

September 1, 2016

**E-PORTAL FILING**

Ms. Carlotta Stauffer, Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

**Re: New Filing** – Joint Petition for Approval of GRIP Cost Recovery Factors by Florida Public Utilities Company, Florida Public Utilities Company-Fort Meade, and Florida Division of Chesapeake Utilities Corporation.

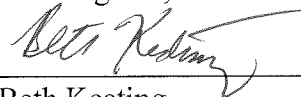
Dear Ms. Stauffer:

Attached for filing, please find the Joint Petition for Approval of GRIP Cost Recovery Factors by Florida Public Utilities Company, Florida Public Utilities Company-Fort Meade, and Florida Division of Chesapeake Utilities Corporation, along with the Direct Testimony and Exhibit MC-1 of Mr. Mike Cassel. Also included with this filing are the following revised tariff pages:

CFG Second Revised Sheet No. 105.1  
CFG Third Revised Sheet No. 105.2  
FPUC NG Tenth Revised Sheet No. 35.4  
FPUC-FORT MEADE Second Revised Sheet No. 33  
FPUC-FORT MEADE Original Sheet No. 64

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

Kind regards,



---

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

MEK  
cc:/(Certificate of Service)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Joint Petition for Approval of Gas Reliability Infrastructure Program (GRIP) True-Up by Florida Public Utilities Company and the Florida Division of Chesapeake Utilities Corporation and Florida Public Utilities Company-Fort Meade	DOCKET NO. DATED: September 1, 2016
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**JOINT PETITION FOR APPROVAL OF GRIP  
COST RECOVERY FACTORS BY FLORIDA PUBLIC UTILITIES COMPANY,  
FLORIDA PUBLIC UTILITIES COMPANY-FORT MEADE, AND THE FLORIDA  
DIVISION OF CHESAPEAKE UTILITIES CORPORATION**

Florida Public Utilities Company, Florida Public Utilities Company-Fort Meade (“Fort Meade”) (herein jointly “FPUC”), and the Florida Division of Chesapeake Utilities Corporation (“CFG”)(also referred to herein individually as “Company” and jointly as “Companies”), by and through their undersigned counsel, hereby file this Petition, pursuant to Section 366.06, Florida Statutes, and Order No. PSC-12-0490-TRF-GU, seeking approval from the Florida Public Service Commission (“FPSC” or “Commission”) of FPUC's and CFG's GRIP cost recovery factors for the period January 2017 through December 2017. In support of this request, the Companies hereby state:

1) FPUC is a natural gas utility subject to the Commission's jurisdiction under Chapter 366, Florida Statutes.<sup>1</sup> Its principal business address is:

Florida Public Utilities Company  
1750 S 14th Street, Suite 200  
Fernandina Beach FL 32034

Florida Public Utilities Company – Fort Meade is a division of FPUC with its principal business address being the same as FPUC.

2) CFG is also a natural gas utility subject to the Commission's jurisdiction under Chapter 366, Florida Statutes. Its principal business address is:

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<sup>1</sup> FPUC's Indiantown Division does not participate in a GRIP program.

GRIP True-Up

Florida Division of Chesapeake Utilities Corporation  
1750 S 14th Street, Suite 200  
Fernandina Beach FL 32034

3) The name and mailing address of the persons authorized to receive notices are:

Beth Keating, Esq.  
Gunster, Yoakley & Stewart, P.A.  
215 South Monroe Street, Suite 601  
Tallahassee, Florida 32301-1839  
(850) 521-1706

Mike Cassel  
Director, Regulatory and Governmental Affairs  
Florida Public Utilities Company/Chesapeake  
1750 S 14th Street, Suite 200  
Fernandina Beach FL 32034  
mcassel@fpuc.com

4) The Commission is vested with jurisdiction in this matter in accordance with Sections 366.04, 366.041, 366.05, and 366.06, Florida Statutes, pursuant to which the Commission is authorized to establish rates and charges for public utilities, including the relief requested herein, and to consider, among other things, the adequacy of facilities, as well as the utility's ability to improve such facilities. Likewise, in accordance with Section 368.05(2), Florida Statutes, the Commission has the authority to require improvements to natural gas distribution systems as may be necessary to promote the protection of the public.

5) Consistent with the requirements of Order No. PSC-12-0490-TRF-GU, issued September 24, 2012, the Companies have included with this filing Schedules A-D, which support the Companies' calculations of the yearly GRIP surcharge factors for the calendar year 2017.

6) The Companies are also submitting, contemporaneously with this Petition, the Direct Testimony and Exhibit MC-1, which includes the referenced schedules, of Mr. Mike Cassel in support of the Companies' request for approval of the requested factors. Therein, Mr. Cassel explains that certain projects in high consequence areas, namely within cities and larger municipalities, continue to be on an accelerated track. The accelerated status of these projects has caused an increase in GRIP costs, while these projects also often incur

## GRIP True-Up

additional costs associated with various construction requirements imposed by each municipality. As noted by Mr. Cassel, the Company anticipates that, as the projects in these high consequence areas are completed and the focus shifts to GRIP activity in other, less populated areas, the overall costs associated with GRIP will begin to decline.

7) As reflected on MC-1, the final GRIP true-up amount for the period January 2015 through December 2015 was an under-recovery of \$2,967,684 for FPUC and an under-recovery of \$125,419 for CHPK. Fort Meade did not have GRIP costs in 2015.

8) The Company projects total GRIP revenue requirements \$10,342,631 for FPUC, \$2,877,498 for CHPK, and \$45,649 for Ft. Meade for the period January 2017 through December 2017. The projected net true-up is an under-recovery of \$3,887,361 for FPUC, \$312,797 for CHPK, and \$4,210 for Ft. Meade. After adding the projected GRIP revenue requirement to the (over/under) recovery amount, a total of \$14,229,992 for FPUC, \$3,190,295 for CHPK, and \$49,859 for Ft. Meade remains to be recovered during the period January 1, 2017 through December 31, 2017. After adding the projected revenue requirements for the programs and the true-up amounts then dividing this total among the Companies' rate classes, the following are the GRIP Cost Recovery factors for which the Companies seek approval in this petition:

### **CFG**

<u>RATE</u> <u>CLASS</u>	<u>GRIP</u> <u>FACTORS</u> <u>PER THERM</u>
FTS-A	\$ 0.45319
FTS-B	\$ 0.15225
FTS-1	\$ 0.10371
FTS-2	\$ 0.11170

GRIP True-Up

FTS-2.1	\$ 0.11406
FTS-3	\$ 0.04527
FTS-3.1	\$ 0.06029
FTS-4	\$ 0.07233
FTS-5	\$ 0.07490
FTS-6	\$ 0.05947
FTS-7	\$ 0.08142
FTS-8	\$ 0.06465
FTS-9	\$ 0.14596
FTS-10	\$ 0.09318
FTS-11	\$ 0.05475
FTS-12	\$ 0.03741
FTS-13	N/A

<u>CLASS</u> <u>Rate Schedule</u>	<u>GRIP FACTORS</u> <u>PER THERM</u> <u>Rate per bill</u>
FTS-A (Exp)	\$ 2.93
FTS-B (Exp)	\$ 1.71
FTS-1 (Exp)	\$ 1.70
FTS-2 (Exp)	\$ 6.68
FTS-2.1 (Exp)	\$ 13.09
FTS-3 (Exp)	\$ 15.66
FTS-3.1 (Exp)	\$ 36.01

## GRIP True-Up

### FPUC

<u>RATE</u> <u>SCHEDULE</u>	<u>GRIP FACTORS</u> <u>PER THERM</u>
RESIDENTIAL	\$0.34225
COMMERCIAL SMALL (General Service 1 & 2 & GS 1 & 2 Transportation)	\$0.23903
COMM. LRG VOLUME (Large Vol & LV Transportation)	\$0.12689
INTERRUPTIBLE SERVICE (Int Service & IS Transportation)	\$0.11461
GENERAL LIGHTING SERVICE Rate Schedule NGV	\$0.49951 \$0.23903
Rate Schedule NGVTS	\$0.23903

### Fort Meade

<u>RATE</u> <u>SCHEDULE</u>	<u>FACTORS</u> <u>PER THERM</u>
RESIDENTIAL	\$0.36931
COMMERCIAL SMALL (General Service & GS Transportation)	\$0.11672
COMM. LRG VOLUME (Large Vol & LV Transportation)	\$0.00000
INTERRUPTIBLE SERVICE (Int Service & IS Transportation)	\$0.00000
GENERAL LIGHTING SERVICE	\$0.00000

GRIP True-Up

9) The Companies attest that these factors have been calculated correctly and consistent with Commission requirements, but utilizing the cost allocation adjustment proposed herein. Thus, the Companies ask that the Commission approve the proposed factors as set forth herein.

