers participating in the program; therefore, FPUC has relinquished to Chesapeake a quantity of FGT capacity generally equal to the quantity of capacity turned back to FGT by Chesapeake. Customers of Chesapeake's Florida Division were not impacted by the capacity transaction. The cost of the capacity received by Chesapeake's Florida Division from FPUC was virtually identical to the cost of the capacity turned back to FGT. Given that FPUC was able to relinquished capacity to Chesapeake, FPUC has effectively reduced its overall capacity costs. All of the capacity savings are passed on to FPUC customers. The FPUC PGA rates are lower than would otherwise be possible absent this transaction. As shown on Exhibit __(TAG-1), the annual savings attributable to the permanent turn-back of FGT capacity is $941,266.

Q. ARE ADDITIONAL CAPACITY RELATED COST SAVINGS ACHIEVABLE?

A. Subsequent to the permanent turn-back of FGT capacity on August 1, 2010 described above, the Company has continued to evaluate the combined capacity holdings that it now possesses. As a result of this evaluation, the Company has determined that there may be additional FGT and/or Gulfstream capacity that could be permanently released without negatively impacting the Company's ability to provide reliable fuel deliveries to its existing sales customers. In fact, since the acquisition closing date, the Company has been able to continue the prior FPUC practice of temporarily releasing capacity to third parties on a short term basis. The Company has identified parties that would be interested in permanently acquiring additional FPUC capacity. Potential additional annual savings to customers could total as much as $600,000.

Q. PLEASE DESCRIBE THE COST OF CAPITAL SAVINGS.

A. The previous FPUC rate case resulted in an approved overall cost of capital of 8.17%, with a long-term debt cost of 7.90% and a short-term debt cost of 2.73%. The December 31, 2010 FPUC Earnings Surveillance Report filed with the Commission reflected an overall cost of capital of 7.88%, with a long-term debt cost of 6.96% and a short-term debt cost of 1.76%. The overall cost of capital has declined by 0.29%, which results in a lower annual revenue requirement of $330,124 when applied to the 13-month average rate base at December 31, 2010 (without the acquisition related rate base items) of $70,281,967. Exhibit __(TAG-2) shows the calculation of the cost of capital savings.

Q. WITH REGARD TO THE OTHER OPERATING COST SAVINGS, CAN YOU ELABORATE?

A. Yes. Subsequent to the acquisition, Chesapeake identified several over-arching issues that generally resulted in significant operating cost savings. FPUC was organized by geographic location, with the General Manager at each location responsible for that area's customer service, sales and marketing, engineering and operations. Chesapeake was organized functionally, with a director or manager responsible for their respective function throughout the state. The Company concluded that it would be more efficient to operate under the functionalized management structure. The functional structure has resulted in the elimination of many duplicated activities, as described above in the discussion on synergies, and allowed the Company to implement efficiency improvements, redefine job duties and responsibilities, begin to implement "best practices" throughout the business and eliminate marginal or unnecessary activities. In addition, the Company, last month, initiated a Voluntary Reduction in Force (RIF) program designed to eliminate additional positions. Employees that wish to take advantage of the voluntary RIF must execute the severance agreement by May 15, 2011. Based on employee response to date for the voluntary RIF program, the Company has identified 12 natural gas related RIF positions that will be eliminated by the end of July 2011. The organizational restructuring process, described herein, has resulted in the elimination of 106 total positions (including the 12 projected RIF positions) that impact natural gas operating costs. All 106 positions have been removed from the Company's organization chart and are included in the overall savings calculations. Exhibit __(TAG-3) provides a detailed listing of the specific positions that have been eliminated since the acquisition and the annualized cost reductions achieved in the natural gas unit. The annualized cost reductions account for all employee-related expenses including base payroll, overtime, on-call pay, employee benefits, vehicle related expenses (if employee was assigned a vehicle) and other employee related expenses (uniforms, cell phone costs, etc.). As is shown on Exhibit __(TAG-3), the annualized employee-related operating savings achieved total $5,425,590.

Q. EARLIER YOU DESCRIBE SEVERAL CORPORATE SYNERGIES. ARE THERE OPERATING COST SAVINGS ATTRIBUTABLE TO THOSE SYNERGIES?

A. Yes. The Company has determined that the corporate synergies identified above produced operating cost savings. As is shown on Exhibit __(TAG-4), the annualized corporate-related operating savings achieved total $1,116.870.

Q. THE COMMISSION ALSO REQUIRED THE COMPANY TO PROVIDE DETAILED INFORMATION ON ANY COSTS THAT HAVE INCREASED

AS A RESULT OF THE MERGER. HAS THE COMPANY INCURRED ANY MERGER RELATED COST INCREASES?

A. Yes. As described above, the Company has dramatically transformed itself. Over 100 positions have been eliminated and job responsibilities have changed. However, the process also identified several gaps that needed to be addressed as well. Where the Company determined that existing employees did not possess the needed skill set for the required job functions to address those gaps, the Company replaced them with new employees. When positions did not exist to perform the needed job functions, new positions were created and filled. The Company has added 12 positions to meet the business requirements of the combined operations. As shown on Exhibit __(TAG-5), the total annual cost of these positions, inclusive of benefits, employee-related costs and vehicle costs (if applicable) is $982,707.

Q. HAS FPUC'S NATURAL GAS BUSINESS UNIT INCURRED ANY ADDITIONAL INCREASE IN CORPORATE RELATED COSTS SINCE THE ACQUISITION?

A. Yes. The Company has incurred cost increases in the FPUC natural gas business unit for the following corporate costs: investor relations, directors fees, insurance and payroll software costs. The total increase in operating costs attributable to the above listed items is $108,016.

Q. ARE THERE ANY OTHER MERGER RELATED COST INCREASES?

A. Yes. As one would expect, at the time of the acquisition, the employee benefit packages for each company were different. One of the conditions contained in the closing document was a prohibition on making any changes to the existing benefit packages for a period of one year from the acquisition closing. During this interval, the combined company performed a detailed evaluation of the existing benefit programs for both FPUC and Chesapeake employees. The Company reviewed the existing pension, 401(k), health insurance, life insurance, dental, flex plan, disability and college tuition benefit programs to identify the "gaps" between the two packages. Both companies had already frozen their respective pension plans, thus no adjustments were required for this benefit. It was determined that for the remainder of the benefit programs, the Chesapeake plan was generally better than the FPUC plan. As a result of this analysis and with assistance from our benefit providers, beginning November 2010 (after the one-year period had expired), the Company modified the various benefit programs, generally keeping the Chesapeake employees "whole" while upgrading the FPUC employees to the new, combined benefit programs. The Company modified the 401(k) plan to a "safe harbor" plan which reduced administrative costs. Although the specific Company matching provisions were modified, the Chesapeake employees were not negatively impacted by the modifications. The FPUC employees benefitted from the new program, as it is superior to the preexisting 401(k) plan offered by FPUC prior to the merger. Similarly, the health insurance plan administrator (the Company is self-insured) changed at the annual renewal date. The Company changed administrators from Aetna to Blue Cross/Blue Shield to take advantage of their superior health care network and pre-negotiated discounts. Once again, the Chesapeake employees were not negatively impacted by the modifications, while the FPUC employees benefitted from the new program. These two benefits are the main cost drivers of the overall benefit programs provided to the combined company's employee population.

Q. WHAT WERE THE COST IMPLICATIONS OF THE CHANGES TO THE BENEFIT PLANS DESCRIBED ABOVE?

A. The overall effect of the changes to the employee benefit plans described above is an annual increase in costs of $471,501 for the FPUC natural gas business unit, offset by a small decrease in Chesapeake costs of $3,561 (netting to an overall increase of $467,940). Exhibit___(TAG-6) shows the combined increases of the corporate related costs and the benefit plan changes of $575,956.

Q. ARE THERE ANY ADDITIONAL SAVINGS OR COSTS RESULTING FROM THE ACQUISITION?

A. The testimony provided above describes all of the actual savings and costs resulting from the acquisition. To be clear, all of the fuel savings, the employee related savings and costs (with the exception of the voluntary RIP, as described above) and the corporate savings and costs detailed above have occurred. The positions have been eliminated and no longer exist. The duplicative corporate costs have been eliminated. The interstate pipeline capacity has been permanently relinquished. It is important to note that some of these employee-related savings have just recently occurred (position eliminations). The Company has annualized the impacts of these changes for purposes of this filing. The full annual savings are not yet reflected in the financial statements of the Company. For example, if a position was eliminated on February 28, 2011, the financial statements at the end of April would only reflect two months worth of savings.

Q. WHAT IS THE TOTAL AMOUNT OF ACTUAL AND PROJECTED SAVINGS, NET OF ADDITIONAL COSTS THAT THE COMPANY HAS ACHIEVED?

A. The total amount of actual fuel and operating savings, net of additional costs, that the Company has achieved is $5,925,063. In addition, the Company has achieved $330,124 in Cost of Capital savings, as described previously in my testimony. Thus, as shown on Exhibit___(TAG-7), the total savings that the Company has achieved is $6,255,187.

Q. HAS THE COMPANY MET THE COMMISSION REQUIREMENTS TO FILE DATA THAT DETAILS ALL KNOWN BENEFITS, SYNERGIES, AND COST SAVINGS THAT HAVE RESULTED FROM THE MERGER AND ALL KNOWN COST INCREASES?

A. Yes.

III. ACQUISITION ADJUSTMENT

Q. PLEASE DESCRIBE YOUR UNDERSTANDING OF THE CURRENT COMMISSION POLICY REGARDING ACQUISTION ADJUSTMENTS.

A. It is my understanding that the Commission looks at each particular acquisition individually. If there are extraordinary circumstances that can be demonstrated, then the Commission may allow recovery of the positive acquisition adjustment and Regulatory Assets. The Commission has historically utilized a "Five Factor Test" to determine whether such extraordinary circumstances exist. The Five Factor Test assesses the beneficial nature of the acquisition with regard to the existing customers of the Company. The Five Factors included in the Commission test are: 1) Increased quality of service; 2) Lower operating costs; 3) Increased ability to attract capital for improvements; 4) Lower overall cost of capital; and 5) More professional and experienced managerial, financial, technical and operational resources.

Q. PLEASE SUMMARIZE THE COMPANY'S POSITION ON WHETHER EXTRAORDINARY CIRCUMSTANCES HAVE BEEN DEMONSTRATED THAT WARRANT A POSITIVE ACQUISITION ADJUSTMENT.

A. The Company believes that in the short span of time between the consummation of the merger and this "Come-Back" filing, it has met - and/or exceeded - the "Five Factor Test" criteria historically used by the Commission to determine whether extraordinary circumstances exist to support approval of a positive acquisition adjustment. The Company can demonstrate that it has: 1) significantly improved the quality of service provided to customers, resulting in a 50% reduction in consumer complaints to the Commission; 2) achieved a reduction in operating costs (inclusive of fuel costs and cost of capital savings) that exceed the revenue requirements associated with a positive acquisition adjustment and recovery of applicable Regulatory Assets, thus providing net benefits to consumers. 3) demonstrated that Chesapeake is financially stronger than was FPUC prior to the merger and, as a direct result of the merger, provides FPUC with superior access to capital for system growth and improvements; 4) reduced FPUC's post-merger cost of capital, resulting in over $300,000 annually of savings for customers; and 5) strengthened the managerial, financial, technical and operational resources of the combined company. All said, there are myriad benefits, synergies, and opportunities created that ultimately inure to the benefit of customers in Florida. Earlier in my testimony, I described numerous benefits related to the merger transaction. The Company's report on the post merger savings, synergies and costs effectively details the significant annual cost savings that has been achieved. As noted above, the Company is confident that it has met the Commissions Five Factor Test, and thus has demonstrated that extraordinary circumstances exist. The Company requests Commission approval of recovery of the Positive Acquisition Adjustment and Regulatory Assets resulting from the transaction.

Q. CAN YOU ELABORATE ON THE COMPANY'S SERVICE QUALITY IMPROVEMENTS?

A. Mr. Sylvester's testimony provides an overview of the philosophical, organizational and technical improvements we have implemented to improve service quality.

Q. ARE THERE ADDITIONAL BENEFITS TO CUSTOMERS RESULTING FROM THE ACQUISITION THAT HAVE NOT YET BEEN DISCUSSED?

A. Yes. In Florida, Chesapeake has been a leader in customer service related innovations, including being the first company to exit the merchant function and fully unbundle, which has provided all of Chesapeake's Florida customers (residential, commercial and industrial) the opportunity to address their natural gas needs by purchasing from a variety of gas marketers with numerous pricing options. In addition to the expanded choices that customers now enjoy related to their natural gas purchases, they are paying less for the natural gas commodity than they did previously through Chesapeake's PGA mechanism. An added benefit to the unbundled program is that all customers are currently exempt from Franchise Fees (on a least the fuel portion of their bill), Municipal Utility Tax and State Sales Tax. Notably, this program has been in place since 2002, without a single complaint registered with the Commission. Chesapeake has fully implemented Automatic Meter Reading devices that provide Chesapeake, Shippers and Consumers with daily meter reading, which has reduced O&M costs and further reduced natural gas commodity costs. Chesapeake has also implemented a rate design that produces a high percentage of margins from fixed charges, allowing Chesapeake to more aggressively promote Energy Conservation programs, resulting in high participation rates with Consumers. Through these programs, Consumers have installed energy efficient natural gas appliances, reducing overall consumption per Consumer, resulting in lower bills. The Company fully intends to bring these innovative programs, and the associated benefits, to FPUC customers in the near future.

Q. WITH REGARD TO LOWER OPERATING COSTS, WHAT SHOULD THE COMMISSION CONSIDER?

A. As discussed in Section II of my testimony, the significant synergies harvested during the combination of these companies' operations have translated into significant cost savings. The total savings that the Company has achieved is $6,255,187. At the Corporate level, there were many functions and corresponding costs, as more fully described above, incurred by both companies when they were operated independently. Now, post-acquisition, the portion of these costs allocated to FPUC's natural gas business unit is lower than the pre-acquisition costs incurred independently by FPUC.

Q. WHY DOES EXHIBIT___(TAG-4), REFLECT A DECREASE IN CORPORATE COST ALLOCATIONS TO THE CHESAPEAKE FLORIDA DIVISION?

A. Each business unit of the parent company, Chesapeake Utilities Corporation, received an allocation of costs that are incurred on behalf of the overall company. These costs include those identified in my earlier testimony, such as Board of Director Fees, various insurances, etc. As a result of the acquisition, these costs, which are generally regarded as fixed costs, are now being allocated to all parent company business units, including FPUC. Because these fixed costs are now spread across additional business units, after the acquisition, the amounts allocated to Chesapeake's Florida Division are lower than they were prior to the acquisition, resulting in the savings shown on Exhibit __(TAG-4) of $432,279.

Q. IN SECTION II OF YOUR TESTIMONY, YOU EXPLAINED THE SAVINGS ASSOCIATED WITH EMPLOYEE REDUCTIONS. CAN YOU DEMONSTRATE THAT ALL OF THE ELIMINATED POSITIONS WERE INCLUDED IN THE RESPECTIVE RATE CASES OF FPUC AND CHESAPEAKE?

A. Yes. Attached as Exhibit __(TAG-8) is the following information: 1) Organization Chart of FPUC filed in support of its rate case (Docket No. 080366-GU); 2) Organization Chart of Chesapeake in effect at the time of its previous rate filing (Docket No. 090125-GU); 3) Current Organization Chart for the Florida combined company as of March 31, 2011; and 4) "Roadmap" of all positional changes from previous Organization Charts to the current Organization Chart. The "Roadmap" details all positions that have been added, deleted and transferred between departments from the rate case Organization Charts to the current Organization Chart. This effort verifies the total number of positions that have been added and deleted from the Florida reporting unit since the last approved rate cases of FPUC and Chesapeake.

Q. WHAT HAS THE COMPANY USED AS ITS BASIS FOR DETERMINING THE LEVEL OF OPERATING SAVINGS DERIVED FROM THE ACQUISITION?

A. The Company used the O&M costs approved in the previous rate proceedings for both FPUC and Chesapeake as the basis for comparison to determine the level of operating savings achieved as a result of the acquisition.

Q. WITH REGARD TO INCREASED ABILITY TO ATTRACT CAPITAL AND LOWER OVERALL COST OF CAPITAL, THE THIRD AND FOURTH FACTORS OF THE "FIVE FACTOR TEST," IS THERE ADDITIONAL INFORMATION PERTINENT TO THE COMPANY'S DEMONSTRATION ON THESE POINTS?

A. Yes. In addition to the information pertinent to these points outlined in Section II above, the Commission should be aware that FPUC's credit rating, pre-acquisition, significantly impaired its ability to attract capital. Prior to the acquisition, all of FPUC's long-term debt was rated National Association of Insurance Commissioners (NAIC) 2, which is equivalent to Standard and Poor's BBB to BBB- rating. By comparison, all of

Chesapeake's long-term debt is rated NAIC 1, which is equivalent to Standard and Poor's AAA to A- rating. Chesapeake's ratings result in a superior ability to attract capital at lower costs. At the time of the merger, FPUC had one committed line of credit for $26 million. Chesapeake, in contrast, has access to $100 million of short-term debt via four short-term lines of credit. The four short-term lines of credit include two committed facilities totaling $60 million and two uncommitted facilities totaling $40 million. In addition, FPUC, over the 10-year period immediately prior to the acquisition, had obtained only $29 million of long-term debt financing. In comparison, Chesapeake had obtained $100 million of long-term debt over the same time period.

Q. PLEASE DESCRIBE CHESAPEAKE'S AND FPUC'S ABILITY TO ATTRACT EQUITY CAPITAL TO SUPPORT THEIR RESPECTIVE OVERALL FINANCING NEEDS PRIOR TO THE MERGER?

A. Chesapeake's market capitalization increased $121.6 million or 130% over the ten years prior to the merger from $93.3 million at December 31, 1998 to $214.9 million at December 31, 2008 (the year end preceding the consummation of the acquisition), including stock price appreciation of 72%. During that same time period, FPUC's market capitalization increased $13.1 million or 25% with stock price appreciation representing 23%. Additionally, Chesapeake completed a successful equity issuance of 600,300 shares in 2006 with a value of approximately $19.7 million. The equity issuance was fully subscribed in just a few days and

Chesapeake exercised the overallotment option due to this high demand. FPUC did not complete an equity issuance over that same time period.