10) The Companies acknowledge that the GRIP surcharge impact for Fort Meade could result in a degree of rate shock for customers on that system given that, to date, they have not been subject to any GRIP surcharge. Thus, while the Companies have calculated the GRIP surcharge proposed herein consistent with the methodology approved by the Commission in Order No. PSC-12-0490-TRF-GU and likewise consistent with the Commission's approval in Docket No. 150191-GU of the GRIP program for Fort Meade, the Companies further offer that a gradual, "phase-in" approach to implementation of the surcharge would be a workable solution should the Commission deem such an approach necessary and appropriate.

11) Attached to this Petition as Attachment A are proposed tariff pages, in clean and legislative format, reflecting the GRIP factors set forth herein.

**WHEREFORE**, FPUC, FPUC-Fort Meade, and CFG respectfully request that the Commission approve the proposed GRIP cost recovery factors to be effective for all meter readings for the period January 2017 through December 2017.

RESPECTFULLY SUBMITTED this 1st day of September, 2016.



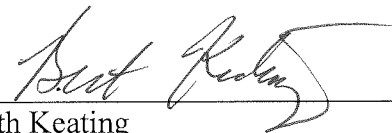
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Beth Keating  
Gunster, Yoakley & Stewart, P.A.  
215 South Monroe St., Suite 601  
Tallahassee, FL 32301  
(850) 521-1706  
*Attorneys for Florida Public Utilities  
Company and the Florida Division*

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true and correct copy of the foregoing has been served upon the following by Electronic Mail this 1st day of September, 2016.

Jennifer Crawford Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, FL 32399-0850 jcrowfor@psc.state.fl.us	J.R. Kelly/P. Christensen Office of Public Counsel c/o The Florida Legislature 111 W. Madison Street, Room 812 Tallahassee, FL 32399-1400 <u>Kelly.JR@leg.state.fl.us</u>
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By:   
Beth Keating  
Gunster, Yoakley & Stewart, P.A.  
215 South Monroe St., Suite 601  
Tallahassee, FL 32301  
(850) 521-1706



**ATTACHMENT A**

Revised Tariff *Sheets(clean/legislative)*

CFG Second Revised Sheet No. 105.1

CFG Third Revised Sheet No. 105.2

FPUC NG Tenth Revised Sheet No. 35.4

FPUC-FORT MEADE Second Revised Sheet No. 33

FPUC-FORT MEADE Original Sheet No. 64

**BILLING ADJUSTMENTS**

(Continued from Sheet No. 35.3)

Gas Reliability Infrastructure Program (GRIP)

Applicability

The bill for gas or transportation service supplied to a Customer in any Billing Period shall be adjusted as follows:

The GRIP factors for the period from the first billing cycle for January ~~2017~~ 2015 through the last billing cycle for December ~~2017~~ 2015 are as follows:

<u>Rate Class</u>	<u>Rates Per Therm</u>
Rate Schedule RS	\$ <del>0.34225</del> <u>10516</u>
Rate Schedule GS-1	\$ <del>0.23903</del> <u>08457</u>
Rate Schedule GS-2	\$ <del>0.23903</del> <u>08457</u>
Rate Schedule GSTS-1	\$ <del>0.23903</del> <u>08457</u>
Rate Schedule GSTS-2	\$ <del>0.23903</del> <u>08457</u>
Rate Schedule LVS	\$ <del>0.12689</del> <u>03678</u>
Rate Schedule LVTS	\$ <del>0.12689</del> <u>03678</u>
Rate Schedule IS	\$ <del>0.11461</del> <u>03820</u>
Rate Schedule ITS	\$ <del>0.11461</del> <u>03820</u>
Rate Schedule GLS	\$ <del>0.49951</del> <u>13288</u>
Rate Schedule GLSTS	\$ <del>0.49951</del> <u>13288</u>
Rate Schedule NGV	\$ <del>0.23903</del> <u>00000</u>
Rate Schedule NGVTS	\$ <del>0.23903</del> <u>00000</u>

(Continued to Sheet No. 35.5)

BILLING ADJUSTMENTS

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(Continued from Sheet No. 35.3)

Gas Reliability Infrastructure Program (GRIP)

Applicability

The bill for gas or transportation service supplied to a Customer in any Billing Period shall be adjusted as follows:

The GRIP factors for the period from the first billing cycle for January 2017 through the last billing cycle for December 2017 are as follows:

<u>Rate Class</u>	<u>Rates Per Therm</u>
Rate Schedule RS	\$0.34225
Rate Schedule GS-1	\$0.23903
Rate Schedule GS-2	\$0.23903
Rate Schedule GSTS-1	\$0.23903
Rate Schedule GSTS-2	\$0.23903
Rate Schedule LVS	\$0.12689
Rate Schedule LVTS	\$0.12689
Rate Schedule IS	\$0.11461
Rate Schedule ITS	\$0.11461
Rate Schedule GLS	\$0.49951
Rate Schedule GLSTS	\$0.49951
Rate Schedule NGV	\$0.23903
Rate Schedule NGVTS	\$0.23903

(Continued to Sheet No. 35.5)

*RATE SCHEDULES*  
*MONTHLY RATE ADJUSTMENTS*

Rate Schedule MRA

7. GAS REPLACEMENT INFRASTRUCTURE PROGRAM (GR1P):

Applicability:

All Customers receiving Transportation Service from the Company and are assigned to or have selected rate schedules FTS-A, FTS-B, FTS-1, FTS-2, FTS-2.1, FTS-3, FTS-3.1, FTS-4, FTS-5, FTS-6, FTS-7, FTS-8, FTS-9, FTS-10, FTS-11, FTS-12, and FTS-13.

The Usage Rate for Transportation Service to each applicable rate classification shall be adjusted by the following recovery factors. The recovery factors for all meters read for the period January 1, ~~2017~~ 2016 through December 31, ~~2017~~ 2016 for each rate classification are as follows:

<u>Rate Schedule</u>	<u>Classification of Service</u>	<u>Rate per therm</u>
FTS A	< 130 therms	\$ <u>0.45319</u> <del>35206</del>
FTS-B	> 130 therms up to 250 therms	\$ <u>0.15225</u> <del>12205</del>
FTS-1	> 0 up to 500 therms	\$ <u>0.10371</u> <del>08568</del>
FTS-2	> 500 therms up to 1,000 therms	\$ <u>0.11170</u> <del>08486</del>
FTS-2.1	> 1,000 therms up to 2,500 therms	\$ <u>0.11406</u> <del>08650</del>
FTS-3	> 2,500 therms up to 5,000 therms	\$ <u>0.04527</u> <del>03443</del>
FTS-3.1	> 5,000 therms up to 10,000 therms	\$ <u>0.06029</u> <del>05011</del>
FTS-4	> 10,000 therms up to 25,000 therms	\$ <u>0.07233</u> <del>05935</del>
FTS-5	> 25,000 therms up to 50,000 therms	\$ <u>0.07490</u> <del>05995</del>
FTS-6	> 50,000 therms up to 100,000 therms	\$ <u>0.05947</u> <del>04591</del>
FTS-7	> 100,000 therms up to 200,000 therms	\$ <u>0.08142</u> <del>06601</del>
FTS-8	> 200,000 therms up to 400,000 therms	\$ <u>0.06465</u> <del>04960</del>
FTS-9	> 400,000 therms up to 700,000 therms	\$ <u>0.14596</u> <del>07774</del>
FTS-10	> 700,000 therms up to 1,000,000 therms	\$ <u>0.09318</u> <del>06889</del>
FTS-11	> 1,000,000 therms up to 2,500,000	\$ <u>0.05475</u> <del>06947</del>
FTS-12	> 2,500,000 therms up to 12,500,000	\$ <u>0.03741</u> <del>02580</del>
FTS-13	> 12,500,000 therms	N/A

(Continued to Sheet No. 105.2)

*RATE SCHEDULES*  
*MONTHLY RATE ADJUSTMENTS*

Rate Schedule MRA

7. GAS REPLACEMENT INFRASTRUCTURE PROGRAM (GRIP):

Applicability:

All Customers receiving Transportation Service from the Company and are assigned to or have selected rate schedules FTS-A, FTS-B, FTS-1, FTS-2, FTS-2.1, FTS-3, FTS-3.1, FTS-4, FTS-5, FTS-6, FTS-7, FTS-8, FTS-9, FTS-10, FTS-11, FTS-12, and FTS-13.