Q. SUBSEQUENT TO THE TRANSACTION, WHAT HAS HAPPENED TO CHESAPEAKE'S MARKET CAPITALIZATION?

A. Chesapeake's market capitalization has continued to accelerate since the completion of the merger with its market capitalization appreciating 33% from October 31, 2009 to December 31, 2010, including stock price appreciation of 31%.

Q. PLEASE PROVIDE AN EXAMPLE OF CHESAPEAKE'S SUPERIOR ABILITY TO ATTRACT CAPITAL.

A. Subsequent to the merger, Chesapeake entered into an agreement to refinance $36 million of FPUC Secured First Mortgage Bonds with a weighted average cost of 7.52% (four of the five outstanding series) with Unsecured Senior Notes at a weighted average cost of 5.85%. Chesapeake temporarily refinanced $29.1 million of the FPUC Secured First Mortgage Bonds (two of the outstanding series) with short-term debt, which will be converted to long-term debt by July 2011. The remainder of the refinancing will occur at the earliest redeemable time in 2013.

Q. THE FIFTH FACTOR OF THE TEST PERTAINS TO MORE PROFESSIONAL AND EXPERIENCED RESOURCES OF THE ACQUIRING COMPANY. WHAT INFORMATION SHOULD THE COMMISSION CONSIDER WITH REGARD TO THIS FACTOR?

A. Prior to this acquisition, Chesapeake owned and operated several business units: 1) natural gas utility operations in Florida, Delaware and Maryland; 2) a FERC-regulated natural gas interstate transmission pipeline which interconnects with three major interstate pipelines in Pennsylvania, traverses through Delaware and terminates in Maryland on the Delmarva peninsula; 3) a Commission-regulated natural gas intrastate transmission pipeline; and 4) propane distribution operations in Delaware, Maryland, Virginia, Pennsylvania and Florida, as well as, a propane trading company located in Houston, Texas. Chesapeake is experienced in both mild and cold climates and serves both urban and rural areas. When one compares Chesapeake's performance related to both growth and return on investment, Chesapeake consistently ranks at or near the very top in its peer group. In addition, the strength and commitment of the Company's leadership team is reflected by the fact that Chesapeake is a multiple winner of the AGA Gas Safety Award. Thus, at the corporate parent level, the Company has extensive experience and resources in financing, operations, and regulatory management. With regard to Chesapeake's Florida operation, the Florida system itself encompasses a wide variety of operational characteristics within the system. Its most extreme system operating parameters include 12" distribution mains, operating pressures of up to 721 pounds, providing service to electric cogeneration facilities and other industrial customers who, individually, consume up to 35 million therms per year. Many of these facilities fall under the Pipeline Integrity Management rules. The Florida operation serves approximately 70 industrial customers that consume over 100,000 therms per year. Chesapeake serves customers in 13 counties throughout the state of Florida. Chesapeake's Florida operations have approximately 25 city gate stations interconnected with three major interstate transmission pipelines: FGT, Gulfstream and SONAT. The experience gained from operating and maintaining these system facilities have resulted in technical and operational skills and knowledge that can be used to further strengthen FPUC, and sets the combined company apart from most other utilities in Florida. The Company's personnel have become very proficient with electronic measurement, communications, odorizing equipment and other highly technical distribution and transmission system devices.

Q. DOES THIS CONCLUDE YOUR TESTIMONY AS IT RELATES SPECIFICALLY TO THE "FIVE FACTOR" TEST?

A. Yes.

Q. CAN YOU QUANTIFY THE AMOUNT FOR THE POSITIVE ACQUISITION ADJUSTMENT AND REGULATORY ASSETS?

A. Yes, the Positive Acquisition Adjustment amount for which the Company is seeking rate base treatment is $34,192,493. The amount associated with the Regulatory Assets for which the Company seeks regulatory asset treatment is $2,207,158. The testimony of Mr. Matthew Kim explains in more detail how these amounts are derived.

Q. HAS THE COMPANY CALCULATED THE REVENUE REQUIREMENTS OF THE POSITIVE ACQUISITION ADJUSTMENT?

A. Yes. There are two components that comprise the total revenue requirements of the positive acquisition adjustment: the "return on investment" component and the "return of investment" component. Exhibit TAG-9 details the calculation of the revenue requirements of the $34,192,493 positive acquisition adjustment. The Company calculated the 13-month average premium amount and the 13-month average accumulated amortization (reflecting the Commission's past practice of straight-line amortization) for the period ending December 31, 2010. The Company utilized the 13-month average FPUC capital structure reflected in the as-filed ESR to determine the after-tax return requirements and then, applying the appropriate federal and state income tax rate, calculated the total revenue requirement of this component (return on investment) of the positive acquisition adjustment. The revenue requirements for the "return on investment" component of the positive acquisition adjustment are $3,658,968.

Q. ARE THERE ANY OTHER COMPONENTS OF THE REVENUE REQUIREMENT RELATED TO THE POSITIVE ACQUISITION ADJUSTMENT?

A. Yes. In addition to the "return on investment" component, there is the "return of investment" or amortization component. Because a majority of the amortization expense is not tax deductible, as explained in Mr. Kim's testimony, an income tax expense amount is required in the "return of investment" component. This is detailed on lines 13-16 of Exhibit __(TAG-9). The revenue requirements for the "return of investment" component of the positive acquisition adjustment are $1,789,693. Therefore, the total revenue requirements for the positive acquisition adjustment, as calculated herein, utilizing the Commission's straight-line amortization method are $5,448,661.

Q. HAS THE COMPANY CALCULATED THE REVENUE REQUIREMENTS OF THE REGULATORY ASSETS?

A. Yes. There are two components that comprise the total revenue requirements of the Regulatory Assets as well: the "return on investment" component and the "return of investment" component. The Company has also calculated the 13-month average Regulatory Asset amount and the 13-month average accumulated amortization (reflecting the Commission's past practice of straight-line amortization) for the period ending December 31, 2010. The Company also utilized for this purpose the 13-month average FPUC capital structure reflected in the as-filed ESR to determine the after-tax return requirements and then, applying the appropriate federal and state income tax rate, calculated the total revenue requirement of this component (return on investment) of the Regulatory Assets. The revenue requirements for the "return on investment" component of the Regulatory Assets are $209,350. The "return of investment" or amortization component for the Regulatory Assets is detailed on lines 13-

16 of Exhibit __(TAG-10). The revenue requirements for the "return of investment" component of the Regulatory Assets are $564,444. Therefore, the total revenue requirements for the Regulatory Assets, as calculated herein, are $773,794.

Q. WHAT IS THE TOTAL REVENUE REQUIREMENT FOR THE POSITIVE ACQUISITION ADJUSTMENT AND REGULATORY ASSETS THAT THE COMPANY IS PROPOSING?

A. The total revenue requirements are $6,222,455 for the period ending December 31, 2010, as reflected on Exhibit __(TAG-9).

Q. HOW DO THE ACHIEVED SAVINGS COMPARE TO THE COSTS OF THE POSITIVE ACQUISITION ADJUSTMENT AND REGULATORY ASSETS?

A. The total amount of actual operating cost savings are $6,255,187, which is greater than the total revenue requirements of $6,222,455 for the Positive Acquisition Adjustment and Regulatory Assets.

Q. WHAT IS THE EFFECT OF THE POSITIVE ACQUISITION ADJUSTMENT AND REGULATORY ASSETS ON THE DECEMBER 31, 2010 ESR FOR FPUC AND CHESAPEAKE?

A. If the Commission grants the Company's request for approval of the positive acquisition adjustment and Regulatory Assets for all financial purposes, with an effective date of November 1, 2009, then, as shown on Exhibit___(TAG-11), FPUC would have achieved an Average ROR of 6.93% on the December 31, 2010 ESR, which is well below the authorized high point ROR of 8.35%. There is no effect to the actual Chesapeake December 31, 2010 ESR, which reflects an achieved Average ROR of 6.69%, which is well below the authorized high point ROR of 7.73%, as shown on Exhibit___(TAG-12).

Q. IF THE COMPANY HAS OPERATIONAL SAVINGS GREATER THAN THE TOTAL ACQUISITION COSTS, WHY IS THE COMPANY NOT OVER-EARNING?

A. There are two primary reasons for this. First, part of the operational savings is fuel related, which does not impact the Net Operating Income of FPUC, since these costs are simply a pass-through to customers. Nonetheless, to be clear, these are real savings that have immediately been passed through to customers. Second, the remaining operational savings that the Company has demonstrated herein have been annualized. Many of the positions that have been eliminated have occurred throughout 2010 and others have occurred in 2011, thus the financial results of the Company at December 31, 2010 do not reflect the full annualized savings. For example, if a position was eliminated at October 1, 2010, then the December 31, 2010 financial statements would only have reflected 3 months of the decreased operational costs. All of these factors combined result in a lower ROE for FPUC at December 31, 2010, when the acquisition related impacts are included in the ESR calculations.

Q. BASED ON YOUR ANALYSIS HERE, ARE THERE ANY OVER-EARNINGS FOR EITHER CHESAPEAKE OR FPUC FOR THE PERIOD ENDING DECEMBER 31, 2010?

A. No.

IV. ADDITIONAL REQUESTS FOR REGULATORY APPROVAL

Q. IS THE COMPANY REQUESTING ANY FURTHER ACTION FROM THE COMMISSION IN THIS PROCEEDING?

A. Yes. The Company is requesting that the Commission approve: 1) the modified straight line amortization methodology, as described in Mr. Kim's testimony; 2) the consolidation of the Chesapeake and FPUC natural gas accounting records effective on the date this proceeding becomes final; 3) the consolidation of the Chesapeake and FPUC natural gas ESR's effective on the date this proceeding becomes final, using an ROE mid-point of 10.85%; and 4) the establishment of a benchmark methodology for the Company's combined natural gas operations (excluding the FPUC Indiantown Division), inclusive of the post merger savings detailed in this filing, for use in future Commission proceedings to assess incremental cost increases.

Q. WHAT ARE SOME FACTORS THAT THE COMMISSION SHOULD CONSIDER IN EVALUATING THE COMPANY'S PROPOSED MODIFIED STRAIGHT LINE AMORTIZATION METHOD?

A. There are several relevant factors: 1) the Commission's existing acquisition policy and how the current straight line amortization practice impacts that policy; 2) the timing and permanence of the operating savings; and 3) the total savings over the 30 year amortization period.

Q. PLEASE DESCRIBE THE COMMISSION'S HISTORICAL POSITION REGARDING ACQUISITIONS.

A. It is my understanding that the Commission encourages strong utilities to acquire weak utilities. Consumers benefit from having strong, financially sound utilities, which can attract capital needed to grow, renew and replace the distribution system at lower capital costs than weak utilities can achieve. In the instant case, this is exactly the situation. Chesapeake, being the stronger financial company, acquired FPUC, the weaker financial company. In the eighteen months since the closing date, the Company has clearly demonstrated that significant benefits have resulted from the acquisition, as described herein, inclusive of the necessary savings to support approval of the positive acquisition adjustment and Regulatory Assets, while simultaneously improving the quality of service provided to all customers.

Q. WHAT IS THE IMPACT OF THE STRAIGHT LINE AMORTIZATION PRACTICE THAT THE COMMISSION HAS USED PREVIOUSLY?

A. The Company, as more fully described in Mr. Kim's testimony, has requested a modification to the Commission's past practice of authorizing straight-line amortization of the acquisition premium. The Company believes that the straight-line amortization, at least as applied to this acquisition, does not properly reflect that the revenue requirements in the first few years following the acquisition are greater than the actual operating savings reflected on the Company's financial statements. What occurs is a lower rate of return on investment (acquisition premium) than expected by investors, which potentially has a negative impact on the Company's ability to attract capital at favorable rates. Thus, instead of being encouraged to acquire the weaker utility, the Company is actually penalized.

Q. PLEASE DESCRIBE THE IMPORTANCE OF THE TIMING AND PERMANENCE OF, AND THE LEVEL OF, OPERATING SAVINGS OVER THE AMORTIZATION PERIOD.

A. Mr. Kim's testimony provides the Company's view of the importance of the timing and permanence of, and the level of, operating savings over the amortization period on the Company's proposed modified straight line amortization method.

Q. PLEASE EXPLAIN THE COMPANY'S REQUEST FOR CONSOLIDATION OF THE ACCOUNTING RECORDS FOR THE FPUC AND CHESAPEAKE NATURAL GAS BUSINESS UNITS.

A. The Company requests that the Commission authorize the consolidation of the Chesapeake and FPUC, including the Indiantown Division, natural gas accounting records effective on the date this proceeding becomes final. This will allow the Company to simplify its processes and procedures that are currently in place to properly account for all regulated transactions of the combined company. This will, over time, result in additional cost savings which will ultimately be passed on to consumers.

Q. PLEASE EXPLAIN THE COMPANY'S REQUEST FOR CONSOLIDATION OF THE EARNINGS SURVEILLANCE REPORTS (ESRs) FOR THE FPUC AND CHESAPEAKE NATURAL GAS BUSINESS UNITS.

A. As with the request to consolidate accounting records, he Company would like to streamline its internal accounting and reporting procedures. In order to do so, the Company further requests that the Commission authorize the consolidation of the Chesapeake, FPUC, and FPUC-Indiantown Division natural gas ESR's effective on the date this proceeding becomes final. Consistent with this request, the Company would like to use the return on equity (ROE) mid-point of 10.85% that was approved for FPUC in its rate case. To be clear, the Company seeks permission to use the 10.85% mid-point ROE only for reporting purposes so that the Company's consolidated ESR will properly reflect whether overearnings have occurred.

Q. DOES THIS REQUEST TO FILE A CONSOLIDATED ESR USING A MID-POINT ROE OF 10.85% HAVE ANY IMPACT ON CURRENT RATES FOR CUSTOMERS?

A. No, not at all. In the previous rate proceedings for Chesapeake and FPUC, the Commission authorized ROE mid-points of 10.80% and

10.85%, respectively, while the authorized ROE mid-point for Indiantown is 11.50%. The Company is not seeking a rate change in this proceeding, and as such, the Commission-approved ROE for both Chesapeake and Indiantown would remain effective and unchanged. Only the consolidated ESR would be affected. Because customers have received significant benefits from the acquisition, and the Company has acted to quickly pass these savings through to customers (for example, fuel savings), the Company suggests that its request to use FPUC's approved mid-point ROE for the consolidated ESR is both reasonable and practical in that it reflects the ROE mid-point previously approved for the larger of the three companies and is neither the highest, or lowest, of the three Commission-approved ROE mid-points. As such, the Company respectfully requests that the Commission authorize the Company to use the ROE of 10.85% for purposes of the combined company's Earnings Surveillance Reports.

Q. THE COMPANY IS SEEKING APPROVAL OF A METHODOLOGY TO BE APPLIED IN FUTURE PROCEEDINGS TO ASSESS INCREMENTAL COST INCREASES. WHY?

A. The Company requests that the Commission establishes, in this Docket, the method, or benchmark, to be used on a going-forward basis to assess incremental cost increases in future proceedings. As described earlier in my testimony, FPUC and Chesapeake's previous rate cases each had different Projected Test Years (PTY). Additionally, the Company has demonstrated that it has achieved significant cost savings utilizing the approved O&M costs as a basis for comparison. In order to eliminate confusion and regulatory uncertainty, the Company is requesting that the Commission approve the Company's proposed methodology to establish a new O&M expense benchmark that will be used as the basis for assessing incremental cost increases in future proceedings.

Q. PLEASE EXPLAIN THE METHOD THAT THE COMPANY IS PROPOSING.

A. The method that the Company proposes is simple and not inconsistent with the benchmark test that the Commission utilizes in a typical rate case to determine if O&M expenses are reasonable, as reflected in the MFR's, Schedule C-34. The method reflected in Schedule C-34 sets the previous rate case's approved Projected Test Year (PTY) O&M expenses (of which rates were based) as a baseline. Then, the customer growth and inflation trending factors are applied to the baseline for the years between the PTY of the preceding rate case and the current Historical Base Year (HBY) to determine the benchmark level for O&M expenses. If the HBY O&M expense level is less than the baseline O&M expense level, then the HBY O&M expenses are reasonable. Here, in order to accurately reflect the current situation in which two companies have consolidated, resulting in significant and ongoing savings, the Company proposes a benchmark methodology whereby the PTY expenses from FPUC's and Chesapeake's prior rate cases would be projected out through 2012, the year by which the savings resulting from the acquisition will be fully realized. Those projected amounts would then be combined. The savings arising from the acquisition, as determined in this proceeding, would then be subtracted from the combined, projected 2012 O&M expenses. The resulting amount would serve as the baseline level for O&M expenses and trended in the usual manner in subsequent rate proceedings to assess incremental cost increases.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

EXHIBIT___(TAG-1)

Schedule

Of

Capacity Savings

Florida Public Utilities Company
FGT Capacity Savings Calculation
Turn Back Effective August 1, 2010

EXHIBIT ___(TAG-1)

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
Original FGT Contract 5057 Capacity (DT's/Day)	23,519	23,519	23,519	23,519	20,123	20,123	20,123	20,123	20,123	22,105	23,519	23,519	263,834
Reduction Percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	
Amount Turned Back	5,880	5,880	5,880	5,880	5,031	5,031	5,031	5,031	5,031	5,526	5,880	5,880	65,959
Remaining Amount	17,639	17,639	17,639	17,639	15,092	15,092	15,092	15,092	15,092	16,579	17,639	17,639	197,876
Days in Month	31	28	31	30	31	30	31	31	30	31	30	31	365
FGT Capacity FTS-1 Rate - Reservation	$ 0.4694	$ 0.4694	$ 0.4694	$ 0.4694	$ 0.4694	$ 0.4694	$ 0.4694	$ 0.4694	$ 0.4694	$ 0.4694	$ 0.4694	$ 0.4694	
Capacity Savings	$ 85,559	$ 77,279	$ 85,559	$ 82,799	$ 73,204	$ 70,843	$ 73,204	$ 73,204	$ 70,843	$ 80,415	$ 82,799	$ 85,559	$ 941,266

EXHIBIT___(TAG-2)

Florida Public Utilities

Natural Gas

13-month Average

Capital Structure

COST OF CAPITAL SAVINGS CALCULATION

EXHIBIT ___(TAG-2)
PAGE 1 OF 2

FLORIDA PUBLIC UTILITIES COMPANY
NATURAL GAS
13-MONTH AVERAGE CAPITAL STRUCTURE
DECEMBER 2009 PROJECTED TEST YEAR
COMMISSION ADJUSTED

AVERAGE	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)
COMMON EQUITY	42.17%	10.85%	4.58%
LONG TERM DEBT	35.04%	7.90%	2.77%
SHORT TERM DEBT	9.98%	2.73%	0.27%
PREFERRED STOCK	0.43%	4.75%	0.02%
CUSTOMER DEPOSITS	8.44%	6.13%	0.52%
DEFFERED INCOME TAXES	3.79%	0.00%	0.00%
TAX CREDITS - ZERO COST	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	0.16%	8.72%	0.01%
TOTAL	100.00%		8.17%

COST OF CAPITAL SAVINGS CALCULATION

FLORIDA PUBLIC UTILITIES COMPANY
NATURAL GAS
13-MONTH AVERAGE CAPITAL STRUCTURE
DECEMBER 31, 2010

AVERAGE	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)
COMMON EQUITY	46.67%	10.85%	5.06%
LONG TERM DEBT	30.75%	6.96%	2.14%
SHORT TERM DEBT	0.00%	1.76%	0.00%
PREFERRED STOCK	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	10.85%	6.21%	0.67%
DEFFERED INCOME TAXES	11.60%	0.00%	0.00%
TAX CREDITS - ZERO COST	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	0.12%	9.01%	0.01%
TOTAL	100.00%		7.88%

DIFFERENCE IN AVERAGE ROR	0.29%
RATE BASE AT DECEMBER 31, 2010	$70,281,966
REQUIRED NET OPERATING INCOME	$203,818
NET OPERATING INCOME MULTIPLIER	1.61970
COST OF CAPITAL SAVINGS	$330,124

EXHIBIT___(TAG-3)

Operating Cost Savings –

Employee Related

FLORIDA PUBLIC UTILITIES COMPANY
OPERATING COST SAVINGS - EMPLOYEE RELATED

EXHIBIT___(TAG-3)

			Allocated $$$		
Name & Title	Roadmap Group	Count	**FPU NG**	**CHPK NG**	**NG TOTAL**
C.L. Stein - Sr. Vice President & COO	1-Corporate Structure	1	$ 143,339	$ -	$ 143,339
George Bachman - CFO Treasurer & Corporate Secretary	1-Corporate Structure	1	$ 133,197	$ -	$ 133,197
Jack English - President & CEO	1-Corporate Structure	1	$ 183,998	$ -	$ 183,998
Jeff Sylvester - VP, Customer Care	1-Corporate Structure	0	$ (163,334)	$ -	$ (163,334)
Meghan Pybus - Compliance Accountant	1-Corporate Structure	1	$ 30,065	$ -	$ 30,065
Tom Geoffroy - VP, Regulatory Affaris and Business Planner	1-Corporate Structure	0	$ (318,076)	$ -	$ (318,076)
Cindy Palacios - Sr. Construction Acct	2-Accounting Department	1	$ 30,616	$ -	$ 30,616
Darryl Troy - Sr. Accountant P/T Temp	2-Accounting Department	1	$ 33,568	$ -	$ 33,568
Jennifer Starr - Sr. Accountant P/T Temp	2-Accounting Department	1	$ 38,013	$ -	$ 38,013
Nadira Bhatia - Sr. Financial Reporting	2-Accounting Department	1	$ 33,674	$ -	$ 33,674
Pamela Burns - Accounting Analyst P/T	2-Accounting Department	1	$ 23,868	$ -	$ 23,868
Robin Allen - General Office Assistant	2-Accounting Department	1	$ 21,758	$ -	$ 21,758
Terry Knowles - Director, Information Technology	4-IT Department	1	$ 87,786	$ -	$ 87,786
Vacant - Sr. Systems Analyst/Programmer	4-IT Department	1	$ 55,787	$ -	$ 55,787
Vacant - Technical Support Specialist	4-IT Department	1	$ 28,827	$ -	$ 28,827
Al Gilmore - Building Maintenance P/T	5-Corporate Services	1	$ 33,661	$ -	$ 33,661
James Prentice - Building Maintenance P/T	5-Corporate Services	1	$ 22,772	$ -	$ 22,772
Marc Schneiderman - Director, Corporate Services	5-Corporate Services	1	$ 90,261	$ -	$ 90,261
Vacant - Administrative Assistant	5-Corporate Services	1	$ 23,221	$ -	$ 23,221
Bruce Haase - Garage Mechanic	5-Corporate Services	1	$ 51,021	$ -	$ 51,021
Darrel Ragoonath - Garage Mechanic	5-Corporate Services	1	$ 51,021	$ -	$ 51,021
Harold Allewelt - Garage Mechanic	5-Corporate Services	1	$ 51,021	$ -	$ 51,021
Chris Snyder - Gas Logistics Manager	5-Corporate Services	1	$ 128,948	$ -	$ 128,948
Vacant - Customer Relations Project Analyst	6-Customer Relations Dept	1	$ 25,307	$ -	$ 25,307
Mark Woodall - Senior Regulatory and Financial Analyst	7-Regulatory Affairs Dept	0	$ (58,233)	$ -	$ (58,233)
Mark Woodall - Accountant II	7-Regulatory Affairs Dept	0	$ -	$ 89,589	$ 89,589
Vacant (Smith) - PT Engineering Tech	10-SF Ops - Eng & Cust Serv.	1	$ 88,470	$ -	$ 88,470
Joe Regallis - Engineering Tech	10-SF Ops - Eng & Cust Serv.	1	$ 5,488	$ -	$ 5,488
Johnathan Embry - Engineering Tech	10-SF Ops - Eng & Cust Serv.	1	$ 59,508	$ -	$ 59,508
Sandra White - Customer Service Rep	10-SF Ops - Eng & Cust Serv.	1	$ 30,719	$ -	$ 30,719
Randy Taylor - Engineering Services Manager	11-Gas Operations Dept	0	$ (100,927)	$ -	$ (100,927)
Dan Garfield - System Improvement Specialist	12-South Gas Ops Dept	1	$ 48,235	$ -	$ 48,235

FLORIDA PUBLIC UTILITIES COMPANY
OPERATING COST SAVINGS - EMPLOYEE RELATED

EXHIBIT___(TAG-3)

Name & Title	Roadmap Group	Count	Allocated $$$ FPU NG	CHPK NG	NG TOTAL
Frank Dix - Meter Spec. II	12-South Gas Ops Dept	1	$ 69,530	$ -	$ 69,530
Gary Depastino - Meter Spec. I	12-South Gas Ops Dept	1	$ 66,656	$ -	$ 66,656
Merritt Dawson - Meter Spec. I	12-South Gas Ops Dept	1	$ 70,672	$ -	$ 70,672
Donna Frusciante - Communications Supervisor	12-South Gas Ops Dept	1	$ 45,263	$ -	$ 45,263
Gerard McNie - Warehouseman	12-South Gas Ops Dept	1	$ 10,965	$ -	$ 10,965
Glenn Reuter - Service Tech II	12-South Gas Ops Dept	1	$ 37,103	$ -	$ 37,103
Ira Johnson - Dist. Mech I / Inspector	12-South Gas Ops Dept	1	$ 41,899	$ -	$ 41,899
James Pirone - Gas Utility Worker	12-South Gas Ops Dept	1	$ 35,723	$ -	$ 35,723
John Burke - Dist. Mech I	12-South Gas Ops Dept	1	$ 41,899	$ -	$ 41,899
John Flynn - Service Tech II	12-South Gas Ops Dept	1	$ 63,226	$ -	$ 63,226
Kirkland Rodney - Gas Utility Worker	12-South Gas Ops Dept	1	$ 31,488	$ -	$ 31,488
Vacant (Heam) - Measurement Supervisor	12-South Gas Ops Dept	1	$ 77,913	$ -	$ 77,913
Michael Douglas - Gas Utility Worker	12-South Gas Ops Dept	1	$ -	$ -	$ -
Marcelo Costa - Gas Utility Worker	12-South Gas Ops Dept	1	$ 38,068	$ -	$ 38,068
Richard Delerme - Gas Utility Worker	12-South Gas Ops Dept	1	$ 32,025	$ -	$ 32,025
Rodriguez, Morris - Gas Utility Worker	12-South Gas Ops Dept	1	$ 31,474	$ -	$ 31,474
Shane Rippey - Gas Utility Worker	12-South Gas Ops Dept	1	$ 77,588	$ -	$ 77,588
Vacant (Cotto) - Gas Utility Worker	12-South Gas Ops Dept	1	$ 27,911	$ -	$ 27,911
Vacant (Gaugler) - Lead Installer	12-South Gas Ops Dept	1	$ 54,518	$ -	$ 54,518
Vacant (Stephens) - Welder	12-South Gas Ops Dept	1	$ 28,129	$ -	$ 28,129
Vacant (Villareal) - Gas Utility Worker	12-South Gas Ops Dept	1	$ 32,219	$ -	$ 32,219
Vince Angulo - Gas Utility Worker	12-South Gas Ops Dept	1	$ 32,145	$ -	$ 32,145
Aaron Shores - Gas Utility Worker	12-South Gas Ops Dept	1	$ 29,506	$ -	$ 29,506
David George - Gas Operations Supervisor	12-South Gas Ops Dept	1	$ 37,517	$ -	$ 37,517
John Serraes - Warehouse Supervisor	12-South Gas Ops Dept	1	$ 15,826	$ -	$ 15,826
Josh Cowart - Gas Utility Worker	12-South Gas Ops Dept	1	$ 37,209	$ -	$ 37,209
Nani Santiago - Distribution Clerk	12-South Gas Ops Dept	1	$ 38,664	$ -	$ 38,664
Kevin Joyce - System Operations	12-South Gas Ops Dept	1	$ 70,115	$ -	$ 70,115
Jose Figueroa - Gas Utility Worker	12-South Gas Ops Dept	1	$ 44,462	$ -	$ 44,462
Brenda Peterson - Distribution Office Clerk	12-South Gas Ops Dept	1	$ 20,604	$ -	$ 20,604

FLORIDA PUBLIC UTILITIES COMPANY
OPERATING COST SAVINGS - EMPLOYEE RELATED

EXHIBIT___(TAG-3)

Name & Title	Roadmap Group	Count	Allocated $$$ FPU NG	CHPK NG	NG TOTAL
James Knapp - Service Technician I	12-South Gas Ops Dept	1	$ 41,944	$ -	$ 41,944
Joseph Erdek - Service Technician I	12-South Gas Ops Dept	1	$ 42,380	$ -	$ 42,380
Sharon Wade - Sr. Flo-Gas Clerk	12-South Gas Ops Dept	1	$ 31,228	$ -	$ 31,228
Debra McLaughlin - Evening Dispatcher	12-South Gas Ops Dept	1	$ 16,864	$ -	$ 16,864
Diane Litsey - Engineering Technician	13-Central Gas Ops Dept	1	$ 29,098	$ -	$ 29,098
Don Kitner - General Manager - Central	13-Central Gas Ops Dept	1	$ 146,482	$ -	$ 146,482
Don Millet - Customer Service Manager	13-Central Gas Ops Dept	1	$ 73,249	$ -	$ 73,249
Hope Baird - Customer Service Rep	13-Central Gas Ops Dept	1	$ 4,659	$ -	$ 4,659
John Baldwin - Meter Reader	13-Central Gas Ops Dept	1	$ 40,587	$ -	$ 40,587
Jose Hernandez - Gas Utility Worker B	13-Central Gas Ops Dept	1	$ 33,520	$ -	$ 33,520
Mike Bradley - Distribution Mechanic	13-Central Gas Ops Dept	1	$ 32,281	$ -	$ 32,281
Raymond Thibault - Distribution Line Locator	13-Central Gas Ops Dept	1	$ 52,167	$ -	$ 52,167
Ron Carlton - Dist. Mech. A/Inspector	13-Central Gas Ops Dept	1	$ 6,462	$ -	$ 6,462
Vacant (Buccolo) - Gas Utility Worker C	13-Central Gas Ops Dept	1	$ 41,608	$ -	$ 41,608
Vacant (Carpenter) - Marketing Rep	13-Central Gas Ops Dept	1	$ 45,708	$ -	$ 45,708
Vacant (Cotcamp) - Service Tech A	13-Central Gas Ops Dept	1	$ 63,504	$ -	$ 63,504
Vacant (Filled by PT Emp) - Service Technician	13-Central Gas Ops Dept	1	$ 32,798	$ -	$ 32,798
Vacant (Salazar) - Gas Utility Worker C	13-Central Gas Ops Dept	1	$ 42,745	$ -	$ 42,745
Vacant (Siler) - Service Tech A	13-Central Gas Ops Dept	1	$ 63,504	$ -	$ 63,504
Keith Pomeroy - Propane Dist Manager	13-Central Gas Ops Dept	1	$ 29,865	$ -	$ 29,865
Gary Bryant - Propane Driver	13-Central Gas Ops Dept	1	$ -	$ 3,254	$ 3,254
Mike McCarty - Manager, Safety Compliance Training	15-Safety Department	0	$ (70,668)	$ -	$ (70,668)
Terrence Mike - Safety Coordinator	15-Safety Department	0	$ (47,386)	$ -	$ (47,386)
Randy Taylor - Director of Operations and Engineering	16-Chesapeake Utilities - Florida	0	$ -	$ 100,927	$ 100,927
John McLelland - Business Development Manager	16-Chesapeake Utilities - Florida	1	$ -	$ 155,705	$ 155,705
Amanda Price - Billing & Records Manager	16-Chesapeake Utilities - Florida	1	$ -	$ 74,206	$ 74,206
Cynthia Austad - Support Manager	16-Chesapeake Utilities - Florida	1	$ -	$ 72,457	$ 72,457
Dolly Griffin - Support Specialist II	16-Chesapeake Utilities - Florida	1	$ -	$ 46,889	$ 46,889

FLORIDA PUBLIC UTILITIES COMPANY
OPERATING COST SAVINGS - EMPLOYEE RELATED

EXHIBIT___(TAG-3)

Name & Title	Roadmap Group	Count	Allocated $$$ FPU NG	CHPK NG	NG TOTAL
Hattie Barr - Sr. CSS	16-Chesapeake Utilities - Florida	1	$ -	$ 57,634	$ 57,634
Jeff Sylvester - Assistant Florida Regional Manager	16-Chesapeake Utilities - Florida	0	$ -	$ 272,223	$ 272,223
Judy Fowler - Billing & Records Specialist	16-Chesapeake Utilities - Florida	1	$ -	$ 69,744	$ 69,744
Kimber Avinger - CSS I	16-Chesapeake Utilities - Florida	1	$ -	$ 40,902	$ 40,902
Kimberly McCarty - Customer Service Manager	16-Chesapeake Utilities - Florida	1	$ -	$ 83,847	$ 83,847
Melissa Kehoe - Billing & Records Specialist	16-Chesapeake Utilities - Florida	1	$ -	$ 31,732	$ 31,732
Senita Wood - Operations Administrator - North	16-Chesapeake Utilities - Florida	1	$ -	$ 27,467	$ 27,467
Mike McCarty - Compliance & Training Manager	16-Chesapeake Utilities - Florida	0	$ -	$ 128,488	$ 128,488
Peggy Rogerson - CSS I	16-Chesapeake Utilities - Florida	1	$ -	$ 59,873	$ 59,873
Sandra Wellborn - Customer Services Manager	16-Chesapeake Utilities - Florida	1	$ -	$ 118,496	$ 118,496
Terrence Mike - Compliance Inspector	16-Chesapeake Utilities - Florida	0	$ -	$ 78,977	$ 78,977
Tom Geoffroy - Vice President	16-Chesapeake Utilities - Florida	0	$ -	$ 342,017	$ 342,017
Vacant - CSS I	16-Chesapeake Utilities - Florida	1	$ -	$ 40,902	$ 40,902
Vacant - Engineering Manager	16-Chesapeake Utilities - Florida	1	$ -	$ 62,046	$ 62,046
Vacant - Reg. Operations Manager - Central	16-Chesapeake Utilities - Florida	1	$ -	$ 61,256	$ 61,256
Vacant - Operations Tech I	16-Chesapeake Utilities - Florida	1	$ -	$ 33,654	$ 33,654
Vacant - Operations Tech II	16-Chesapeake Utilities - Florida	1	$ -	$ 34,455	$ 34,455
Michelle McLean - Marketing Tech Specialist	17-Marketing Department	1	$ 32,714	$ -	$ 32,714
Carol Lifton - Communications Admin Asst	17-Marketing Department	1	$ 8,560	$ -	$ 8,560
Catherine Seay - Admin Support Spec	17-Marketing Department	1	$ 28,154	$ -	$ 28,154
David Czajkowski - Admin Support Spec	17-Marketing Department	1	$ 28,938	$ -	$ 28,938
Doug Keip - Marketing Supervisor	17-Marketing Department	1	$ 56,596	$ -	$ 56,596
Amanda Jaikaran - Residential Marketering Rep	17-Marketing Department	1	$ 36,772	$ -	$ 36,772
Bill McGoldrick - Manager, Key Accounts	17-Marketing Department	1	$ 70,056	$ -	$ 70,056
Garth Hadley - Residential Marketering Rep	17-Marketing Department	1	$ 44,758	$ -	$ 44,758
John Costlow - Marketer Manager	17-Marketing Department	1	$ 72,833	$ -	$ 72,833
Kim Leisure - Outside Sales Rep	17-Marketing Department	1	$ 40,372	$ -	$ 40,372
Laura Scotten - Communications manager	17-Marketing Department	1	$ 12,605	$ -	$ 12,605
		106	$ 3,338,850	$ 2,086,740	$ 5,425,590

EXHIBIT___(TAG-4)

Operating Cost Savings –

Corporate

FLORIDA PUBLIC UTILITIES COMPANY
OPERATING COST SAVINGS - CORPORATE

EXHIBIT___(TAG-4)

Name & Title	Roadmap Group	Group	Count	Allocated $$$ FPU NG	CHPK NG	NG TOTAL
- Audit Fees (External)	99-Corporate Synergies	96	0	$ 30,423	$ -	$ 30,423
- Crime	99-Corporate Synergies	96	0	$ 264	$ -	$ 264
- Directors & Officers	99-Corporate Synergies	96	0	$ 39,818	$ -	$ 39,818
- Excess Liability	99-Corporate Synergies	96	0	$ 284,940	$ -	$ 284,940
- Corporate Allocations to Florida Division	99-Corporate Synergies	97	0	$ -	$ 432,279	$ 432,279
- Pension Audit	99-Corporate Synergies	96	0	$ 10,410	$ -	$ 10,410
- Property	99-Corporate Synergies	96	0	$ 161,356	$ -	$ 161,356
- SOX Audit	99-Corporate Synergies	96	0	$ 107,250	$ -	$ 107,250
- Tax Consulting	99-Corporate Synergies	96	0	$ 47,956	$ -	$ 47,956
- Tax Return Preparation	99-Corporate Synergies	96	0	$ 1,929	$ -	$ 1,929
- Underground Storage Tank	99-Corporate Synergies	96	0	$ 245	$ -	$ 245
			0	$ 684,591	$ 432,279	$ 1,116,870