The Usage Rate for Transportation Service to each applicable rate classification shall be adjusted by the following recovery factors. The recovery factors for all meters read for the period January 1, 2017 through December 31, 2017 for each rate classification are as follows:

<u>Rate Schedule</u>	<u>Classification of Service</u>	<u>Rate per therm</u>
FTS A	< 130 therms	\$0.45319
FTS-B	> 130 therms up to 250 therms	\$0.15225
FTS-1	> 0 up to 500 therms	\$0.10371
FTS-2	> 500 therms up to 1,000 therms	\$0.11170
FTS-2.1	> 1,000 therms up to 2,500 therms	\$0.11406
FTS-3	> 2,500 therms up to 5,000 therms	\$0.04527
FTS-3.1	> 5,000 therms up to 10,000 therms	\$0.06029
FTS-4	> 10,000 therms up to 25,000 therms	\$0.07233
FTS-5	> 25,000 therms up to 50,000 therms	\$0.07490
FTS-6	> 50,000 therms up to 100,000 therms	\$0.05947
FTS-7	> 100,000 therms up to 200,000 therms	\$0.08142
FTS-8	> 200,000 therms up to 400,000 therms	\$0.06465
FTS-9	> 400,000 therms up to 700,000 therms	\$0.14596
FTS-10	> 700,000 therms up to 1,000,000 therms	\$0.09318
FTS-11	> 1,000,000 therms up to 2,500,000	\$0.05475
FTS-12	> 2,500,000 therms up to 12,500,000	\$0.03741
FTS-13	> 12,500,000 therms	N/A

(Continued to Sheet No. 105.2)

*RATE SCHEDULES*  
*MONTHLY RATE ADJUSTMENTS*

Rate Schedule MRA  
(Continued from Sheet No. 105.1)

7. GAS INFRASTRUCTURE REPLACEMENT PROGRAM (GRIP) (Experimental):

Applicability:

All Customers, assigned to a TTS Shipper, receiving Transportation Service from the Company and are assigned to or have selected rate schedules FTS-A (Exp), FTS-B (Exp), FTS-1 (Exp), FTS-2 (Exp), FTS-2.1 (Exp), FTS-3 (Exp), and FTS-3.1 (Exp).

The Firm Transportation Charge for Transportation Service to each applicable rate classification shall be adjusted by the following recovery factors. The recovery factors for all meters read for the period January 1, 2017 through December 31, 2017 for each rate classification are as follows:

Consumer Rate Schedule	Rate per bill
FTS-A (Exp)	\$ 2.93
FTS-B (Exp)	\$ 1.71
FTS-1 (Exp)	\$ 1.70
FTS-2 (Exp)	\$ 6.68
FTS-2.1 (Exp)	\$ 13.09
FTS-3 (Exp)	\$ 15.66
FTS-3.1 (Exp)	\$ 36.01

(Continued to Sheet No. 105.3)

*RATE SCHEDULES*  
*MONTHLY RATE ADJUSTMENTS*  
 Rate Schedule MRA  
 (Continued from Sheet No. 105.1)

7. GAS INFRASTRUCTURE REPLACEMENT PROGRAM (GRIP) (Experimental):

Applicability:

All Customers, assigned to a TTS Shipper, receiving Transportation Service from the Company and are assigned to or have selected rate schedules FTS-A (Exp), FTS-B (Exp), FTS-1 (Exp), FTS-2 (Exp), FTS-2.1 (Exp), FTS-3 (Exp), and FTS-3.1 (Exp).

The Firm Transportation Charge for Transportation Service to each applicable rate classification shall be adjusted by the following recovery factors. The recovery factors for all meters read for the period January 1, ~~2017~~ 2016 through December 31, ~~2017~~ 2016 for each rate classification are as follows:

Consumer Rate Schedule	Rate per bill
FTS-A (Exp)	\$ <del>2.93</del> <u>2.16</u>
FTS-B (Exp)	\$ <del>1.71</del> <u>1.39</u>
FTS-1 (Exp)	\$ <del>1.70</del> <u>1.44</u>
FTS-2 (Exp)	\$ <del>6.68</del> <u>5.40</u>
FTS-2.1 (Exp)	\$ <del>13.09</del> <u>10.49</u>
FTS-3 (Exp)	\$ <del>15.66</del> <u>12.60</u>
FTS-3.1 (Exp)	\$ <del>36.01</del> <u>29.80</u>

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(Continued to Sheet No. 105.3)

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Rate Schedule RS	Residential Service	34
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Rate Schedule GSTS-1	General Service Transportation Service - 1	36 - 38



Rate Schedule-LVS	Large Volume Service	39
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*INDEX OF RATE SCHEDULES*

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Rate Schedule GS-1	General Service - 1	35
Rate Schedule GSTS-1	General Service Transportation Service - 1	36 - 38

Rate Schedule-LVS	Large Volume Service	39
Rate Schedule-LVTS	Large Volume Transportation Service	40 - 44
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Florida Public Utilities Company-Fort Meade  
F.P.S.C. Gas Tariff  
Original Volume No. 1

Original Sheet No. 64

BILLING ADJUSTMENTS

Gas Reliability Infrastructure Program (GRIP)

Applicability

The bill for gas or transportation service supplied to a Customer in any Billing Period shall be adjusted as follows:

The GRIP factors for the period from the first billing cycle for January 2017 through the last billing cycle for December 2017 are as follows:

<u>Rate Class</u>	<u>Rates Per Therm</u>
<u>Rate Schedule RS</u>	<u>\$0.36931</u>
<u>Rate Schedule GS-1</u>	<u>\$0.11672</u>
<u>Rate Schedule GS-2</u>	<u>\$0.11672</u>
<u>Rate Schedule GSTS-1</u>	<u>\$0.11672</u>
<u>Rate Schedule GSTS-2</u>	<u>\$0.11672</u>
<u>Rate Schedule LVS</u>	<u>\$0.00000</u>
<u>Rate Schedule LVTS</u>	<u>\$0.00000</u>
<u>Rate Schedule IS</u>	<u>\$0.00000</u>
<u>Rate Schedule ITS</u>	<u>\$0.00000</u>
<u>Rate Schedule GLS</u>	<u>\$0.00000</u>
<u>Rate Schedule GLSTS</u>	<u>\$0.00000</u>
<u>Rate Schedule NGV</u>	<u>\$0.00000</u>
<u>Rate Schedule NGVTS</u>	<u>\$0.00000</u>

Issued by: Jeffrey Householder, President

Effective:

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*BILLING ADJUSTMENTS*

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Gas Reliability Infrastructure Program (GRIP)

Applicability

The bill for gas or transportation service supplied to a Customer in any Billing Period shall be adjusted as follows:

The GRIP factors for the period from the first billing cycle for January 2017 through the last billing cycle for December 2017 are as follows:

<u>Rate Class</u>	<u>Rates Per Therm</u>
Rate Schedule RS	\$0.36931
Rate Schedule GS-1	\$0.11672
Rate Schedule GS-2	\$0.11672
Rate Schedule GSTS-1	\$0.11672
Rate Schedule GSTS-2	\$0.11672
Rate Schedule LVS	\$0.00000
Rate Schedule LVTS	\$0.00000
Rate Schedule IS	\$0.00000
Rate Schedule ITS	\$0.00000
Rate Schedule GLS	\$0.00000
Rate Schedule GLSTS	\$0.00000
Rate Schedule NGV	\$0.00000
Rate Schedule NGVTS	\$0.00000



1 Manager in their card finance group. My primary responsibility in this position was  
2 the development of client specific financial models and profit loss statements. In  
3 2008, I was hired by Chesapeake Utilities Corporation (“CUC”) as a Senior  
4 Regulatory Analyst. In that position, I was primarily involved in the areas of gas cost  
5 recovery, rate of return analysis, and budgeting for CUC’s Delaware and Maryland  
6 natural gas distribution companies. In 2010, I moved to Florida to assume the role of  
7 Senior Tax Accountant for CUC’s Florida business units, which included FPUC and  
8 CFG. Since that time, I have held various management roles including Manager of  
9 the Back Office in 2011, and Director of Business Management in 2012.

10 **Q. Have you filed testimony before the Florida Public Service Commission in prior**  
11 **cases?**

12 A. Yes, I have submitted testimony on the Actual/Estimated True-Up of the Fuel and  
13 Purchased Power Cost Recovery Clause, Docket No. 160001-EL.

14 **Q. Are you familiar with the Gas Reliability Infrastructure Program (“GRIP”) of**  
15 **the Company and the associated projected and actual revenues and costs?**

16 A. Yes.

17 **Q. What is the purpose of your testimony in this docket?**

18 A. My testimony will provide the actual true-up for January 1, 2015 to December 1,  
19 2015 and the actual/estimated true-up based on 7 months actual 2016 data and 5  
20 months projected 2016 data. My testimony will describe the Company’s forecast of  
21 GRIP investment for natural gas mains and services for 2017. Finally, I will  
22 summarize the computations that are contained in composite exhibit MC-1  
23 supporting the January through December 2017 projected GRIP surcharge factors for  
24 the FPUC, CFG and Fort Meade natural gas divisions.