EXHIBIT___(TAG-5)

Operating Cost Increases –

Employee Related

FLORIDA PUBLIC UTILITIES COMPANY

OPERATING COST INCREASES - EMPLOYEE RELATED

EXHIBIT___(TAG-5)

				Allocated $$$		
Name & Title	Roadmap Group	Group	Count	FPU NG	CHPK NG	NG TOTAL
Jeff Householder - President	1-Corporate Structure	1	-1	$ (330,104)	$ -	$ (330,104)
Kevin Webber - VP, Gas Operations & Business Development	1-Corporate Structure	1	-1	$ (172,179)	$ -	$ (172,179)
Beverly Campbell - Electric Business Unit Accountant	2-Accounting Department	2	-1	$ (32,340)	$ -	$ (32,340)
Dana Calta - Fixed Asset Accountant	2-Accounting Department	2	-1	$ (32,340)	$ -	$ (32,340)
Vacant - HR Coordinator/Assitant	3-Human Resources Dept	3	-1	$ (37,798)	$ -	$ (37,798)
Vacant - Billing Analyst	8-Customer Care Dept	8	-1	$ (48,152)	$ -	$ (48,152)
Vacant - CCR	8-Customer Care Dept	8	-1	$ (39,117)	$ -	$ (39,117)
Vacant - CCR	8-Customer Care Dept	8	-1	$ (38,823)	$ -	$ (38,823)
Sandra White - Collections	8-Customer Care Dept	8	-1	$ (40,749)	$ -	$ (40,749)
Vacant - Measurement Technician	11-Gas Operations Dept	11	-1	$ (76,867)	$ -	$ (76,867)
Vacant - Operations Technology	11-Gas Operations Dept	11	-1	$ (72,029)	$ -	$ (72,029)
Vacant - Engineering Tech - WH	14-West Gas Operations Dept	14	-1	$ -	$ (62,208)	$ (62,208)
			-12	$ (920,499)	$ (62,208)	$ (982,707)

EXHIBIT___(TAG-6)

Operating Cost Increases-

Corporate

FLORIDA PUBLIC UTILTIES COMPANY
OPERATING COST INCREASES - CORPORATE

EXHIBIT___(TAG-6)

Name & Title	Roadmap Group	Group	Count	Allocated $$$ FPU NG	CHPK NG	NG TOTAL
- AMEX & Computershare (IR)	99-Corporate Synergies	95	0	$ (16,996)	$ -	$ (16,996)
- Directors Fees	99-Corporate Synergies	95	0	$ (47,475)	$ -	$ (47,475)
- Employee Practices	99-Corporate Synergies	95	0	$ (11,328)	$ -	$ (11,328)
- Fiduciary	99-Corporate Synergies	95	0	$ (3,908)	$ -	$ (3,908)
- General Liability	99-Corporate Synergies	95	0	$ (6,540)	$ -	$ (6,540)
- Self Insurance	99-Corporate Synergies	95	0	$ (8,612)	$ -	$ (8,612)
- Ultipro Costs	99-Corporate Synergies	95	0	$ (13,157)	$ -	$ (13,157)
- Increased Benefits Costs	99-Increase Benefit Costs	98	0	$ (471,501)	$ 3,561	$ (467,940)
			0	$ (579,517)	$ 3,561	$ (575,956)

EXHIBIT___(TAG-7)

Total Net Operating Cost Savings

Florida Public Utilities Company
Total Net Operating Cost Savings

EXHIBIT ___(TAG-7)

Operating Cost Savings - Fuel (FGT Turn Back)	$941,266
Operating Cost Savings - Cost of Capital	$330,124
Operating Cost Savings - Personnel Related	$5,425,590
Operating Cost Savings - Corporate	$1,116,870
Operating Cost Increases - Personnel Related	($982,707)
Operating Cost Increases - Corporate & Benefits	($575,956)
Total Net Operating Cost Savings	$6,255,187

EXHIBIT___(TAG-8)

ORGANIZATIONAL CHARTS

AND ROADMAP

EXHIBIT___(TAG-8)

SCHEDULE 1

ORGANIZATION CHART

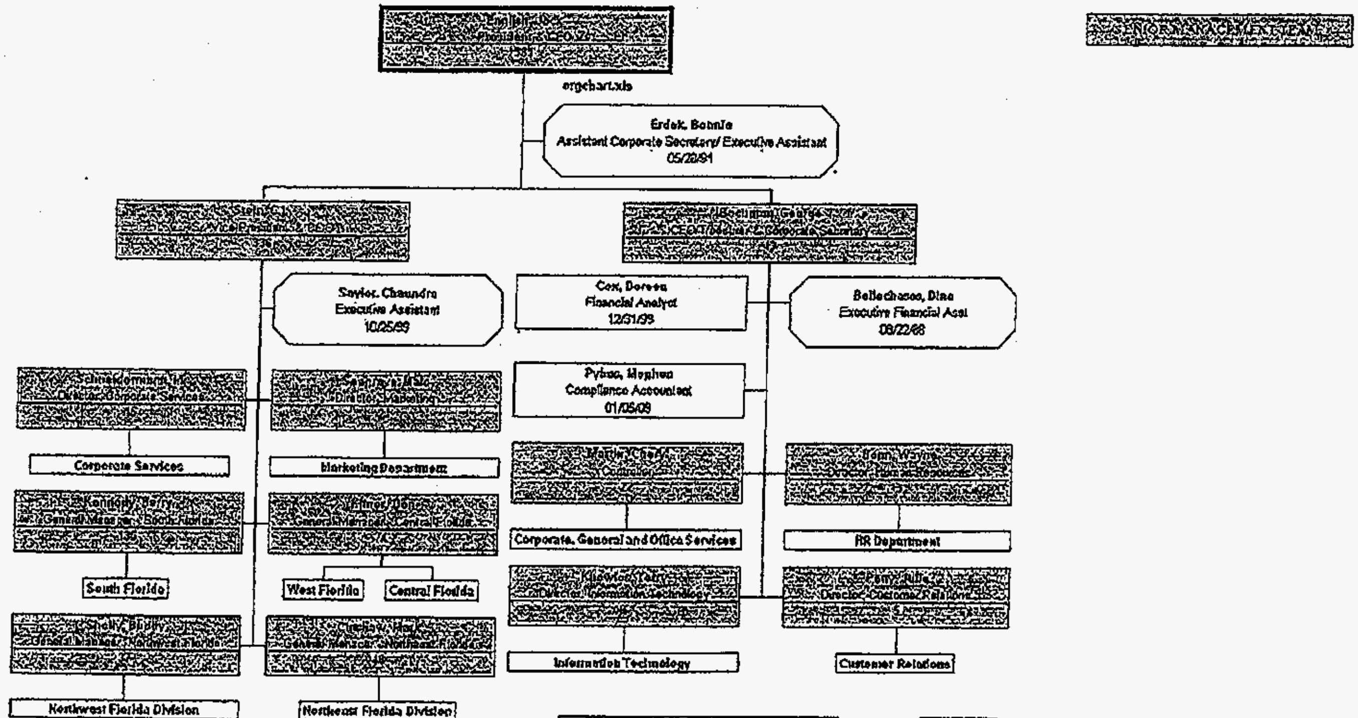
FPUC – DOCKET 080366-GU

FPUC
Rate Case Org Chart

FLORIDA PUBLIC UTILITIES

Last Modified 3/30/2009

1 - CORPORATE STRUCTURE



Position	Total	Full-Time	Part-Time
WPB Ops	136	135	1
Marketing	24	24	0
IT	9	9	0
Accounting	26	23	3
HR	3	3	0
CIS	5	5	0
Central FL	74	74	0
Northwest FL	37	37	0
Northeast FL	48	47	1
Corp Svcs	15	13	2
Officers/Admin	4	4	0
	381	374	7

Vacancies	Total	Full-Time	Part-Time
WPB Ops	18	17	1
Marketing	5	5	0
IT	2	2	0
Accounting	0	0	0
HR	0	0	0
CIS	1	1	0
Central FL	9	9	0
Northwest FL	0	0	0
Northeast FL	1	1	0
Corp Svcs	2	2	0
	38	37	1

ORGANIZATIONAL CHART TOTAL

	Total	Full-Time	Part-Time
Number of Positions	381	374	7
Total Vacancies	38	37	1
Active Employees	343	337	6

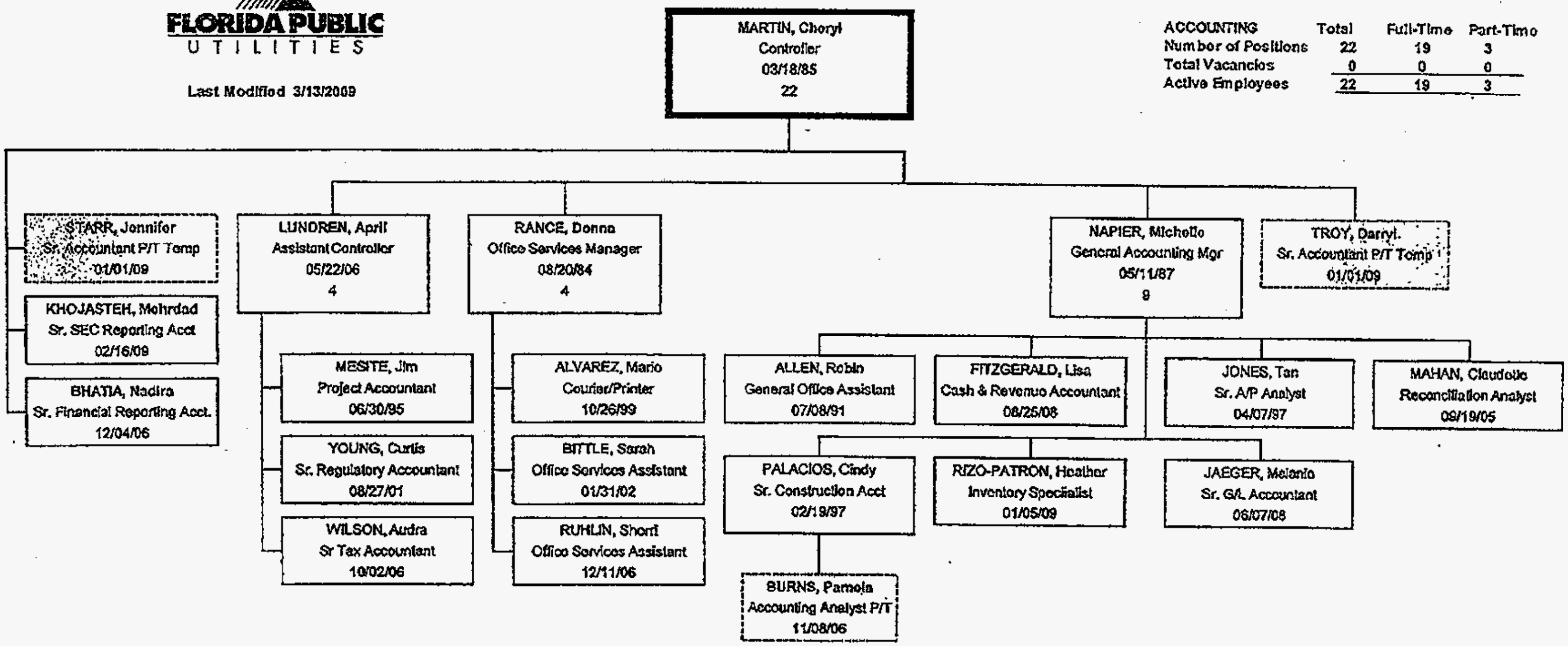
Corporate Structure.xps

2 - ACCOUNTING DEPARTMENT

FLORIDA PUBLIC UTILITIES

Last Modified 3/13/2009

ACCOUNTING	Total	Full-Time	Part-Time
Number of Positions	22	19	3
Total Vacancies	0	0	0
Active Employees	22	19	3

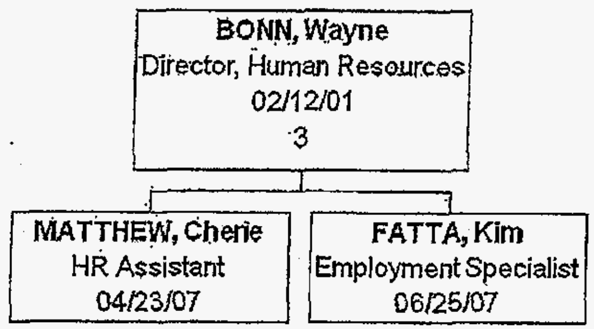


Accounting.opx

3 - HUMAN RESOURCES DEPARTMENT

FLORIDA PUBLIC UTILITIES

Last Modified 3/17/2009



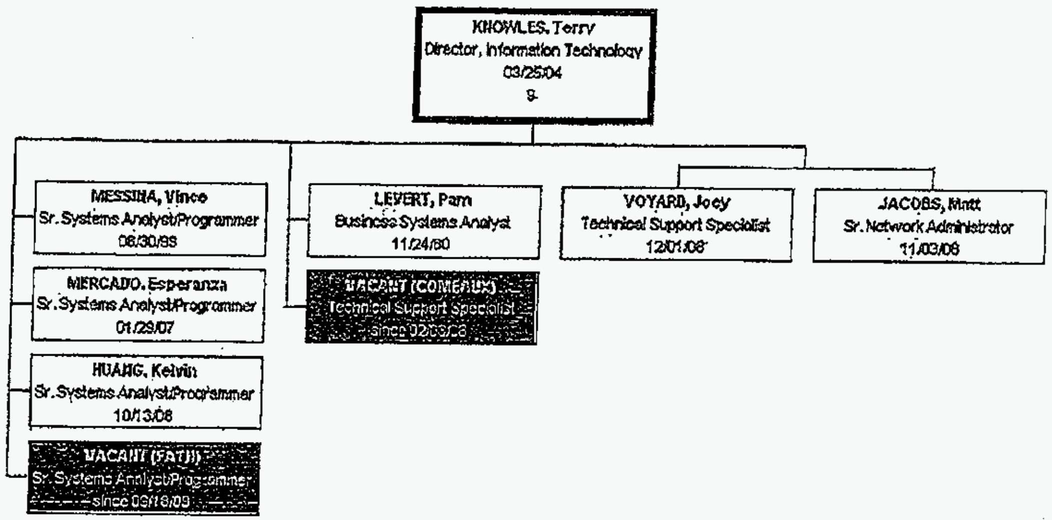
Human Resources	Total	Full-Time	Part-Time
Number of Positions	3	3	0
Total Vacancies	0	0	0
Active Employees	3	3	0

HumanResources.opx

4 - INFORMATION TECHNOLOGY DEPARTMENT (IT)

FLORIDA PUBLIC UTILITIES

Last Modified 3/13/2009



IT DEPT	Total	Full-Time	Part-Time
Number of Positions	9	9	0
Total Vacancies	2	2	0
Active Employees	7	7	0

InfoTech.opx

5 - CORPORATE SERVICES

FLORIDA PUBLIC UTILITIES

CORPORATE SERVICES	Total	Full-Time	Part-Time
Number of Positions	15	13	2
Total Vacancies	2	2	0
Active Employees	13	11	2

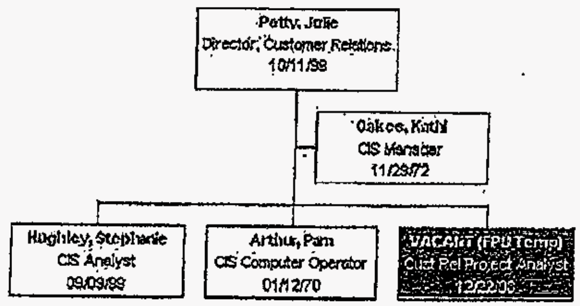
- **SCHNEIDERMANN, Marc** — Director, Corporate Services — 02/21/89 — 15
  - GILMORE, AL — Bldg Maint. PT — 04/05/05
  - VACANT — Administrative Assistant — Approved 4th Qtr 2008
  - **SNYDER, Chris** — Gas Logistics Manager — 07/08/91 — 2
    - ROHOMAN, Abidali — Energy Logistics Specialist — 08/02/04
  - **WILLIS, Arnell** — CR Trainer — 04/08/96 — 1
  - PRENTICE, James — Bldg Maint. PT — 07/12/06
  - **STOTTSBERRY, Donnie** — Corporate Fleet Manager — 03/07/05 — 4
    - ALLEWELT, Harold — Garage Mechanic — 12/09/96
    - HAASE, Bruce — Garage Mechanic — 05/22/05
    - MILITARY LEAVE (RAGOONATH) — Garage Mechanic — since 0-/05
  - **STUCKART, Gerry** — Safety Manager — 10/17/05 — 4
    - DELAHAY, Dan — SF Gas Safety Coordinator II — 03/05/07
    - SHELTON, Charles Temp — NE Elec. Safety Coordinator I/II — 01/12/09
    - VACANT — NW Elec. Safety Coordinator I/II

Last Modified 3/13/2009

6 - CUSTOMER RELATIONS DEPARTMENT

FLORIDA PUBLIC UTILITIES

Last Modified 3/13/2009



CUSTOMER RELATIONS	Total	Full-Time	Part-Time
Number of Positions	5	5	0
Total Vacancies	1	1	0
Active Employees	4	4	0