25 **Q. Were the schedules filed by the Company completed by you or under your**  
26 **direct supervision?**

1 A. Yes, they were completed under my direct supervision and review.

2 **Q. Which set of schedules has your company completed and filed?**

3 A. The Company has prepared and filed in composite Exhibit MC-1, Schedules A, B, C,  
4 and D that support the calculation of the yearly GRIP surcharge factors for January  
5 through December 2017 for FPUC and CFG.

6 **Q. What is the projection period for this filing?**

7 A. The projection period is January through December 2017.

8 **Q. What is the appropriate final GRIP true-up amount for the period**  
9 **January through December 2015?**

10 A. For FPUC, the final GRIP true-up amount for the period January through December  
11 2015 is an under-recovery of \$2,967,684 inclusive of interest and an under-recovery  
12 of \$125,419 inclusive of interest for CFG.

13 **Q. What is the projected GRIP true-up amount for the period January through**  
14 **December 2016?**

15 A. For FPUC, the projected GRIP true-up amount is an under-recovery of \$919,677  
16 inclusive of interest, for the period January through December 2016. CFG has  
17 projected an under-recovery for the same period of \$187,378 inclusive of interest. Ft.  
18 Meade has projected an under-recovery for the same period of \$4,210 inclusive of  
19 interest.

20 **Q. What is the total projected GRIP true-up amount to be collected from or**  
21 **refunded to customers for the period January through December 2016?**

22 A. As shown on Schedule C-1, page 3 of 14, the total net under-recovery to be collected  
23 for FPUC is \$3,887,361 and CFG, Schedule C-1 page 8 of 14, has a total net under-  
24 recovery of \$312,797 to be collected for the period January through December 2016.  
25 Ft. Meade, Schedule C-1 page 12 of 14, has a total net under-recovery of \$4,210.



1 **Q. Please describe how the forecasts of the replacement of qualifying distribution**  
2 **mains and services were developed for the projection period.**

3 A. In the initial joint petition for approval of GRIP (Order No. PSC-12-0490-TRF-GU),  
4 FPUC and CFG reviewed the remaining eligible infrastructure and developed a  
5 replacement plan, based on our Distribution Integrity Management Program  
6 (“DIMP”) and our best estimate of how quickly we could replace our bare steel and  
7 cast iron facilities, with an accelerated period of 10 years. Both companies  
8 prioritized the potential replacement projects focusing initially on areas of high  
9 consequence and areas more susceptible to corrosion. FPUC provides service to  
10 large metropolitan areas and the replacement of eligible infrastructure in high-  
11 density, urban areas typically cost more than areas that are primarily rural. FPUC  
12 and CFG have continued to replace eligible infrastructure aggressively. The  
13 Company continues to discover new bare steel, cast iron and steel tubing mains and  
14 services for replacement that was not included in the original petition. For example,  
15 the Company discovered steel tubing services in Fort Meade that require replacing.

16 **Q. Have you included the estimated investment costs for Fort Meade in your**  
17 **forecast for the projection period?**

18 A. Yes. Commission Order No. PSC-15-0578-TRF-GU approved the proposed GRIP  
19 program for Ft. Meade effective January 1, 2016. Projected costs are included in the  
20 exhibits.

21 **Q. Please describe how the forecasts of the revenue requirements are developed for**  
22 **the projection period.**

23 A. The projected revenue requirements include several components: 1) the return on  
24 estimated qualified investments for the projection period as calculated using the  
25 equity and debt components of the weighted average cost of capital from each  
26 companies respective prior rate cases. 2) depreciation expense (respectively

1 calculated using the currently approved depreciation rates) and 3) expenses for  
2 customer and general public notifications associated with GRIP and ad valorem  
3 taxes, grossed up for federal and state income taxes. Since FPUC has a bare steel  
4 replacement and recovery program, originally approved in the Company's 2004 rate  
5 case proceeding, the revenue requirement is net of the existing bare steel program,  
6 which equates to \$747,727 embedded in base rate revenues. CFG and Fort Meade do  
7 not have any recovery amounts embedded in their base rates. The 2017 projected  
8 mains and services to be replaced are shown on Exhibit MC-1, Schedule C-1, pages  
9 4, 9 and 13. FPUC is expecting to invest \$4,214,388 in mains and \$925,116 for  
10 services. CFG is expecting to invest \$1,509,396 in mains and \$113,616 in services  
11 and Fort Meade is expecting to invest \$277,081 in services.

12 **Q. What are the resulting net total projected revenue requirements to be recovered**  
13 **during this projection period?**

14 A. The total projected revenue requirements to be recovered are \$14,229,992 for FPUC,  
15 Schedule D-1 page 5 of 14, \$3,190,295 for CFG, Schedule D-1 page 10 of 14, and  
16 \$49,859 for Fort Meade, Schedule D-1 page 14 of 14.

17 **Q. Have you prepared a schedule that shows the calculation of the proposed GRIP**  
18 **surcharge factors for each rate class to be applied during the billing period**  
19 **January 1, 2017 through December 31, 2017?**

20 A. Yes, Please see Schedule D-1 pages 5, 10 and 14 for FPUC, CFG and Fort Meade,  
21 respectively. For CFG, rate class FTS-13 is excluded from the GRIP surcharge factor  
22 calculation since this rate class pertains to special contract customers.

23 **Q. What should be the effective date of the GRIP surcharge factors for billing**  
24 **purposes?**

25 A. The GRIP surcharge factors should be effective for all meter reading during the  
26 period of January 1, 2017 through December 31, 2017.

1 Q. Does this conclude your testimony?

2 A. Yes it does.

**GRIP SCHEDULES A-D**  
FOR  
Exhibit \_\_ (MC-1)  
FLORIDA PUBLIC UTILITIES COMPANY NATURAL GAS DIVISION, FLORIDA PUBLIC  
UTILITIES COMPANY – FORT MEADE  
AND  
FLORIDA DIVISION OF CHESAPEAKE UTILITIES CORPORATION

**Florida Public Utilities Company**  
Gas Reliability Infrastructure Program (GRIP)  
Calculation of Equity and Debt Returns

Schedule A-1  
Exhibit \_\_\_\_\_  
Michael Cassel (MC-1)  
Page 1 of 14

Earnings Surveillance Report - December 31, 2015

Equity Cost Rate	10.85%
Weighted Equity Cost Rate	5.02%
Revenue Expansion Factor	1.6401
Weighted Equity Cost Rate , times Revenue Expansion Factor	<u>8.230%</u>
Long Term Debt-CU	0.940%
Short Term Debt	0.180%
Long Term Debt-FC	0.360%
Short Term Debt-Refinanced LTD	0.000%
Customer Deposits	<u>0.100%</u>
Weighted Debt Cost Rate	<u>1.580%</u>
Overall Weighted Cost Rate	<u><u>6.60%</u></u>

**Florida Public Utilities Company**  
 Gas Reliability Infrastructure Program (GRIP)  
 Calculation of the Actual Revenue Requirements  
 Seven Months Actual January 2015 through July 2015  
 Estimated August 2015 through December 2015