CustomerRel.opx

10 - SOUTH FLORIDA OPERATIONS
ENGINEERING & CUSTOMER SERVICE

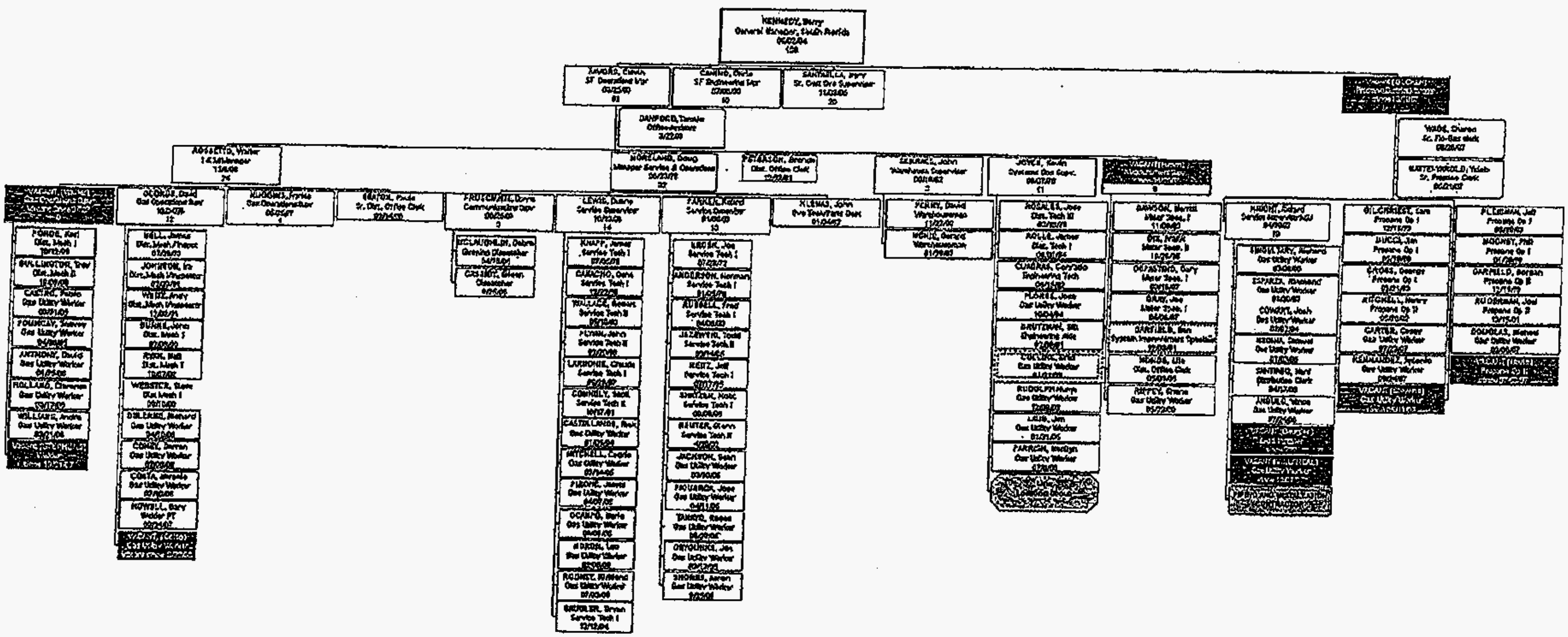
FLORIDA PUBLIC UTILITIES

Last Modified 3/13/2009

- KENNEDY, Barry — General Manager, SF Operations — 06/02/04
  - CANINO, Chirs — SF Engineering Manager — 07/06/98 — 10
    - DANFORD, Tamyka — Eng Admin Asst — 03/22/99
    - MOZOLEVSKI, Igor — Senior Engineer — 12/27/04 — 5
      - VANLEEUWEN, Fernando — Assistant Engineer — 06/01/06
      - EMBRY, Johnathan — Eng Tech — 11/26/07
      - GIBBS, Ivan — Eng Field Tech — 11/08/99
      - REGALLIS, Joe — Eng Tech — 09/18/06
    - ZELINSKI, Jason — Engineer — since 08/17/07
    - VACANT (SMITH) — Engineer — since 02/17/07 — 2
      - VACANT (SMITH) — PT Eng Tech — since 02/07
  - SANTAELLA, Mary — Sr. Cust Svc Supervisor — 11/08/05 — 21
    - RIPPEY, Lori — Customer Svc Supervisor — 08/13/98 — 6
      - CHANDLER, Dave — Collector — 06/23/73
      - MONTGOMERY, Dave — Collector — 05/31/90
      - VACANT (BYTHWOOD) — Collector — 08/29/03
      - WHITE, Sandra — Cust Svc Rep — 08/29/05
      - SANTAELLA - PT/TEMP — Cust Svc Rep — 08/29/05
    - FEDINA, Pat — Sr. Cust Svc Rep — 04/06/83
    - HILL, Tara — Cust Svc Rep I — 09/10/02
    - AARONS, Keon — Cust Svc Rep I — 02/09/04
    - BASHFORD, Maxine — Cust Svc Rep — 11/02/04
    - ZALDIVAR, Magbis — Cust Svc Rep — 12/04/06
    - SHYNE, Denise — Cust Svc Rep — 01/08/07
    - JAENTSCHKE, Jean — Cust Svc Rep II — 11/05/07
    - BOYD, Charlotte — Cust Svc Rep II — 11/05/07
    - PENROSE, Taylor — Cust Svc Rep II — 02/11/08
    - MONGO, Audra — Cust Svc Rep II — 02/11/08
    - SAMUELS, Rosa — Cust Svc Rep II — 02/18/08
    - MANUEL, Danielle — Cust Svc Rep II — 05/07/08
    - ANGULO, Peter — Cust Svc Rep — 11/18/08
    - ROONEY, Stephanie — Cust Svc Rep — 11/24/08

12

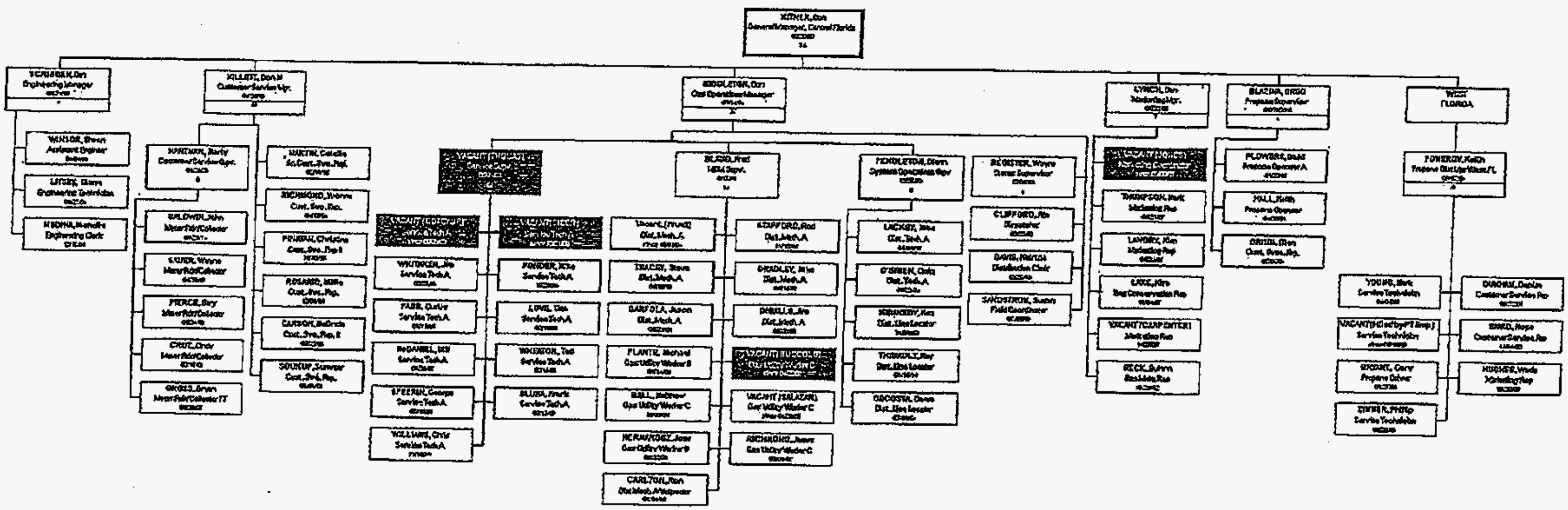
SOUTH FLORIDA GAS OPERATIONS - ORGANIZATIONAL CHART



SOUTH FLORIDA OPERATIONS	Total	Full-Time	Part-Time
Number of Positions	[illegible]	[illegible]	3
Total Vacancies	[illegible]	[illegible]	2
Active Employees	[illegible]	[illegible]	1

FLORIDA PUBLIC UTILITIES

13 - CENTRAL ~~[illegible]~~ GAS OPERATIONS DEPT

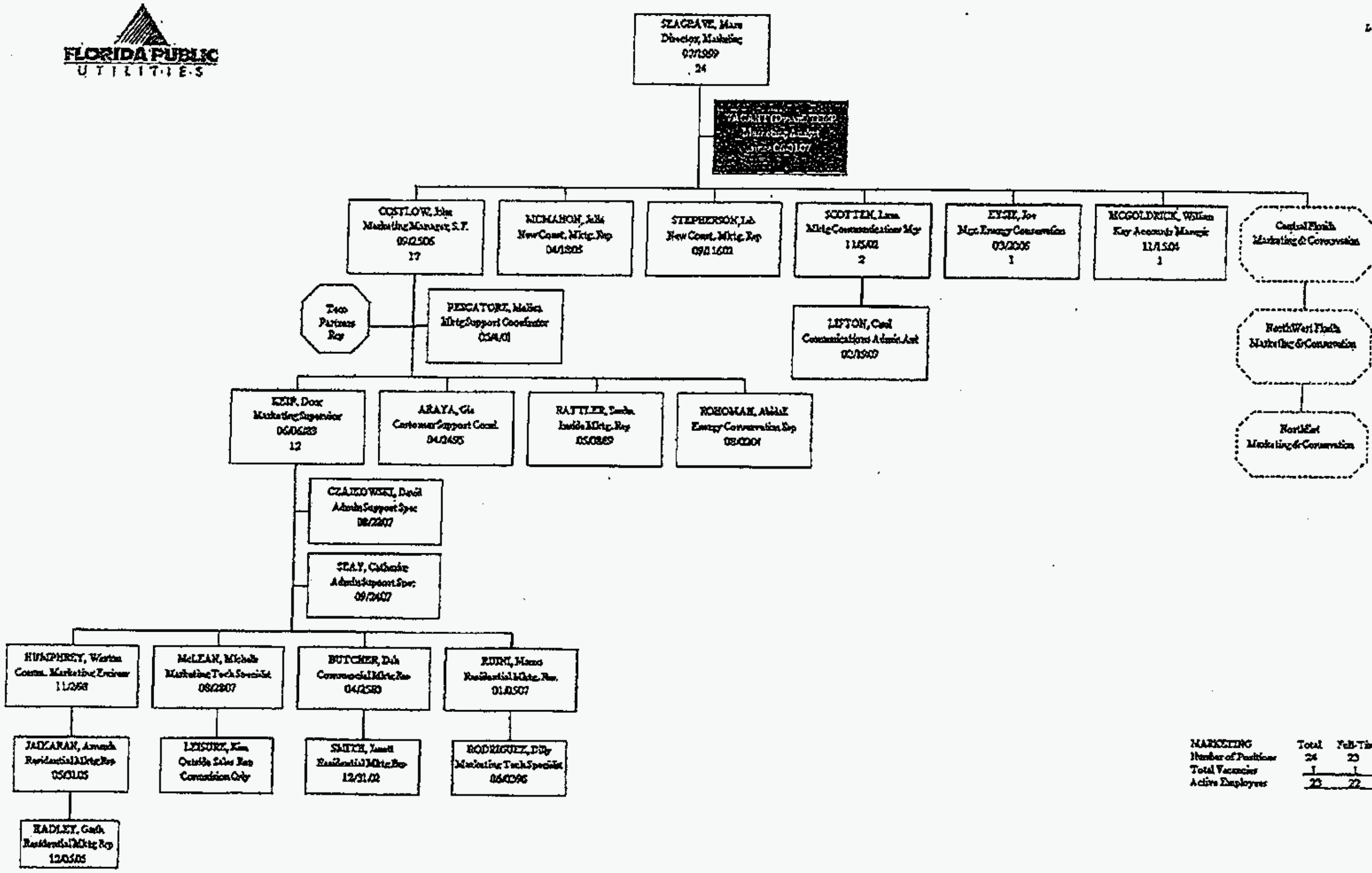


CENTRAL FLORIDA

17 – MARKETING DEPARTMENT

FLORIDA PUBLIC UTILITIES

Last Modified 10/25/2007



MARKETING	Total	Full-Time	Part-Time
Number of Positions	24	23	1
Total Vacancies	1	1	0
Active Employees	23	22	1

EXHIBIT___(TAG-8)

SCHEDULE 2

ORGANIZATION CHART

CHESAPEAKE – DOCKET 090125-GU

16 - CHESAPEAKE UTILITIES - FLORIDA NATURAL GAS BUSINESS UNIT

- **Thomas A. Geoffroy**, Vice President, 46
  - **Jeffrey S. Sylvester**, Asst. Reg. Mgr., 16
    - **Sandra E. Wellborn**, Customer Services Manager
      - **Kimberly A. McCarty**, Customer Service Manager
        - Hattie M. Barr, Sr. Customer Service Spec
        - Kimber Avingar, Cust. Serv. Specialist I
        - Melissa Prevatt, Cust. Serv. Specialits I
        - Peggy Rogerson, Cust. Serv. Specialist I
        - Vacant, Cust. Serv. Specialist I
      - **Amanda J. Price**, Billing & Records Mgr.
        - Judy J. Fowler, Billing & Records Specialist
        - Melissa Kehoe, Billing & Records Specialist
      - **Cyntia A. Austad**, Support Manager
        - Dolly M. Griffin, Support Specialist II
    - **Ben R. Semchuck**, Sales Manager
      - Glen S. Ranck, Energy Partner Rep
      - Patricia A. Spalding, Builder/Developer Rep
  - **John W. McLelland**, Business Development Mgr.
  - **Randy M. Taylor**, Dir. Ops & Engineering
    - **Jeffrey A. Miles**, Operations Manager
      - **Annette A. Gossman**, Ops. Admin. Supv.
        - Senita Wood, Ops. Administrator - North
      - **Steve T. Hetland**, Reg. Operations Mgr. - North
        - David Shreckengost, Operations Technician II
        - Jarrod Wellborn, Operations Techncian II
        - Vacant, Operations Technician II
        - Jeffrey W. Pretty, Operations Techncian II
      - **Vacant**, Reg. Operations Mgr. - Central
        - Richard D. Brabson, Operations Technician II
        - Gregory Tharp, Operations Technician II
        - Charles G. Wallace, Operations Technician II
        - Brian C. Fisher, Operations Technician II
        - Denzil P. Wilson, Operations Technician III
        - Corey P. Gobhardt, Operations Technician II
        - Constantino R. Hernandez, Operations Technician II
        - Gary M. Hardy, Operations Technician II
        - Vacant, Operations Technician I
        - Vacant, Operations Technician I
      - Matthew W. Henderson, Project Supervisor - North
      - Roger Freeze, Project Supervisor - Central
    - **Michael McCarty**, Safety, Compliance & Training Mgr.
      - Terrence D. Mike, Compliance Inspector
    - **Vacant**, Engineering Manager
      - Barbara Johns, Engineering Technician
      - George A. Hall, Measurement Technician II
      - James D. Bradshaw, Measurement Technician II

Date: 05/01/2009

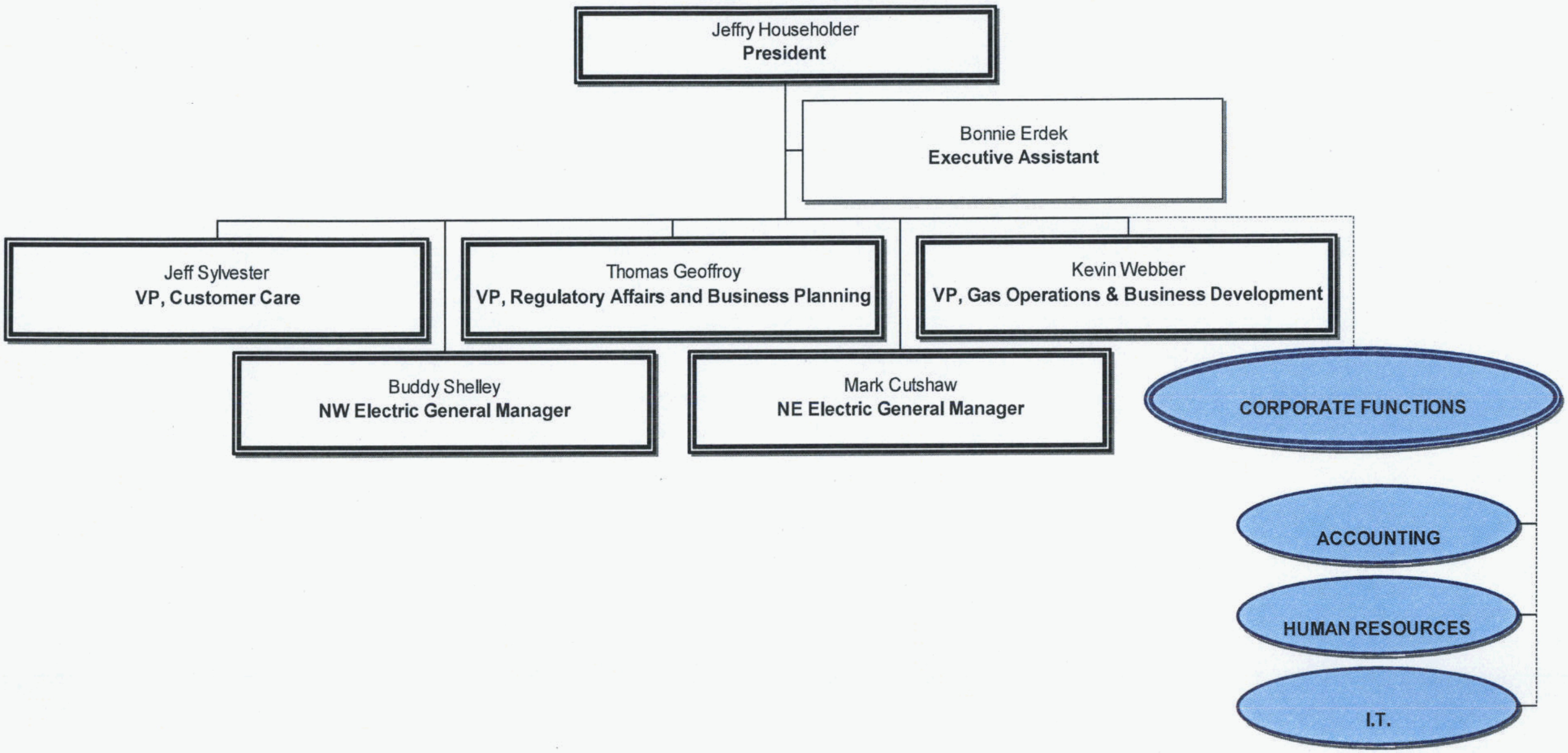
EXHIBIT___(TAG-8)