Schedule B-1  
 Exhibit  
 Michael Cassel (MC-1)  
 Page 2 of 14

Item	Beginning Balance	Actual Jan	Actual Feb	Actual Mar	Actual Apr	Actual May	Actual Jun	Actual Jul	Actual Aug	Actual Sep	Actual Oct	Actual Nov	Actual Dec	After Adj. Year End Total/Balance
<b>Qualified Investment</b>														
Qualified Investment - Mains - Current 1070 Activity		\$1,683,320	\$2,008,191	\$2,569,032	\$2,088,131	\$1,948,197	\$1,370,233	\$2,497,822	\$1,138,373	\$1,670,326	\$1,316,968	\$851,172	\$ 2,236,059	\$21,377,824
Qualified Investment - Mains - Closed 1070 Activity to Plant		(\$162,243)	(\$972,057)	(\$3,594,327)	(\$1,168,965)	(\$823,574)	(\$235,795)	(\$3,982,703)	(\$296,454)	(\$58,404)	\$104,001	(\$67,349)	\$ (9,003,454)	(\$20,261,324)
Qualified Investment - Services - Current 1070 Activity		\$526,342	\$628,856	\$454,620	\$610,359	\$405,006	\$424,630	\$1,082,197	\$375,971	\$441,007	\$349,421	\$378,484	\$ 126,630	\$5,803,522
Qualified Investment - Services - Closed 1070 Activity to Plant		(\$124,298)	(\$932,832)	(\$207,415)	(\$550,774)	(\$681,352)	(\$370,192)	(\$656,227)	(\$699,521)	(\$579,033)	(\$129,222)	(\$455,462)	\$ (417,194)	(\$5,803,522)
Qualified Investment - Mains - Current 1010 Activity		\$162,243	\$972,057	\$3,594,327	\$1,168,965	\$823,574	\$235,795	\$3,982,703	\$296,454	\$58,404	(\$104,001)	\$67,349	\$ 9,003,454	\$20,261,324
Qualified Investment - Services - Current 1010 Activity		\$124,298	\$932,832	\$207,415	\$550,774	\$681,352	\$370,192	\$656,227	\$699,521	\$579,033	\$129,222	\$455,462	\$417,194	\$5,803,522
<b>Total Qualified Investment - Mains 1070</b>	\$234,005	\$1,755,082	\$2,791,216	\$1,765,920	\$2,685,086	\$3,809,709	\$4,944,147	\$3,459,266	\$4,301,186	\$5,913,108	\$7,334,077	\$8,117,900	\$1,350,505	\$1,350,505
<b>Total Qualified Investment - Services 1070</b>	\$0	\$402,044	\$98,067	\$345,273	\$404,858	\$128,512	\$182,949	\$608,919	\$285,369	\$147,343	\$367,542	\$290,564	\$0	\$0
<b>Total Qualified Investment - Mains 1010</b>	\$24,530,415	\$24,692,658	\$25,664,715	\$29,259,042	\$30,428,007	\$31,251,581	\$31,487,377	\$35,470,080	\$35,766,533	\$35,824,937	\$35,720,936	\$35,788,285	\$44,791,739	\$44,791,739
<b>Total Qualified Investment - Services 1010</b>	\$8,609,905	\$8,734,203	\$9,667,035	\$9,874,450	\$10,425,224	\$11,106,576	\$11,476,768	\$12,132,995	\$12,832,516	\$13,411,550	\$13,540,771	\$13,996,233	\$14,413,427	\$14,413,427
<b>Total Qualified Investment</b>	\$33,374,325	\$35,583,987	\$38,221,033	\$41,244,685	\$43,943,175	\$46,296,378	\$48,091,241	\$51,671,260	\$53,185,604	\$55,296,937	\$56,963,326	\$58,192,982	\$60,555,671	\$60,555,671
Less: Accumulated Depreciation	(\$599,765)	(\$672,286)	(\$745,439)	(\$822,797)	(\$908,410)	(\$997,794)	(\$1,090,496)	(\$1,184,542)	(\$1,288,695)	(\$1,395,060)	(\$1,502,857)	(\$1,610,719)	(\$1,719,752)	(\$1,719,752)
<b>Net Book Value</b>	\$32,774,560	\$34,911,701	\$37,475,594	\$40,421,888	\$43,034,765	\$45,298,584	\$47,000,745	\$50,486,718	\$51,896,911	\$53,901,877	\$55,460,469	\$56,582,263	\$58,835,919	\$58,835,919
<b>Average Net Qualified Investment</b>	\$33,843,130	\$36,193,647	\$38,948,741	\$41,728,327	\$44,166,675	\$46,149,665	\$48,743,732	\$51,191,815	\$52,899,394	\$54,681,173	\$56,021,366	\$57,709,091		
<b>Depreciation Rates</b>														
Approved Depreciation Rate-Mains		2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%
Approved Depreciation Rate-Services		2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%
<b>Return on Average Net Qualified Investment</b>														
Equity - Cost of Capital, inclusive of Income Tax Gross-up		8.1200%	8.1200%	8.1200%	8.1200%	8.1200%	8.1200%	8.1200%	8.1200%	8.1200%	8.1200%	8.1200%	8.1200%	8.1200%
Debt - Cost of Capital		1.8300%	1.8300%	1.8300%	1.8300%	1.8300%	1.8300%	1.8300%	1.8300%	1.8300%	1.8300%	1.8300%	1.8300%	1.8300%
<b>Equity Component - inclusive of Income Tax Gross-up</b>	\$229,005	\$244,910	\$263,553	\$282,362	\$298,861	\$312,279	\$329,833	\$346,398	\$357,953	\$370,009	\$379,078	\$390,498	\$390,498	\$3,804,739
Debt Component	\$51,611	\$55,195	\$59,397	\$63,636	\$67,354	\$70,378	\$74,334	\$78,068	\$80,672	\$83,389	\$85,433	\$88,006	\$88,006	\$857,473
<b>Return Requirement</b>	\$280,616	\$300,105	\$322,950	\$345,998	\$366,215	\$382,657	\$404,167	\$424,466	\$438,625	\$453,398	\$464,511	\$478,504	\$478,504	\$4,662,212
<b>Investment Expenses</b>														
Depreciation Expense - Mains		\$53,149	\$53,501	\$55,607	\$63,395	\$65,927	\$67,712	\$68,223	\$76,852	\$77,494	\$77,621	\$77,395	\$77,541	\$814,417
Depreciation Expense - Services		\$19,372	\$19,652	\$21,751	\$22,218	\$23,457	\$24,990	\$25,823	\$27,299	\$28,873	\$30,176	\$30,467	\$31,492	\$305,570
Property Taxes	2.00%	\$54,624	\$54,624	\$54,624	\$54,624	\$54,624	\$54,624	\$54,624	\$54,624	\$54,624	\$54,624	\$54,624	\$54,624	\$655,488
General Public Notice Expense & Customer Notice Expense		\$3,046	\$9,892	\$8,980	\$29,155	\$0	\$6,802	\$0	\$15,067	\$1,630	\$5,985	\$3,788		\$84,344
<b>Total Expense</b>	\$130,191	\$137,669	\$140,962	\$169,392	\$144,008	\$154,128	\$148,670	\$173,842	\$162,621	\$168,406	\$166,274	\$163,657	\$163,657	\$1,859,819
<b>Total Revenue Requirements</b>	\$410,807	\$437,774	\$463,912	\$515,390	\$510,223	\$536,785	\$552,837	\$598,308	\$601,246	\$621,804	\$630,785	\$642,161	\$642,161	\$6,522,031
<b>Embedded Revenue for Bare Steel Replacement Investment</b>	\$62,311	\$62,311	\$62,311	\$62,311	\$62,311	\$62,311	\$62,311	\$62,311	\$62,311	\$62,311	\$62,311	\$62,311	\$62,312	\$747,733
<b>Net Revenue Requirements / (Surplus)</b>	\$348,496	\$375,463	\$401,601	\$453,079	\$447,912	\$474,474	\$490,526	\$535,997	\$538,935	\$559,493	\$568,474	\$579,849	\$579,849	\$5,774,298
<b>GRIP Surcharge Revenues Collected Month</b>	\$ 469,181	\$ 500,335	\$ 434,085	\$ 362,300	\$ 305,328	\$ 292,514	\$ 251,148	\$ 267,807	\$ 266,276	\$ 277,287	\$ 305,493	\$ 358,208	\$ 358,208	\$4,089,962
<b>Beginning True-Up</b>														\$ 1,281,394
(Over) and Under Recovery for the Month	\$ (120,685)	\$ (124,872)	\$ (32,484)	\$ 90,779	\$ 142,584	\$ 181,960	\$ 239,378	\$ 268,190	\$ 272,659	\$ 282,206	\$ 262,981	\$ 221,641	\$ 221,641	\$ 1,684,336
Monthly Interest (Expense)/Income	\$ 85	\$ 77	\$ 61	\$ 63	\$ 82	\$ 106	\$ 108	\$ 143	\$ 186	\$ 211	\$ 261	\$ 261	\$ 261	\$ 1,954
<b>Ending (Over) and Under Recovery</b>	\$ 1,281,394	\$ 1,160,794	\$ 1,035,999	\$ 1,003,576	\$ 1,094,418	\$ 1,237,084	\$ 1,419,150	\$ 1,658,636	\$ 1,926,969	\$ 2,199,814	\$ 2,482,230	\$ 2,745,472	\$ 2,967,684	\$ 2,967,684
<b>Beg of Month Annual Interest Rate</b>	0.08%	0.09%	0.08%	0.06%	0.08%	0.09%	0.09%	0.08%	0.10%	0.12%	0.09%	0.15%	0.15%	0.15%
<b>End of Month Annual Interest Rate</b>	0.09%	0.08%	0.060%	0.08%	0.09%	0.09%	0.08%	0.10%	0.12%	0.09%	0.15%	0.34%	0.34%	0.34%
<b>Average Monthly Interest Rate</b>	0.007%	0.007%	0.006%	0.006%	0.007%	0.008%	0.007%	0.008%	0.009%	0.009%	0.010%	0.020%	0.020%	0.020%



**Florida Public Utilities Company**  
 Gas Reliability Infrastructure Program (GRIP)  
 Calculation of the Projected Revenue Requirements  
 January 1, 2017 through December 31, 2017

Schedule C-2  
 Exhibit  
 Michael Cassel (MC-1)  
 Page 4 of 14

Item	Beginning													Year End
	Balance	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total/Balance
<b>Qualified Investment</b>														
Qualified Investment - Mains - Current Year 1070 Activity		\$351,199	\$351,199	\$351,199	\$351,199	\$351,199	\$351,199	\$351,199	\$351,199	\$351,199	\$351,199	\$351,199	\$351,199	\$4,214,388
Qualified Investment - Mains - Closed 1070 Activity to Plant		(\$333,639)	(\$333,639)	(\$333,639)	(\$333,639)	(\$333,639)	(\$333,639)	(\$333,639)	(\$333,639)	(\$333,639)	(\$333,639)	(\$333,639)	(\$333,639)	(\$4,003,668)
Qualified Investment - Services - Current Year 1070 Activity		\$77,093	\$77,093	\$77,093	\$77,093	\$77,093	\$77,093	\$77,093	\$77,093	\$77,093	\$77,093	\$77,093	\$77,093	\$925,116
Qualified Investment - Services - Closed 1070 Activity to Plant		(\$77,093)	(\$77,093)	(\$77,093)	(\$77,093)	(\$77,093)	(\$77,093)	(\$77,093)	(\$77,093)	(\$77,093)	(\$77,093)	(\$77,093)	(\$77,093)	(\$925,116)
Qualified Investment - Mains - Current 1010 Activity		\$333,639	\$333,639	\$333,639	\$333,639	\$333,639	\$333,639	\$333,639	\$333,639	\$333,639	\$333,639	\$333,639	\$333,639	\$4,003,668
Qualified Investment - Services - Current 1010 Activity		\$77,093	\$77,093	\$77,093	\$77,093	\$77,093	\$77,093	\$77,093	\$77,093	\$77,093	\$77,093	\$77,093	\$77,093	\$925,116
<b>Total Qualified Investment - Mains 1070</b>	\$3,229,094	\$3,246,654	\$3,264,214	\$3,281,774	\$3,299,334	\$3,316,894	\$3,334,454	\$3,352,014	\$3,369,574	\$3,387,134	\$3,404,694	\$3,422,254	\$3,439,814	\$3,439,814
<b>Total Qualified Investment - Service 1070</b>	\$471,648	\$471,648	\$471,648	\$471,648	\$471,648	\$471,648	\$471,648	\$471,648	\$471,648	\$471,648	\$471,648	\$471,648	\$471,648	\$471,648
<b>Total Qualified Investment - Mains 1010</b>	\$57,377,744	\$57,711,383	\$58,045,022	\$58,378,661	\$58,712,300	\$59,045,939	\$59,379,578	\$59,713,217	\$60,046,856	\$60,380,495	\$60,714,134	\$61,047,773	\$61,381,412	\$61,381,412
<b>Total Qualified Investment - Service 1010</b>	\$17,421,627	\$17,498,720	\$17,575,813	\$17,652,906	\$17,729,999	\$17,807,092	\$17,884,185	\$17,961,278	\$18,038,371	\$18,115,464	\$18,192,557	\$18,269,650	\$18,346,743	\$18,346,743
<b>Total Qualified Investment</b>	\$78,500,113	\$78,928,405	\$79,356,697	\$79,784,989	\$80,213,281	\$80,641,573	\$81,069,865	\$81,498,157	\$81,926,449	\$82,354,741	\$82,783,033	\$83,211,325	\$83,639,617	\$83,639,617
Less: Accumulated Depreciation	(\$3,453,535)	(\$3,617,052)	(\$3,781,465)	(\$3,946,775)	(\$4,112,981)	(\$4,280,084)	(\$4,448,083)	(\$4,616,978)	(\$4,786,769)	(\$4,957,457)	(\$5,129,041)	(\$5,301,522)	(\$5,474,899)	(\$5,474,899)
<b>Net Book Value</b>	\$75,046,578	\$75,311,353	\$75,575,232	\$75,838,214	\$76,100,300	\$76,361,489	\$76,621,782	\$76,881,179	\$77,139,680	\$77,397,284	\$77,653,992	\$77,909,803	\$78,164,718	\$78,164,718
<b>Average Net Qualified Investment</b>		\$75,178,966	\$75,443,292	\$75,706,723	\$75,969,257	\$76,230,894	\$76,491,636	\$76,751,481	\$77,010,429	\$77,268,482	\$77,525,638	\$77,781,897	\$78,037,261	
<b>Depreciation Rates</b>														
Approved Depreciation Rate-Mains		2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%
Approved Depreciation Rate-Services		2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%
<b>Return on Average Net Qualified Investment</b>														
Equity - Cost of Capital, inclusive of Income Tax Gross-up		8.2300%	8.2300%	8.2300%	8.2300%	8.2300%	8.2300%	8.2300%	8.2300%	8.2300%	8.2300%	8.2300%	8.2300%	8.2300%
Debt - Cost of Capital		1.5800%	1.5800%	1.5800%	1.5800%	1.5800%	1.5800%	1.5800%	1.5800%	1.5800%	1.5800%	1.5800%	1.5800%	1.5800%
<b>Equity Component - inclusive of Income Tax Gross-up</b>	\$515,602	\$517,415	\$519,222	\$521,022	\$522,817	\$524,605	\$526,387	\$528,163	\$529,933	\$531,697	\$533,454	\$535,206	\$536,955	\$6,305,524
<b>Debt Component</b>	\$98,986	\$99,334	\$99,681	\$100,026	\$100,371	\$100,714	\$101,056	\$101,397	\$101,737	\$102,075	\$102,413	\$102,749	\$103,086	\$1,210,538
<b>Return Requirement</b>	\$614,588	\$616,749	\$618,902	\$621,049	\$623,188	\$625,319	\$627,443	\$629,560	\$631,670	\$633,772	\$635,867	\$637,955	\$639,955	\$7,516,062
<b>Investment Expenses</b>														
Depreciation Expense - Mains		\$124,318	\$125,041	\$125,764	\$126,487	\$127,210	\$127,933	\$128,656	\$129,379	\$130,102	\$130,824	\$131,547	\$132,270	\$1,539,532
Depreciation Expense - Services		\$39,199	\$39,372	\$39,546	\$39,719	\$39,892	\$40,066	\$40,239	\$40,413	\$40,586	\$40,760	\$40,933	\$41,107	\$481,832
Property Taxes		\$125,078	\$125,078	\$125,078	\$125,078	\$125,078	\$125,078	\$125,078	\$125,078	\$125,078	\$125,078	\$125,078	\$125,078	\$1,500,932
General Public Notice Expense & Customer Notice Expense		\$4,333	\$4,333	\$4,333	\$4,333	\$4,333	\$4,333	\$4,333	\$4,333	\$4,333	\$4,333	\$4,333	\$4,333	\$52,000
<b>Total Expense</b>	\$292,928	\$293,824	\$294,720	\$295,617	\$296,513	\$297,409	\$298,306	\$299,202	\$300,098	\$300,995	\$301,891	\$302,787	\$303,684	\$3,574,296
<b>Total Revenue Requirements</b>	\$907,516	\$910,573	\$913,623	\$916,665	\$919,701	\$922,729	\$925,749	\$928,762	\$931,768	\$934,767	\$937,758	\$940,746	\$943,727	\$11,090,357
<b>Annual Revenue Requirement for Bare Steel Replacement Investment</b>	\$62,310	\$62,310	\$62,310	\$62,310	\$62,310	\$62,310	\$62,310	\$62,310	\$62,310	\$62,310	\$62,310	\$62,310	\$62,310	\$747,727
<b>Net Annual Revenue Requirements</b>	\$845,206	\$848,263	\$851,313	\$854,355	\$857,391	\$860,419	\$863,439	\$866,452	\$869,458	\$872,457	\$875,448	\$878,429	\$881,411	\$10,342,630



**Florida Public Utilities Company**  
 Gas Reliability Infrastructure Program (GRIP)  
 Projection of Qualified Mains & Services Revenue Requirements  
 Surcharge Calculation - January 1, 2017 through December 31, 2017  
 Per Therm Rate

Schedule D-1  
 Exhibit \_\_\_\_\_  
 Michael Cassel (MC-1)  
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1. 1/1/17-12/31/17 Qualified Mains & Services Replacement Revenue Requirements		\$10,342,630
Mains	74%	\$7,653,547
Services	26%	\$2,689,084
Net		<u>\$10,342,631</u>
2. TRUE-UP from Prior Period (Over)/Under Recovery Estimated thru 12/2016		\$ 3,887,361
3. 2017 Qualified Mains & Services Replacement Revenue Requirements		\$14,229,992
Mains	74%	\$10,530,194
Services	26%	\$3,699,798
Net		<u>\$14,229,992</u>