SCHEDULE 3

CURRENT ORGANIZATION CHART

AS OF MARCH 31, 2011

1 - CORPORATE STRUCTURE



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2 - ACCOUNTING DEPARTMENT

- **Cheryl Martin**
  Director of Florida Accounting
  15
  - **Michelle Napier**
    Florida Accounting Mgr
    - **Beverly Campbell**
      Electric Business Unit Accountant
    - **Yung Liu**
      Natural Gas Business Unit Accountant
    - **April Lundgren**
      Natural Gas Sr. Business Accountant
    - **Audra Wilson**
      Non-Regulated Business Unit Accountant
  - **Donna Rance**
    Office Services/Purchasing Mgr
    - **Mario Alvarez**
      Office Services Assistant
    - **Sherri Ruhlin**
      Office Services Assistant
    - **Vacant (Bittle)**
      Office Services Analyst
  - **Dana Calta**
    Fixed Asset Accountant
  - **James Mesite**
    Fixed Asset Accountant
  - **Vacant (Cassel)**
    Reporting & Tax Accountant
  - **Sarah Bittle**
    A/P Analyst
  - **Tanzanika Jones**
    Sr. A/P Analyst

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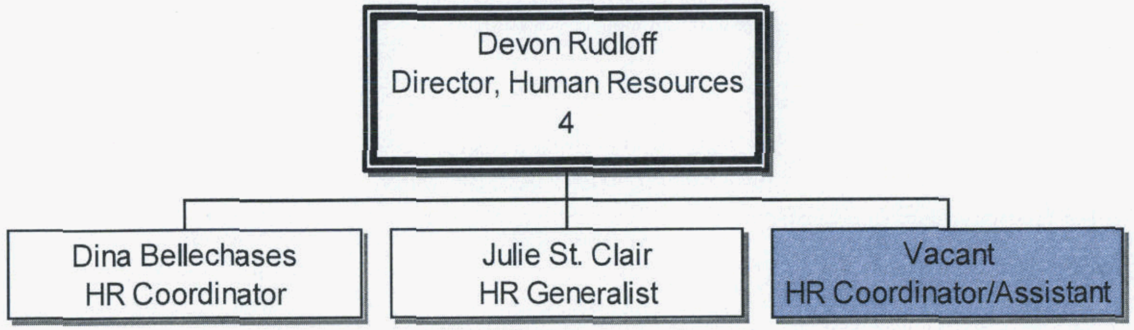
Date: 03/31/2011

3 - HUMAN RESOURCES DEPARTMENT



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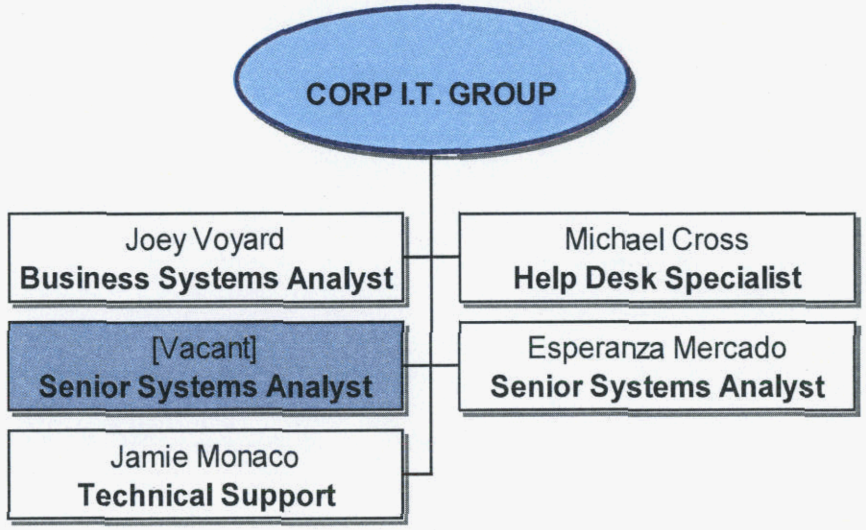
4 - I.T. DEPARTMENT



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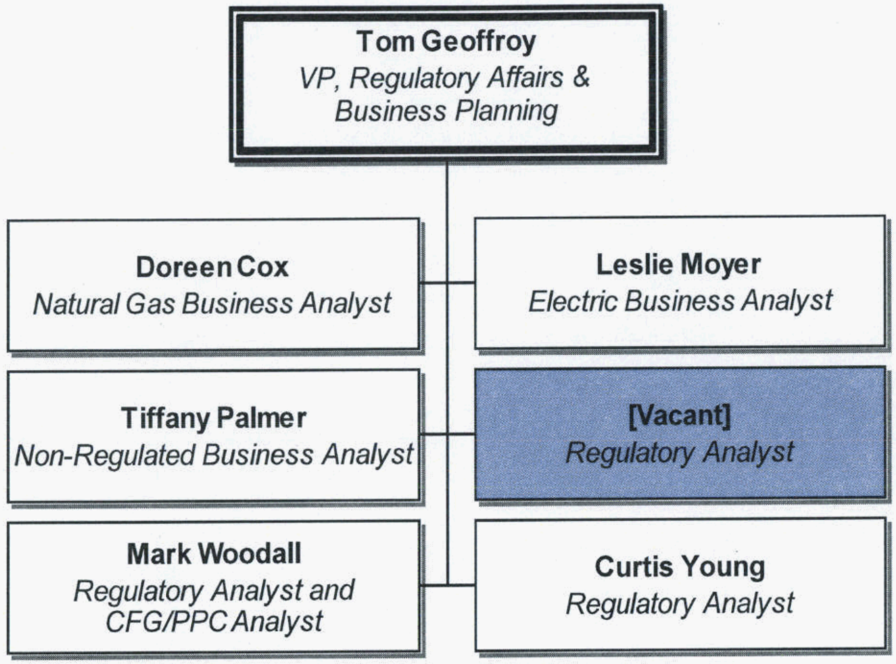
Date: 03/31/2011

7 - REGULATORY AFFAIRS DEPARTMENT



8 - CUSTOMER CARE DEPARTMENT

- J. Sylvester, VP Customer Care, 54
  - Mariana Perea, Director, Customer Care, 40
    - Mary Santaella, Manager, CC Call Center, 14
      - Ivelisse Arroyo, CCR/CFG
      - Maxine Bashford, CCR
      - Lynn Bellinger, CCR
      - Pat Fedina, Walk-In
      - Tara Hill, Walk-In
      - Margaret Hines, CCR
      - Jean Jaentscchke, CCR
      - Audra Mongo, CCR/CFG
      - Stephanie Rooney, CCR/CFG
      - Magbis Zaldivar, CCR
      - Vacant (Shyne), CCR
      - [Vacant], CCR
      - [Vacant], CCR
    - Roger LaCharite, Manager, CC Call Center, 24
      - Stephen Amos, Walk-In NW
      - Kim Hall, Payment Proc NW
      - Sally Jones, CCR Lead NW
      - Laura McCoy, Payment Proc NW
      - [Vacant], Walk-in NW
      - Pam Thomas, Walk-In NW
      - Lorna Benitez, CCR NE
      - Renee Bolyard, CCR NE
      - Linda Gamble, CCR NE
      - Kari O'Brien, CCR NE
      - Rena Williams, CCR NE
      - Patti Thornton, CCR Sup NE
        - DAVIS, Sarah, Meter Reader/Collector - U5
        - GOINS, Mia, Meter Reader - U5
        - PEACOCK, Lewis, T-On/T-Off Svceman - U5
        - BROWN, Jevon, Meter Reader - U5
      - Marty Hartman, CCR Sup CF
        - Vacant (Carson), CCR CF
        - Colette Martin, CCR Lead CF
        - Millie Rosario, CCR CF
        - Christine Finigan, CCR CF
        - Yvonne Richmond, CCR CF
        - Summer Soukup, CCR CF
    - Arnell Willis, Traning/Quality
  - Vince Messina, Customer Care Analyst
  - Kathi Oakes, Manager, CIS
  - Mike Cassel, Manager, Back Office, 11
    - Keon Aarons, Billing Analyst
    - Peter Angulo, Billing Analyst
    - Charlotte Boyd, Collections
    - Rosa Samuels, Billing Analyst
    - Sandra White, Collections
    - Stephanie Hughley, Billing Lead
    - Pam Arthur, Billing Analyst
    - Heather Rizo-Patron, TSA Analyst
    - Abid Rohoman, TSA Specialist
    - [Vacant], Billing Analyst

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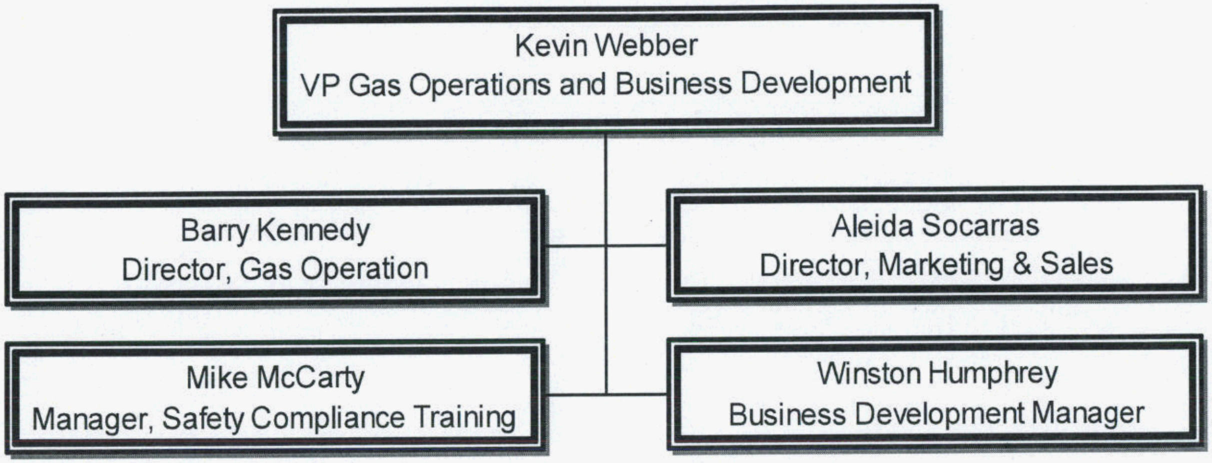
9 - VICE PRESIDENT DEPARTMENT



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11 - GAS OPERATIONS DEPARTMENT

- **Barry Kennedy** — Director, Gas Operations — 17
  - **Chaundra Saylor** — Executive Assistant
  - **Doug Moreland** — Mgr, Gas Operations - South
  - **Johnny Hill** — Mgr, Gas Operations - Central
  - **Jeff Miles** — Mgr, Gas Operations - West
  - **Randy Taylor** — Engineering Services Mgr — 7
    - **David Bradshaw** — Measurement Tech
    - **Alan Hall** — Measurement Tech
    - **[VACANT]** — Measurement Tech
    - **Don Middleton** — Measurement Mgr. — 3
      - **Joe Gray** — Measurement Tech II
      - **Lila Monds** — Dist. Office Clerk-N
  - **Don Stottsberry** — Fleet Manager
  - **Calvin Favors** — Engineering Manager — 4
    - **Fernando VanLeeuwen** — Assistant Engineer
    - **Jason Zelinski** — Engineer
    - **[VACANT]** — Operations Technology

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Date: 03/31/2011

12 - SOUTH GAS OPERATIONS DEPARTMENT

- **Doug Moreland** — Mgr, Gas Operations - South — 76
  - Tamyka Danford — Dist Office Admin Asst
  - Angela Jacobs — Distribution Clerk
  - Eileen Cassidy — Senior Dispatcher-N
  - Jose Figueroa — Svc Tech/Parts Dept-U1
  - **Richard Knight** — Propane District Manager-N — 17
    - Danielle Manuel — Sr. Propane Clerk-U1
    - **Roland Parker** — Service Installation Supervisor-N — 4
      - Raymond Esparza — Installer-U1
      - Samuel Medina — Gas Utility Worker-U1
      - Richard Singeltary — Installer-U1
    - George Cross — Propane Op I-U1
    - Jeff Fleischman — Propane Op I-U1
    - Garfield Morgan — Propane Op I-U1
    - Sam Gilchriest — Propane Op I-U1
    - Antonio Hernandez — Propane Op II-U1
    - Henry Mitchell — Propane Op I-U1
    - Phil Mooney — Propane Op I-U1
    - Adiel Portales — Propane Operator II-U1
    - Morris Rodriguez — Gas Utility Worker-U1
    - Joel Ruderman — Propane Op I-U1
    - Ollie Sheppard — Gas Utility Worker-U1
  - **Walter Rossetto** — I & M Manager-N — 17
    - **John Burke** — Gas Operations Supv-U1 — 5
      - Troy Bullington — Dist. Mech I-U1
      - Karl Forde — Dist. Mech I-U1
      - Andy Weitz — Dist. Mech I/Inspector-U1
      - Matt Ryan — Dist. Mech I/Inspector-U1
    - **Frankie Huggins** — Gas Operations Supv-N — 11
      - Joshua Bland — Gas Utility Worker-U1
      - Pablo Castro — Dist Mech I-U1
      - Darren Coney — Dist Mech II-U1
      - Bruce Haase — Gas Utility Worker-U1
      - Jose Hernandex — Welder-U1
      - Clarence Holland — Gas Utility Worker-U1
      - Michael Ilnisky — Welder-U1
      - Darrel Ragoonath — Gas Utility Worker-U1
      - Steve Webster — Dist Mech I-U1
      - Andre Williams — Distribution Mechanic II-U1
  - Robert Police — Warehouseman-U1
  - **Duane Lewis** — Service Supervisor-N — 13
    - Gene Camacho — Service Tech I-U1
    - Rick Castellanos — Service Tech II-U1
    - Joseph DeYounks — Gas Utility Worker
    - Bryan Gaugler — Service Tech I-U1
    - Claude Larmonie — Service Tech I-U1
    - Cedric Mitchell — Service Technician II-U1
    - Leo Moron — Service Tech II-U1
    - Mario Ocampo — Service Technician II-U1
    - Dave Montgomery — Collector-U1
    - Marilyn Parrish — Collector-U1
    - Tommy Pouncey — Collector-U1
    - Robert Wallace — Service Tech II-U1
  - **Norman Anderson** — Service Supervisor-N — 8
    - Scott Connley — Service Tech II-U1
    - Sean Jackson — Service Tech II-U1
    - Todd Jezewski — Service Tech I-U1
    - Jeff Reitz — Service Tech I-U1
    - Fred Russell — Service Tech I-U1
    - Rob Shatzer — Service Tech I-N-U1
    - Rocco Tamayo — Service Tech II-U1
  - Bill Brutzman — Engineering Aide-N
  - Brad Collins — Dist Tech II-U1
  - Conrado Cuadras — Engineering Tech-N
  - Jose Flores — Dist. Tech II-U1
  - Al Gilmore — BldgMaint, PT-N
  - Jim Laub — Dist Tech II-U1
  - Rudolph Numa — Dist. Tech I-U1
  - James Rolle — Dist. Tech I-U1
  - Jose Rosales — Dist. Tech I-U1
  - **[Vacant]** — SF Engineering Mgr
    - Chris Canino — Sr. Engineer
    - Ivan Gibbs — Engineering Field Tech
    - Billy Rodriguez — Engineering Tech
    - Vincent Krepps — Engineer
    - Zurehida Santaella — Engineering Admin Asst

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13 - CENTRAL GAS OPERATIONS DEPARTMENT

HILL, Johnny
Gas Operations Manager-N
45

- **SCRIBBEN, Dan**
  Engineering Manager-N
  3
  - **WINSOR, Shawn** — Assistant Engineer-N
  - **MEDINA, Michelle** — Engineering Clerk-N
- **BLAND, Fred**
  I & M Supv.-N
  9
  - **BELL, Matthew** — Gas Utility Worker C-U3
  - **GARFOLA, Jason** — Dist. Mech. A-U3
  - **INGALLS, Jim** — Dist. Mech. A-U3
  - **STAFFORD, Ron** — Dist. Mech. A-U3
  - **CARLTON, Ron** — Dist Mech A/Inspector-U3
  - **HERNANDEZ, Jose** — Gas Utility Worker B-U3
  - **PLANTE, Michael** — Gas Utility Worker B-U3
  - **TRACEY, Steve** — Dist. Mech. A-U3
- **PENDLETON, Glenn**
  System Operations Supv-N
  14
  - **DECOSTA, Dawn** — Dist. Line Locator-U3
  - **LACKEY, Mike** — Dist. Tech. A-U3
  - **MCDANIEL, Bill** — Service Tech A-U3
  - **PAGE, Curtis** — Service Tech A-U3
  - **SLUKA, Frank** — Service Tech A-U3
  - **WHEATON, Ted** — Service Tech A-U3
  - **WILLIAMS, Chris** — Service Tech A-U3
  - **KENNEDY, Ken** — Dist. Line Locator-U3
  - **LOVE, Tim** — Service Tech A-U3
  - **O'BRIEN, Craig** — Dist. Tech. A-U3
  - **PONDER, Mike** — Service Tech A-U3
  - **SPEERIN, George** — Service Tech A-U3
  - **WHITAKER, Jim** — Service Tech A-U3
- **BLAZINA, Greg**
  Propane Supervisor-N
  10
  - **FLOWERS, David** — Propane Operator A-U3
  - **GRIMM, Aileen** — Propane Clerk
  - **CALHOUN, Rodney** — Gas Utility Worker - NE
  - **MOORE, James** — Gas Utility Worker - NE
  - **SIMMONS, Terry** — Gas Utility Worker - NE
  - **HALL, Keith** — Propane Operator-U3
  - **BEALE, Susan** — Sr. Propane Clerk - NE
  - **CORRADO, Joseph** — Gas Service Tech B - NE
  - **PLUTA, Dave** — Gas Service Tech B - NE
- **CHAPMAN, Christopher** — Meter Reader-U3(Temp)
- **CLIFFORD, Rita** — Dispatcher-N
- **CRUZ, Cindy** — Meter Rdr/Collector-U3
- **DAVIS, Katrina** — Distribution Clerk-N
- **GROSS, Bryan** — Meter Rdr/Collector -U3
- **PIERCE, Gary** — Meter Rdr/Collector-U3
- **REGISTER, Wayne** — Stores Supervisor-N
- **SANDSTROM, Susan** — Field Coordinator-N

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14 - WEST GAS OPERATIONS DEPARTMENT

- Jeff Miles
  Mgr, Gas Operations West
  23
  - [Vacant]
    Engineering Tech
  - Roger Freeze
    Project Supervisor
  - Matt Henderson
    Project Supervisor
  - Annette Gossman
    Operations Admin Supv.
    - Melissa Prevatt
      Operations Administrator
  - Steve Hetland
    Regional Operations Mgr
    - Denise Dunham
      Senior Clerk
    - Jeffrey Pretty
      Service Technician
    - Gary Bryant
      Propane Driver
    - Phillip Zimmer
      Service Technician
    - David Shreckengost
      Service Technician
    - Johnny Safranca
      Service Technician
    - Barbara Johns
      Engineering Tech
  - [Vacant]
    Operations Tech 1
  - Richard Brabson
    Operations Tech 1
  - Brian Fisher
    Operations Tech 2
  - Corey Gebhardt
    Operations Tech 2
  - Gary Hardy
    Operations Tech 1
  - Tino Hernandez
    Operations Tech 2
  - Greg Tharp
    Operations Tech 2
  - Gene Wallace
    Operations Tech 2
  - Denzil Wilson
    Operations Tech 3

ALL ARE NON-UNION

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Date: 03/31/2011

15 - SAFETY DEPARTMENT

- Mike McCarty
  Manager, Safety Compliance Training
  6
  - Terrance Mike
    Safety, Compliance and Training Coordinator - W
  - Rhondon Gray
    Safety, Compliance and Training Coordinaor - NW
  - Thomas Moen
    Safety, Compliance and Training Coordinator - NE
  - Skip Flynn
    Safety, Compliance and Training Coordinator - SF
  - Keith Pomeroy
    Safety, Compliance and Training Coordinator - CF

ALL ARE NON-UNION

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Date: 03/31/2011

17 - MARKETING DEPARTMENT

- Aleida Socarras, Director, Marketing & Sales, 24
  - Dan Lynch, Sales Manager
    - Gia Araya, Customer Support Coordinator - SF
    - Margaret Foshee, Sales Administrator - CF
    - Kimberly Landry, Builder/Developer Acct Mgr - CF
    - Mauro Ruini, Commercial Sales Acct Mgr - SF
    - Pat Spalding, Builder/Developer Acct Mgr - W
    - Linda Winston, Sales Account Mgr - NE
    - TECO PARTNERS
    - Dale Butcher, Commercial Sales Acct Mgr - SF
    - Wade Hughes, Commercial Sales Account Mgr - CF
    - Sandra Rattler, Inside Marketing Rep - SF
    - Jarrett Smith, Commercial Sales Acct Mgr -SF
    - Mark Thompson, Commercial Sales Acct Mgr - CF
    - Vacant (Todorov), Builder/Developer Acct Mgr - SF
  - Jason Van Hoffman, Manager, Marketing Services
    - Sharon Fitzgerald, Marketing & Channel Coordinator
    - Kira Lake, Supervisor, Energy Conservation
      - Danielle Boone, Conservation Rep - SF
      - Mason Brock, Conservation Rep - NW
      - Scott Ranck, Conservation Rep - W
      - David Richardson, Conservation Rep - NE
  - Ben Semchuck, Manager, Dealer Services
    - Leb Stepherson, Dealer Services Account Manager - SF
    - Lynn Reck, Dealer Services Account Manager - CF

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EXHIBIT___(TAG-8)

SCHEDULE 4

ORGANIZATION CHART

ROADMAP

ORGANIZATIONAL CHARTS

ROADMAP FROM

LAST RATE CASE ORGANIZATION STRUCTURE TO

CURRENT ORGANIZATION STRUCTURE

MARCH 31, 2011

1 – Corporate Structure
Positions Eliminated:
By December 31, 2009
President & CEO (Jack English)
Compliance Accountant (Meghan Pybus)

By March 31, 2011
Sr. Vice President & COO (C.L. Stein)
CFO/Treasurer & Corporate Secretary (George Bachman)

Positions Transferred To Other Departments:
Financial Analyst (Doreen Cox) transferred to Regulatory Affairs Department
Executive Financial Asst (Dina Bellechases) transferred to Accounting Department
Executive Assistant (Chaundra Saylor) transferred to Gas Operations Department

Positions Transferred From Other Departments:
VP, Customer Care (Jeff Sylvester) transferred from Chesapeake Utilities - Florida
VP, Regulatory Affairs & Business Planning (Thomas Geoffroy) transferred from Chesapeake Utilities - Florida

New Positions:
President (Jeffry Householder)
VP, Gas Operations & Business Development (Kevin Webber)

<u>2 - Accounting Department</u>

Positions Eliminated:

By December 31, 2009

Sr. Financial Reporting Acct (Nadira Bhatia)
Sr. Construction Acct (Cindy Palacios)

By October 31, 2010

Sr. Accountant P/T Temp (Jennifer Starr)
Accounting Analyst P/T (Pamela Burns)
Sr. Accountant P/T Temp (Darryl Troy)
General Office Assistant (Robin Allen)

Positions Transferred To Other Departments:

Sr. SEC Reporting Acct (Mehrdad Khojasteh) transferred to Regulatory Affairs Dept
Sr. Regulatory Accountant (Curtis Young) transferred to Regulatory Affairs Dept
Sr. G/L Accountant (Melanie Jaeger) transferred to Regulatory Affairs Dept
Inventory Specialist (Heather Rizo-Patron) transferred to Customer Care Dept

Positions Transferred From Other Departments:

Executive Financial Assistant (Dina Bellechases) transferred from Corporate Structure

New Positions:

Fixed Asset Accountant (Dana Calta)
Electric Business Unit Accountant (Beverly Campbell)

3 - Human Resources Department

New Position:

HR Coordinator/Assistant (Vacant)

4 - Information Technology Department

Positions Eliminated:

By December 31, 2009

Sr. Systems Analyst/Programmer (Vacant)

Technical Support Specialist (Vacant)

By March 31, 2011

Director, Information Technology (Terry Knowles)

Positions Transferred To Other Departments:

Sr. Systems Analyst/Programmer (Vince Messina) transferred to Customer Care Dept

5 - Corporate Services

Positions Eliminated:

By December 31, 2009

Building Maintenance P/T (James Prentice)

By October 31, 2010

Director, Corporate Services (Marc Schneidermann)
Building Maintenance P/T (Al Gilmore)
Administrative Assistant (Vacant)

By March 31, 2011

Garage Mechanic (Harold Allewelt)
Garage Mechanic (Bruce Haase)
Garage Mechanic (Darrel Ragoonath)
Gas Logistics Manager (Chris Snyder)

Positions Transferred To Other Departments:

Corporate Fleet Manager (Donnie Stottsberry) transferred to Gas Operations Dept
Energy Logistics Specialist (Abidali Rohoman) transferred to Customer Care Dept
CR Trainer (Arnell Willis) transferred to Customer Care Dept
Safety Manager (Gerry Stuckart) transferred to Safety Department
SF Gas Safety Coordinator II (Dan Delahay) transferred to Safety Department
NE Electric Safety Coordinator I/II (Charles Shelton) transferred to Safety Department
NW Electric Safety Coordinator I/II (Vacant) transferred to Safety Department

6 - Customer Relations Department

Positions Eliminated:

By December 31, 2009

Customer Relations Project Analyst (Vacant)

Positions Transferred To Other Departments:

Director, Customer Relations (Julie Petty) transferred to Customer Care Dept

CIS Manager (Kathi Oakes) transferred to Customer Care Dept

CIS Analyst (Stephanie Hughley) transferred to Customer Care Dept

CIS Computer Operator (Pam Arthur) transferred to Customer Care Dept

7 - Regulatory Affairs Department

Positions Transferred From Other Departments:

Sr. SEC Reporting Acct (Mehrdad Khojasteh) transferred from Accounting Dept
Sr. Regulatory Accountant (Curtis Young) transferred from Accounting Dept
Sr. G/L Accountant (Melanie Jaeger) transferred from Accounting Dept
Customer Service Manager (Leslie Murdock) transferred from Northwest Florida
Marketing Analyst (Vacant) transferred from Marketing Dept
Financial Analyst (Doreen Cox) transferred from Corporate Structure

8 - Customer Care Department

Positions Transferred From Other Departments:

Director, Customer Relations (Julie Petty) transferred from Customer Relations Dept
CIS Manager (Kathi Oakes) transferred from Customer Relations Dept
CIS Analyst (Stephanie Hughley) transferred from Customer Relations Dept
CIS Computer Operator (Pam Arthur) transferred from Customer Relations Dept
CR Trainer (Arnell Willis) transferred from Corporate Services
Energy Logistics Specialist (Abidali Rohoman) transferred from Corporate Services
Sr. Cust Svc Supervisor (Mary Santaella) transferred from SF Engineering & Cust Serv
Customer Svc Supervisor (Lori Rippey) transferred from SF Engineering & Cust Serv
Cust Svc Rep (Santaella) transferred from SF Engineering & Cust Serv
Sr. Cust Svc Rep (Pat Fedina) transferred from SF Engineering & Cust Serv
Cust Svc Rep (Magbis Zaldivar) transferred from SF Engineering & Cust Serv
Cust Svc Rep III (Taylor Penrose) transferred from SF Engineering & Cust Serv
Cust Svc Rep (Peter Angulo) transferred from SF Engineering & Cust Serv
Cust Svc Rep I (Tara Hill) transferred from SF Engineering & Cust Serv
Cust Svc Rep (Denise Shyne) transferred from SF Engineering & Cust Serv
Cust Svc Rep III (Audra Mongo) transferred from SF Engineering & Cust Serv
Cust Svc Rep (Stephanie Rooney) transferred from SF Engineering & Cust Serv
Cust Svc Rep I (Keon Aarons) transferred from SF Engineering & Cust Serv
Cust Svc Rep III (Jean Jaentschke) transferred from SF Engineering & Cust Serv
Cust Svc Rep III (Rosa Samuels) transferred from SF Engineering & Cust Serv
Cust Svc Rep (Maxine Bashford) transferred from SF Engineering & Cust Serv
Cust Svc Rep III (Charlotte Boyd) transferred from SF Engineering & Cust Serv
Cust Svc Rep III (Danielle Manuel) transferred from SF Engineering & Cust Serv
Customer Service Manager (Roger LaCharite) transferred from Northeast Florida
Customer Service Supv (Patti Thornton) transferred from Northeast Florida
Customer Service Rep III (Renee Bolyard) transferred from Northeast Florida
Customer Service Rep II (Linda Gamble) transferred from Northeast Florida
Sr. Customer Service Rep (Rena Williams) transferred from Northeast Florida
Customer Service Rep III P/T (Lorna Benitez) transferred from Northeast Florida
Meter Reader/Collector (Sarah Davis) transferred from Northeast Florida
Meter Reader (Mia Goins) transferred from Northeast Florida
T-On/T-Off Serviceman (Lewis Peacock) transferred from Northeast Florida
Meter Reader (Jevon Brown) transferred from Northeast Florida
Customer Service Rep I (Nioka Hunt) transferred from Northeast Florida
Customer Service Rep (Vacant) transferred from Northwest Florida
Sr. Customer Service Rep (Sarah Jones) transferred from Northwest Florida
Customer Service Rep (Kim Hall) transferred from Northwest Florida

8 - Customer Care Department - Continued

Positions Transferred From Other Departments (Continued):

Payment Processing Rep (Laura McCoy) transferred from Northwest Florida
Sr. Customer Service Rep (Pam Calhoun) transferred from Northwest Florida
Payment Processing Rep (Janine Roye) transferred from Northwest Florida
Customer Service Supervisor (Marty Hartman) transferred from CF Gas Ops Dept
Sr. Customer Service Rep (Colette Martin) transferred from CF Gas Ops Dept
Customer Service Rep (Yvonne Richmond) transferred from CF Gas Ops Dept
Customer Service Rep II (Christine Finigan) transferred from CF Gas Ops Dept
Customer Service Rep (Millie Rosario) transferred from CF Gas Ops Dept
Customer Service Rep II (Melinda Carson) transferred from CF Gas Ops Dept
Customer Service Rep (Summer Soukup) transferred from CF Gas Ops Dept
Inventory Specialist (Heather Rizo-Patron) transferred from Accounting Dept
Sr. Systems Analyst/Programmer (Vince Messina) transferred from IT Dept

New Positions:

CCR (Vacant)
CCR (Vacant)
Billing Analyst (Vacant)
Collections (Sandra White)

9 - Vice President Department

Positions Transferred From Other Departments:

Program Development (Winston Humphrey) transferred from Marketing Dept

10 - South Florida Operations – Engineering & Customer Service

Positions Eliminated:

By December 31, 2009

PT Engineering Tech (Vacant – Smith)
Cust Svc Rep (Sandra White)

By October 31, 2010

Engineering Tech (Johnathan Embry)
Engineering Tech (Joe Regallis)

Positions Transferred To Other Departments:

General Manager, SF Operations (Barry Kennedy) transferred to Gas Operations Dept
SF Engineering Manager (Chris Canino) transferred to SF Gas Operations Dept
Eng Admin Asst (Tamyka Danford) transferred to SF Gas Operations Dept
Senior Engineer (Igor Mozolevski) transferred to SF Gas Operations Dept
Engineer (Jason Zelinski) transferred to Gas Operations Dept
Engineer (Vacant – Smith) transferred to SF Gas Operations Dept
Assistant Engineer (Fernando Vanleeuwen) transferred to Gas Operations Dept
Eng Field Tech (Ivan Gibbs) transferred to SF Gas Operations Dept
Sr. Cust Svc Supervisor (Mary Santaella) transferred to Customer Care Dept
Customer Svc Supervisor (Lori Rippey) transferred to Customer Care Dept
Collector (Dave Chandler) transferred to SF Gas Operations Dept
Collector (Vacant – Bythwood) transferred to SF Gas Operations Dept
Collector (Dave Montgomery) transferred to SF Gas Operations Dept
Cust Svc Rep (Santaella) transferred to Customer Care Dept
Sr. Cust Svc Rep (Pat Fedina) transferred to Customer Care Dept
Cust Svc Rep (Magbis Zaldivar) transferred to Customer Care Dept
Cust Svc Rep III (Taylor Penrose) transferred to Customer Care Dept
Cust Svc Rep (Peter Angulo) transferred to Customer Care Dept
Cust Svc Rep I (Tara Hill) transferred to Customer Care Dept
Cust Svc Rep (Denise Shyne) transferred to Customer Care Dept
Cust Svc Rep III (Audra Mongo) transferred to Customer Care Dept
Cust Svc Rep (Stephanie Rooney) transferred to Customer Care Dept
Cust Svc Rep I (Keon Aarons) transferred to Customer Care Dept
Cust Svc Rep III (Jean Jaentschke) transferred to Customer Care Dept
Cust Svc Rep III (Rosa Samuels) transferred to Customer Care Dept
Cust Svc Rep (Maxine Bashford) transferred to Customer Care Dept
Cust Svc Rep III (Charlotte Boyd) transferred to Customer Care Dept
Cust Svc Rep III (Danielle Manuel) transferred to Customer Care Dept

11 - Gas Operations Department

Positions Transferred From Other Departments:

General Manager, SF Operations (Barry Kennedy) transferred from Engineering & Cust Svc
Executive Assistant (Chaundra Saylor) transferred from Corporate Structure
Director, Ops & Engineering (Randy M. Taylor) transferred from Ches. Util. - Florida
Corporate Fleet Manager (Donnie Stottsberry) transferred from Corporate Services
SF Operations Manager (Calvin Favors) transferred from SF Gas Operations Dept
Distribution Office Clerk (Lila Monds) transferred from SF Gas Operations Dept
Engineer (Jason Zelinski) transferred from Engineering & Cust Svc
Assistant Engineer (Fernando Vanleeuwen) transferred from Engineering & Cust Svc
Measurement Tech (David Bradshaw) transferred from Ches. Util. - Florida
Measurement Tech (George A. Hall) transferred from Ches. Util. - Florida
Meter Spec. I (Joe Gray) transferred from SF Gas Operations Dept
Gas Operations Manager (Don Middleton) transferred from CF Gas Operations Dept

New Positions:

Measurement Technician (Vacant)
Operations Technology (Vacant)

12 - South Florida Gas Operations Department

Positions Eliminated:

By December 31, 2009

- Welder (Vacant – Stephens)
- Dist. Mech. I/Inspector (Ira Johnson)
- Dist. Mech. I (John Burke)
- Gas Utility Worker (Richard Delerme)
- Gas Utility Worker (Marcelo Costa)
- Gas Utility Worker (Vacant – Cotto)
- Communications Supervisor (Donna Frusciante)
- Service Tech II (John Flynn)
- Gas Utility Worker (James Pirone)
- Gas Utility Worker (Kirkland Rodney)
- Service Tech II (Glenn Reuter)
- Warehouseman (Gerard McNie)
- Gas Utility Worker (Shane Rippey)
- Gas Utility Worker (Vince Angulo)
- Lead Installer (Vacant –Gaugler)
- Gas Utility Worker (Vacant – Villareal)
- Gas Utility Worker (Vacant – Stevens)

By October 31, 2010

- Gas Utility Worker (Aaron Shores)

By December 31, 2010

- Gas Operations Supervisor (David George)
- Gas Utility Worker (Jose Figueroa)
- Warehouse Supervisor (John Serraes)
- Meter Spec. I (Merritt Dawson)
- Meter Spec. II (Frank Dix)
- Meter Spec. I (Gary Depastino)
- System Improvement Specialist (Dan Garfield)

By March 31, 2011

- System Operations Supervisor (Kevin Joyce)
- Gas Utility Worker (Josh Cowart)
- Distribution Clerk (Nani Santiago)
- Measurement Supervisor (Vacant - Hearn)

12 - South Florida Gas Operations - Continued

Positions Eliminated:

By May 31, 2011

Evening Dispatcher (Debra McLaughlin)
Sr. Flo-Gas Clerk (Sharon Wade)
Gas Utility Worker (Michael Douglas)
Distribution Office Clerk (Brenda Peterson)
Service Tech I (James Knapp)
Service Tech I (Joseph Erdek)