RATE SCHEDULE	2017 THERMS	SERVICES COS %	MAINS COS %	SERVICES REV REQ	MAINS REV REQ	GRIP REV REQ	DOLLARS PER THERM	TAX FACTOR	GRIP FACTORS PER THERM	TYPICAL ANNUAL THERMS	ANNUAL COST	AVERAGE MONTHLY COST
RESIDENTIAL	13,104,301	58.00%	22.00%	\$2,145,883	\$2,316,643	\$4,462,526	\$0.34054	1.00503	\$0.34225	250	\$85.56	\$7.13
COMMERCIAL SMALL (General Service & GS Transportation & NGVS & NGVTS)	12,827,793	17.00%	23.00%	\$628,966	\$2,421,945	\$3,050,910	\$0.23784	1.00503	\$0.23903	2,500	\$597.58	\$49.80
COMM. LRG VOLUME (Large Vol & LV Transportation)	45,693,710	25.00%	46.00%	\$924,950	\$4,843,889	\$5,768,839	\$0.12625	1.00503	\$0.12689	25,000	\$3,172.13	\$264.34
INTERRUPTIBLE SERVICE (Int Service & IS Transportation)	7,387,547	0.00%	8.00%	\$0	\$842,416	\$842,416	\$0.11403	1.00503	\$0.11461	50,000	\$5,730.27	\$477.52
GENERAL LIGHTING SERVICE	211,870	0.00%	1.00%	\$0	\$105,302	\$105,302	\$0.49701	1.00503	\$0.49951	500	\$249.76	\$20.81
<b>TOTAL</b>	<u>79,225,221</u>	<u>100.00%</u>	<u>100.00%</u>	<u>\$3,699,798</u>	<u>\$10,530,194</u>	<u>\$14,229,992</u>						

**Florida Division of Chesapeake Utilities Corporation**

Gas Reliability Infrastructure Program (GRIP)

Calculation of Equity and Debt Returns

Schedule A-1

Exhibit \_\_\_\_\_

Michael Cassel (MC-1)

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Earnings Surveillance Report - December 31, 2015

Equity Cost Rate	10.80%
Weighted Equity Cost Rate	4.82%
Revenue Expansion Factor	1.6403
Weighted Equity Cost Rate , times Revenue Expansion Factor	<u>7.906%</u>
Long Term Debt-CU	0.970%
Short Term Debt	0.170%
Short Term Debt-Refinanced LTD	0.000%
Customer Deposits	0.040%
Tax Credits-Weighted Cost	0.000%
Weighted Debt Cost Rate	<u>1.180%</u>
Overall Weighted Cost Rate	<u><u>6.00%</u></u>

**Florida Division of Chesapeake Utilities Corporation**

Gas Reliability Infrastructure Program (GRIP)  
 Calculation of the Actual Revenue Requirements  
 Seven Months Actual January 2015 through July 2015  
 Estimated August 2015 through December 2015

Schedule B-1  
 Exhibit \_\_\_\_\_  
 Michael Cassel (MC-1)  
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Item	Beginning Balance	Actual Jan	Actual Feb	Actual Mar	Actual Apr	Actual May	Actual Jun	Actual Jul	Actual Aug	Actual Sep	Actual Oct	Actual Nov	Actual Dec	Year End Total/Balance												
<b>Qualified Investment</b>																										
Qualified Investment - Mains - Current 1070 Activity		\$123,706	\$147,654	\$525,387	\$70,812	\$715,464	\$472,314	\$439,172	\$366,266	\$433,010	\$831,401	\$154,345	\$ 995,176	\$5,274,707												
Qualified Investment - Mains - Closed 1070 Activity to Plant		(\$13,921)	(\$1,157,042)	(\$848,346)	(\$128,066)	(\$20,590)	(\$47,664)	(\$477,392)	(\$7,064)	(\$2,742)	(\$53,095)	(\$10,525)	\$ (3,781,502)	(\$6,547,949)												
Qualified Investment - Services - Current 1070 Activity		(\$2,300)	\$6,740	(\$175)	\$143,737	\$3,277	\$105,307	\$19,810	\$26,794	\$22,855	\$17,644	\$2,178	\$ 71,480	\$417,348												
Qualified Investment - Services - Closed 1070 Activity to Plant		\$2,300	(\$3,765)	(\$12,995)	(\$46,018)	(\$42,963)	(\$135,089)	(\$25,616)	(\$19,543)	(\$35,981)	(\$12,750)	(\$13,447)	\$ (67,477)	(\$413,345)												
Qualified Investment - Mains - Current 1010 Activity		\$13,921	\$1,157,042	\$848,346	\$128,066	\$20,590	\$47,664	\$477,392	\$7,064	\$2,742	\$53,095	\$10,525	\$3,781,502	\$6,547,949												
Qualified Investment - Services - Current 1010 Activity		(\$2,300)	\$3,765	\$12,995	\$46,018	\$42,963	\$135,089	\$25,616	\$19,543	\$35,981	\$12,750	\$13,447	\$67,477	\$413,345												
<b>Total Qualified Investment - Mains 1070</b>	\$1,708,694	\$1,818,479	\$809,090	\$486,131	\$428,877	\$1,123,751	\$1,548,402	\$1,510,182	\$1,869,384	\$2,299,652	\$3,077,958	\$3,221,778	\$435,452	\$435,452												
<b>Total Qualified Investment - Services 1070</b>	(\$1)	(\$1)	\$2,974	(\$10,195)	\$87,523	\$47,837	\$18,054	\$12,248	\$19,500	\$6,374	\$11,268	(\$1)	\$4,002	\$4,002												
<b>Total Qualified Investment - Mains 1010</b>	\$8,251,273	\$8,265,194	\$9,422,236	\$10,270,582	\$10,398,648	\$10,419,238	\$10,466,902	\$10,944,294	\$10,951,358	\$10,954,100	\$11,007,194	\$11,017,719	\$14,799,222	\$14,799,222												
<b>Total Qualified Investment - Services 1010</b>	\$639,153	\$636,853	\$640,618	\$653,613	\$699,631	\$742,594	\$877,683	\$903,299	\$922,842	\$958,823	\$971,574	\$985,021	\$1,052,498	\$1,052,498												
<b>Total Qualified Investment</b>	\$10,599,119	\$10,720,525	\$10,874,919	\$11,400,131	\$11,614,679	\$12,333,420	\$12,911,041	\$13,370,023	\$13,763,083	\$14,218,949	\$15,067,994	\$15,224,517	\$16,291,174	\$16,291,174												
Less: Accumulated Depreciation 1080	(\$243,858)	(\$263,174)	(\$282,515)	(\$304,371)	(\$328,095)	(\$352,199)	(\$376,445)	(\$401,098)	(\$426,843)	(\$452,647)	(\$478,538)	(\$504,573)	(\$530,661)	(\$530,661)												
<b>Net Book Value</b>	\$10,355,261	\$10,457,351	\$10,592,404	\$11,095,760	\$11,286,584	\$11,981,221	\$12,534,596	\$12,968,925	\$13,336,240	\$13,766,302	\$14,589,456	\$14,719,944	\$15,760,513	\$15,760,513												
<b>Average Net Qualified Investment</b>		\$10,406,306	\$10,524,877	\$10,844,082	\$11,191,172	\$11,633,903	\$12,257,909	\$12,751,761	\$13,152,583	\$13,551,271	\$14,177,879	\$14,654,700	\$15,240,228													
<b>Depreciation Rates</b>																										
Approved Depreciation Rate-Mains		2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%												
Approved Depreciation Rate-Services		2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%												
<b>Return on Average Net Qualified Investment</b>																										
Equity - Cost of Capital, inclusive of Income Tax Gross-up		7.9400%	7.9400%	7.9400%	7.9400%	7.9400%	7.9400%	7.9400%	7.9400%	7.9400%	7.9400%	7.9400%	7.9400%	7.9400%												
Debt - Cost of Capital		1.3900%	1.3900%	1.3900%	1.3900%	1.3900%	1.3900%	1.3900%	1.3900%	1.3900%	1.3900%	1.3900%	1.3900%	1.3900%												
<b>Equity Component - inclusive of Income Tax Gross-up</b>	\$68,855	\$69,640	\$71,752	\$74,048	\$76,978	\$81,106	\$84,374	\$87,026	\$89,664	\$93,810	\$96,965	\$100,840	\$995,058													
<b>Debt Component</b>	\$12,054	\$12,191	\$12,561	\$12,963	\$13,476	\$14,199	\$14,771	\$15,235	\$15,697	\$16,423	\$16,975	\$17,653	\$174,198													
<b>Return Requirement</b>	\$80,909	\$81,831	\$84,313	\$87,011	\$90,454	\$95,305	\$99,145	\$102,261	\$105,361	\$110,233	\$113,940	\$118,493	\$1,169,256													
<b>Investment Expenses</b>																										
Depreciation Expense - Mains		\$17,878	\$17,908	\$20,415	\$22,253	\$22,530	\$22,575	\$22,678	\$23,713	\$23,728	\$23,734	\$23,849	\$23,872	\$265,133												
Depreciation Expense - Services		\$1,438	\$1,433	\$1,441	\$1,471	\$1,574	\$1,671	\$1,975	\$2,032	\$2,076	\$2,157	\$2,186	\$2,216	\$21,670												
Property Taxes	2.00%	\$17,259	\$17,259	\$17,259	\$17,259	\$17,259	\$17,259	\$17,259	\$17,259	\$17,259	\$17,259	\$17,259	\$17,259	\$207,108												
General Public Notice and Customer Notice Expense		(\$711)	\$4,137	\$3,859	\$6,629	\$0	\$5,651	\$0	\$907	\$937	\$4,937			\$26,347												
														\$0												
														\$0												
<b>Total Expense</b>		\$35,864	\$40,737	\$42,974	\$47,612	\$41,363	\$47,156	\$41,912	\$43,911	\$44,000	\$48,087	\$43,294	\$43,347	\$520,258												
<b>Net Revenue Requirements</b>		\$116,773	\$122,568	\$127,287	\$134,623	\$131,817	\$142,461	\$141,057	\$146,172	\$149,361	\$158,320	\$157,234	\$161,840	\$1,689,514												
<b>GRIP Surcharge Revenues Collected Month</b>	\$	162,428	\$	169,594	\$	161,829	\$	149,591	\$	145,847	\$	140,796	\$	137,816	\$	125,995	\$	137,432	\$	147,441	\$	139,271	\$	157,335	\$	1,775,375
<b>Beginning True-Up (Over) and Under Recovery for the Month</b>	\$	(45,655)	\$	(47,026)	\$	(34,542)	\$	(14,968)	\$	(14,030)	\$	1,665	\$	3,241	\$	20,177	\$	11,929	\$	10,880	\$	17,963	\$	4,505	\$	(85,861)
<b>Monthly Interest (Expense)/Income</b>	\$	13	\$	10	\$	6	\$	5	\$	4	\$	4	\$	6	\$	8	\$	9	\$	9	\$	11	\$	25	\$	\$105
<b>Ending (Over) and Under Recovery</b>	\$	211,175	\$	165,533	\$	118,517	\$	83,981	\$	69,018	\$	54,992	\$	56,661	\$	59,906	\$	80,089	\$	92,026	\$	102,915	\$	120,889	\$	125,419
<b>Beg of Month Annual Interest Rate</b>		0.08%	0.09%	0.08%	0.06%	0.08%	0.09%	0.09%	0.08%	0.10%	0.12%	0.09%	0.15%													
<b>End of Month Annual Interest Rate</b>		0.09%	0.08%	0.06%	0.08%	0.09%	0.09%	0.08%	0.10%	0.12%	0.09%	0.15%	0.34%													
<b>Average Monthly Interest Rate</b>		0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.007%	0.008%	0.009%	0.009%	0.010%	0.020%													