Positions Transferred To Other Departments:

SF Operations Manager (Calvin Favors) transferred to Gas Operations Dept
Meter Spec. I (Joe Gray) transferred to Gas Operations Dept
Distribution Office Clerk (Lila Monds) transferred to Gas Operations Dept

Positions Transferred From Other Departments:

Collector (Dave Chandler) transferred from SF Engineering & Cust Svc
Collector (Dave Montgomery) transferred from SF Engineering & Cust Svc
Collector (Vacant - Blythwood) transferred from SF Engineering & Cust Svc
SF Engineering Manager (Chris Canino) transferred from SF Engineering & Cust Svc
Senior Engineer (Igor Mozolevski) transferred from SF Engineering & Cust Svc
Engineering Field Tech (Ivan Gibbs) transferred from SF Engineering & Cust Svc
Marketing Tech Specialist (Billy Rodriguez) transferred from Marketing Dept
Eng Admin Asst (Tamyka Danford) transferred from SF Engineering & Cust Svc
Engineer (Vacant – Smith) transferred from SF Engineering & Cust Svc

13 - Central Florida Gas Operations Department

Positions Eliminated:

By December 31, 2009

General Manager – Central Florida (Don Kitner)
Service Tech A (Vacant – Cotcamp)
Service Tech A (Vacant – Siler)
Gas Utility Worker C (Vacant – Buccolo)
Gas Utility Worker C (Vacant – Salazar)
Marketing Rep (Vacant – Carpenter)
Service Technician (Vacant – Filled by PT Emp)
Customer Service Rep (Hope Baird)
Propane Driver (Gary Bryant)

By October 31, 2010

Customer Service Manager (Don Millet)
Gas Utility Worker B (Jose Hernandez)
Dist. Mech. A/Inspector (Ron Carlton)

By December 31, 2010

Propane Dist Mgr West (Keith Pomeroy)

By May 31, 2011

Engineering Tech (Diane Litsey)
Distribution Mechanic A (Mike Bradley)
Distribution Line Locator (Ray Thibault)
Meter Reader/Collector (John Baldwin)

Positions Transferred To Other Departments:

Customer Service Rep (Denise Dunham) transferred to West Gas Operations Dept
Service Technician (Mark Young) transferred to West Gas Operations Dept
Service Technician (Phillip Zimmer) transferred to West Gas Operations Dept
Marketing Rep (Wade Hughes) transferred to Marketing Dept
Marketing Manager (Dan Lynch) transferred to Marketing Dept
Marketing Coordinator (Vacant - Jones) transferred to Marketing Dept
Marketing Rep (Mark Thompson) transferred to Marketing Dept
Marketing Rep (Kim Landry) transferred to Marketing Dept
Energy Conservation Rep (Kira Lake) transferred to Marketing Dept
Res Marketing Rep (Eulynn Reck) transferred to Marketing Dept
Customer Service Supervisor (Marty Hartman) transferred to Customer Care Dept
Sr. Customer Service Rep (Colette Martin) transferred to Customer Care Dept

13 - Central Florida Gas Operations Department (Continued)

Positions Transferred To Other Departments:

Customer Service Rep (Yvonne Richmond) transferred to Customer Care Dept
Customer Service Rep II (Christine Finigan) transferred to Customer Care Dept
Customer Service Rep (Millie Rosario) transferred to Customer Care Dept
Customer Service Rep II (Melinda Carson) transferred to Customer Care Dept
Customer Service Rep (Summer Soukup) transferred to Customer Care Dept
Gas Operations Manager (Don Middleton) transferred to Gas Operations Dept

Positions Transferred From Other Departments:

Gas Utility Worker (Rodney Calhoun) transferred from Northeast Florida
Gas Utility Worker (James Moore) transferred from Northeast Florida
Gas Utility Worker (Terry Simmons) transferred from Northeast Florida
Sr. Propane Clerk (Susan Beale) transferred from Northeast Florida
Gas Service Tech B (Joseph Corrado) transferred from Northeast Florida
Gas Service Tech B (Dave Pluta) transferred from Northeast Florida

<u>14 – West Gas Operations Department</u>

Positions Transferred From Other Departments:

Manager, Gas Operations West (Jeff Miles) transferred from Ches. Util. - Florida
Operations Admin Supv (Annette Gossman) transferred from Ches. Util. - Florida
Operations Administrator (Melissa Prevatt) transferred from Ches. Util. - Florida
Engineering Tech (Barbara Johns) transferred from Ches. Util. - Florida
Project Supervisor (Matt Henderson) transferred from Ches. Util. – Florida
Project Supervisor (Roger Freeze) transferred from Ches. Util. - Florida
Regional Operations Manger (Steve Hetland) transferred from Ches. Util. - Florida
Operations Tech 3 (Denzil Wilson) transferred from Ches. Util. - Florida
Operations Tech 2 (Tino Hernandez) transferred from Ches. Util. - Florida
Operations Tech 2 (Gene Wallace) transferred from Ches. Util. - Florida
Operations Tech 1 (Gary Hardy) transferred from Ches. Util. - Florida
Operations Tech 1 (Richard Brabson) transferred from Ches. Util. - Florida
Operations Tech 2 (Corey Gebhardt) transferred from Ches. Util. - Florida
Operations Tech 2 (Greg Tharp) transferred from Ches. Util. - Florida
Operations Tech 1 (Vacant) transferred from Ches. Util. - Florida
Operations Tech 2 (Brian Fisher) transferred from Ches. Util. - Florida
Customer Service Rep (Denise Dunham) transferred from CF Gas Operations Dept
Service Technician (Mark Young) transferred from CF Gas Operations Dept
Service Technician (David Shreckengost) transferred from Ches. Util. - Florida
Service Technician (Jeffrey Pretty) transferred from Ches. Util. - Florida
Service Technician (Phillip Zimmer) transferred from CF Gas Operations Dept
Service Technician (Jarrod Wellborn) transferred from Ches. Util. - Florida

<u>New Positions:</u>

Engineering Tech (Vacant)

15 - Safety Department

Positions Transferred From Other Departments:

Manager, Safety Compliance Training (Mike McCarty) transferred from Ches. Util. - Florida

Safety Coordinator (Terrence Mike) transferred from Ches. Util. - Florida

Safety Coordinator (Thomas Moen) transferred from Corporate Services

Safety Coordinator (Rhondon Gray) transferred from Corporate Services

Safety Coordinator (Vacant) transferred from Corporate Services

Safety Coordinator (Vacant) transferred from Corporate Services

16 – Chesapeake Utilities - Florida

Positions Eliminated:

By December 31, 2009

Operations Tech II (Vacant)
Reg. Operations Manager – Central (Vacant)
Operations Tech I (Vacant)
Engineering Manager (Vacant)
Operations Administrator – North (Senita Wood)

By October 31, 2010

Customer Services Manager (Sandra Wellborn)
Customer Service Manager (Kimberly McCarty)
Sr. CSS (Hattie Barr)
CSS I (Kimber Avinger)
CSS I (Peggy Rogerson)
CSS I (Vacant)
Billing & Records Manager (Amanda Price)
Billing & Records Specialist (Judy Fowler)
Billing & Records Specialist (Melissa Kehoe)
Support Manager (Cynthia Austad)
Support Specialist II (Dolly Griffin)

By May 31, 2011

Manager, Business Development (John McLelland)

Positions Transferred To Other Departments:

Vice President (Thomas A. Geoffroy) transferred to Corporate Structure
Assistant Regional Manager (Jeff Sylvester) transferred to Corporate Structure
Cust Serv Specialist I (Melissa Prevatt) transferred to West Gas Operations Dept
Sales Manager (Ben R. Semchuck) transferred to Marketing Department
Energy Partner Rep (Glen S. Ranck) transferred to Marketing Department
Builder/Developer Rep (Patricia A. Spalding) transferred to Marketing Department
Director, Ops & Engineering (Randy M. Taylor) transferred to Gas Operations Dept
Operations Manager (Jeff Miles) transferred to West Gas Operations Dept
Ops. Admin. Supervisor (Annette Gossman) transferred to West Gas Operations Dept
Reg Operations Mgr. North (Steve Hetland) transferred to West Gas Operations Dept
Operations Tech II (David Shreckengost) transferred to West Gas Operations Dept
Operations Tech II (Jarrod Wellborn) transferred to West Gas Operations Dept
Operations Tech II (Jeffery Pretty) transferred to West Gas Operations Dept

16 – Chesapeake Utilities - Florida – Continued

Positions Transferred To Other Departments (Continued):

Operations Tech II (Richard Brabson) transferred to West Gas Operations Dept
Operations Tech II (Gregory Tharp) transferred to West Gas Operations Dept
Operations Tech II (Charles Wallace) transferred to West Gas Operations Dept
Operations Tech II (Brian Fisher) transferred to West Gas Operations Dept
Operations Tech II (Denzil Wilson) transferred to West Gas Operations Dept
Operations Tech II (Corey Gebhardt) transferred to West Gas Operations Dept
Operations Tech II (Constantino Hernandez) transferred to West Gas Operations Dept
Operations Tech I (Gary Hardy) transferred to West Gas Operations Dept
Operations Tech I (Vacant) transferred to West Gas Operations Dept
Project Supervisor (Matthew Henderson) transferred to West Gas Operations Dept
Project Supervisor (Roger Freeze) transferred to West Gas Operations Dept
Safety, Compliance & Training Mgr (Mike McCarty) transferred to Safety Dept
Compliance Inspector (Terrence Mike) transferred to Safety Dept
Engineering Tech (Barbara Johns) transferred to West Gas Operations Dept
Measurement Tech II (George Hall) transferred to Gas Operations Dept
Measurement Tech II (James Bradshaw) transferred to Gas Operations Dept

17 - Marketing Department

Positions Eliminated:

By December 31, 2009

Marketing Manager, S.F. (John Costlow)
Admin Support Spec (Catherine Seay)
Outside Sales Rep (Kim Leisure)
Residential Marketing Rep (Garth Hadley)

By October 31, 2010

Admin Support Specialist (David Czajkowski)
Communications Admin Asst (Carol Lifton)

By December 31, 2010

Marketing Supervisor (Doug Keip)
Communications Manager (Laura Scotten)
Marketing Tech Specialist (Michelle McLean)
Residential Marketing Rep (Amanda Jaikaran)

By May 31, 2011

Key Accounts Manager (Bill McGoldrick)

Positions Transferred To Other Departments:

Marketing Analyst (Vacant) transferred to Regulatory Affairs Dept
Marketing Tech Specialist (Billy Rodriguez) transferred to SF Gas Operations Dept
Comm Marketing Engineer (Winston Humphrey) transferred to Vice President Dept

Positions Transferred From Other Departments:

Marketing Rep (Wade Hughes) transferred from CF Gas Operations Dept
Marketing Manager (Dan Lynch) transferred from CF Gas Operations Dept
Marketing Coordinator (Vacant - Jones) transferred from CF Gas Operations Dept
Marketing Rep (Mark Thompson) transferred from CF Gas Operations Dept
Marketing Rep (Kim Landry) transferred from CF Gas Operations Dept
Energy Conservation Rep (Kira Lake) transferred from CF Gas Operations Dept
Res Marketing Rep (Eulynn Reck) transferred from CF Gas Operations Dept
Sales Manager (Ben R. Semchuck) transferred from Ches. Util. - Florida
Energy Partner Rep (Glen S. Ranck) transferred from Ches. Util. - Florida
Builder/Developer Rep (Patricia A. Spalding) transferred from Ches. Util. - Florida
Propane Marketing Rep (Linda Winston) transferred from Northeast Florida
Energy Conservation Rep (Jay Smith) transferred from Northeast Florida
Energy Conservation Rep (Tammy Dean) transferred from Northwest Florida

EXHIBIT___(TAG-9)

Calculation of Revenue Requirements

On Acquisition Premium

And

Total

FLORIDA PUBLIC UTILITIES COMPANY
CALCULATION OF REVENUE REQUIREMENTS
ON ACQUISITION PREMIUM AND TOTAL

EXHIBIT___(TAG-9)

Line Number			Total Premium		13 Month Avg Premium 12/31/2010
1			$34,192,493		$33,432,660
2		Non-Deductible	$32,317,493		
3		Deductible	$1,875,000		
		Cost Rate	Ratio	Weighted Cost	Return on Investment
4	Equity	10.85%	46.67%	5.06%	$1,692,928
5	LT Debt	6.96%	30.76%	2.14%	$715,758
6	ST Debt	1.76%	0.00%	0.00%	$0
7	Cust Deposits	6.21%	10.85%	0.67%	$225,264
8	Deferred Inc Tax	0.00%	11.60%	0.00%	$0
9	ITC	9.01%	0.12%	0.01%	$3,615
10	Subtotal		100.00%	7.89%	$2,637,565
11	Income Taxes		37.63%	3.06%	$1,021,403
12	Pre-tax Return on Investment			10.95%	$3,658,968
13	Amortization Expense (tax deductible)				$62,500
14	Amortization Expense (not tax deductible)				$1,077,250
15	Tax Gross-up				$649,943
16	Return of Investment				$1,789,693
17	Revenue Requirement (Premium)				$5,448,661
18	Revenue Requirement (Regulatory Assets)				$773,794
19	Total Revenue Requirement				$6,222,455

EXHIBIT___(TAG-10)

Calculation of Revenue Requirements

Regulatory Assets

FLORIDA PUBLIC UTILITIES COMPANY
CALCULATION OF REVENUE REQUIREMENTS
REGULATORY ASSETS

EXHIBIT___(TAG-10)

Line Number			Total Regulatory Assets		13 Month Avg Reg Assets 12/31/2010
1			$2,207,158		$1,912,870
2		Non-Deductible	$1,019,439		
3		Deductible	$1,187,719		

		Cost Rate	Ratio	Weighted Cost	Return on Investment
4	Equity	10.85%	46.67%	5.06%	$96,862
5	LT Debt	6.96%	30.76%	2.14%	$40,953
6	ST Debt	1.76%	0.00%	0.00%	$0
7	Cust Deposits	6.21%	10.85%	0.67%	$12,889
8	Deferred Inc Tax	0.00%	11.60%	0.00%	$0
9	ITC	9.01%	0.12%	0.01%	$207
10	Subtotal		100.00%	7.89%	$150,910
11	Income Taxes		37.63%	3.06%	$58,440
12	Pre-tax Return on Investment			10.95%	$209,350
13	Amortization Expense (tax deductible)				$237,544
14	Amortization Expense (not tax deductible)				$203,888
15	Tax Gross-up				$123,013
16	Return of Investment				$564,444
17	Revenue Requirement (Regulatory Assets)				$773,794

EXHIBIT___(TAG-11)

Rate of Return Report Summary

(December 2010)

FPUC Natural Gas

FLORIDA PUBLIC UTILITIES COMPANY
NATURAL GAS
RATE OF RETURN REPORT SUMMARY
December 31, 2010

Exhibit___(TAG-11)

I. AVERAGE RATE OF RETURN (JURISDICTIONAL)	(1) ACTUAL PER BOOKS	(2) FPSC ADJUSTMENTS	(3) FPSC ADJUSTED	(4) PRO FORMA ADJUSTMENTS	(5) PRO FORMA ADJUSTED
NET OPERATING INCOME	$ 8,792,397	$38,340	$8,830,737	($1,480,445)	$7,350,291
AVERAGE RATE BASE	$108,165,286	($37,883,320)	$70,281,967	$35,725,189	$106,007,156
AVERAGE RATE OF RETURN	8.13%		12.56%		6.93%

II. YEAR-END RATE OF RETURN (JURISDICTIONAL)	(1)	(2)	(3)	(4)	(5)
NET OPERATING INCOME	$8,792,397	$76,497	$8,868,894	($1,480,445)	$7,388,448
YEAR-END RATE BASE	$111,751,822	($37,699,604)	$74,052,218	$35,013,216	$109,065,434
YEAR-END RATE OF RETURN	7.87%		11.98%		6.77%

III. REQUIRED RATES OF RETURN
AVERAGE CAPITAL STRUCTURE
(FPSC ADJUSTED BASIS)

LOW	7.42%
MIDPOINT	7.88%
HIGH	8.35%

IV. EARNED RETURN ON EQUITY
(FPSC ADJUSTED BASIS)

A.	INCL COMP RATE ADJ REVENUES	20.88%
B.	EXCL COMP RATE ADJ REVENUES	20.88%

I am aware that Section 837.06, Florida Statutes, provides:

> Whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree punishable as provided in s. 775.082, s. 775.083. or s. 775.084.

Thomas A. Geoffroy
Vice President - Regulatory Affairs & Business Planning

Signature ____________ Date ____________

EXHIBIT___(TAG-12)

Rate of Return Report

(December 2010)

Chesapeake Utilities Corporation

Florida Division

CHESAPEAKE UTILITIES CORPORATION
FLORIDA DIVISION
RATE OF RETURN REPORT SUMMARY
December 31, 2010

Exhibit___(TAG_12)

	(1) ACTUAL PER BOOKS	(2) FPSC ADJUSTMENTS	(3) FPSC ADJUSTED	(4) PRO FORMA ADJUSTMENTS	(5) PRO FORMA ADJUSTED
I. AVERAGE RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	$ 2,929,384	($55,706)	$2,873,678	$0	$2,873,678
AVERAGE RATE BASE	$44,259,023	($1,307,217)	$42,951,806	$0	$42,951,806
AVERAGE RATE OF RETURN	6.62%		6.69%		6.69%
II. YEAR-END RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	$2,929,384	($66,488)	$2,862,895	$0	$2,862,895
YEAR-END RATE BASE	$43,452,377	($1,171,848)	$42,280,529	$0	$42,280,529
YEAR-END RATE OF RETURN	6.74%		6.77%		6.77%

III. REQUIRED RATES OF RETURN
AVERAGE CAPITAL STRUCTURE
(FPSC ADJUSTED BASIS)

LOW	6.75%
MIDPOINT	7.24%
HIGH	7.73%

IV. EARNED RETURN ON EQUITY
(FPSC ADJUSTED BASIS)

A.	INCL COMP RATE ADJ REVENUES	9.68%
B.	EXCL COMP RATE ADJ REVENUES	9.68%

I am aware that Section 837.06, Florida Statutes, provides:

> Whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree punishable as provided in s. 775.082, s. 775.083. or s. 775.084.

Thomas A. Geoffroy
Vice President - Regulatory Affairs & Business Planning

Signature ______________________ Date