**Florida Division of Chesapeake Utilities Corporation**  
 Gas Reliability Infrastructure Program (GRIP)  
 Calculation of the Projected Revenue Requirements  
 January 1, 2017 through December 31, 2017

Schedule C-2  
 Exhibit  
 Michael Cassel (MC-1)  
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<u>Item</u>	<u>Beginning Balance</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Year End Total</u>
<b>Qualified Investment</b>														
Qualified Investment - Mains - Current 1070 Activity	\$125,783	\$125,783	\$125,783	\$125,783	\$125,783	\$125,783	\$125,783	\$125,783	\$125,783	\$125,783	\$125,783	\$125,783	\$125,783	\$1,509,396
Qualified Investment - Mains - Closed 1070 Activity to Plant	(\$119,494)	(\$119,494)	(\$119,494)	(\$119,494)	(\$119,494)	(\$119,494)	(\$119,494)	(\$119,494)	(\$119,494)	(\$119,494)	(\$119,494)	(\$119,494)	(\$119,494)	(\$1,433,928)
Qualified Investment - Services - Current 1070 Activity	\$9,468	\$9,468	\$9,468	\$9,468	\$9,468	\$9,468	\$9,468	\$9,468	\$9,468	\$9,468	\$9,468	\$9,468	\$9,468	\$113,616
Qualified Investment - Services - Closed 1070 Activity to Plant	(\$9,468)	(\$9,468)	(\$9,468)	(\$9,468)	(\$9,468)	(\$9,468)	(\$9,468)	(\$9,468)	(\$9,468)	(\$9,468)	(\$9,468)	(\$9,468)	(\$9,468)	(\$113,616)
Qualified Investment - Mains - Current 1010 Activity	\$119,494	\$119,494	\$119,494	\$119,494	\$119,494	\$119,494	\$119,494	\$119,494	\$119,494	\$119,494	\$119,494	\$119,494	\$119,494	\$1,433,928
Qualified Investment - Services - Current 1010 Activity	\$9,468	\$9,468	\$9,468	\$9,468	\$9,468	\$9,468	\$9,468	\$9,468	\$9,468	\$9,468	\$9,468	\$9,468	\$9,468	\$113,616
<b>Total Qualified Investment - Mains 1070</b>	<b>\$2,383,679</b>	<b>\$2,389,968</b>	<b>\$2,396,257</b>	<b>\$2,402,546</b>	<b>\$2,408,835</b>	<b>\$2,415,124</b>	<b>\$2,421,413</b>	<b>\$2,427,702</b>	<b>\$2,433,991</b>	<b>\$2,440,280</b>	<b>\$2,446,569</b>	<b>\$2,452,858</b>	<b>\$2,459,147</b>	<b>\$2,459,147</b>
<b>Total Qualified Investment - Services 1070</b>	<b>\$46,421</b>	<b>\$46,421</b>	<b>\$46,421</b>	<b>\$46,421</b>	<b>\$46,421</b>	<b>\$46,421</b>	<b>\$46,421</b>	<b>\$46,421</b>	<b>\$46,421</b>	<b>\$46,421</b>	<b>\$46,421</b>	<b>\$46,421</b>	<b>\$46,421</b>	<b>\$46,421</b>
<b>Total Qualified Investment - Mains 1010</b>	<b>\$17,764,950</b>	<b>\$17,884,444</b>	<b>\$18,003,938</b>	<b>\$18,123,432</b>	<b>\$18,242,926</b>	<b>\$18,362,420</b>	<b>\$18,481,914</b>	<b>\$18,601,408</b>	<b>\$18,720,902</b>	<b>\$18,840,396</b>	<b>\$18,959,890</b>	<b>\$19,079,384</b>	<b>\$19,198,878</b>	<b>\$19,198,878</b>
<b>Total Qualified Investment - Services 1010</b>	<b>\$1,436,981</b>	<b>\$1,446,449</b>	<b>\$1,455,917</b>	<b>\$1,465,385</b>	<b>\$1,474,853</b>	<b>\$1,484,321</b>	<b>\$1,493,789</b>	<b>\$1,503,257</b>	<b>\$1,512,725</b>	<b>\$1,522,193</b>	<b>\$1,531,661</b>	<b>\$1,541,129</b>	<b>\$1,550,597</b>	<b>\$1,550,597</b>
<b>Total Qualified Investment</b>	<b>\$21,632,032</b>	<b>\$21,767,283</b>	<b>\$21,902,534</b>	<b>\$22,037,785</b>	<b>\$22,173,036</b>	<b>\$22,308,287</b>	<b>\$22,443,538</b>	<b>\$22,578,789</b>	<b>\$22,714,040</b>	<b>\$22,849,291</b>	<b>\$22,984,542</b>	<b>\$23,119,793</b>	<b>\$23,255,044</b>	<b>\$23,255,044</b>
Less: Accumulated Depreciation	(\$976,590)	(\$1,018,314)	(\$1,060,319)	(\$1,102,604)	(\$1,145,168)	(\$1,188,012)	(\$1,231,137)	(\$1,274,542)	(\$1,318,227)	(\$1,362,193)	(\$1,406,439)	(\$1,450,965)	(\$1,495,772)	(\$1,495,772)
<b>Net Book Value</b>	<b>\$20,655,442</b>	<b>\$20,748,969</b>	<b>\$20,842,215</b>	<b>\$20,935,181</b>	<b>\$21,027,868</b>	<b>\$21,120,275</b>	<b>\$21,212,401</b>	<b>\$21,304,247</b>	<b>\$21,395,813</b>	<b>\$21,487,098</b>	<b>\$21,578,103</b>	<b>\$21,668,828</b>	<b>\$21,759,272</b>	<b>\$21,759,272</b>
<b>Average Net Qualified Investment</b>	<b>\$20,702,206</b>	<b>\$20,795,592</b>	<b>\$20,888,698</b>	<b>\$20,981,525</b>	<b>\$21,074,072</b>	<b>\$21,166,338</b>	<b>\$21,258,324</b>	<b>\$21,350,030</b>	<b>\$21,441,456</b>	<b>\$21,532,601</b>	<b>\$21,623,466</b>	<b>\$21,714,050</b>		
<b>Depreciation Rates</b>														
Approved Depreciation Rate-Mains		2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%
Approved Depreciation Rate-Services		2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%
<b>Return on Average Net Qualified Investment</b>														
Equity - Cost of Capital, inclusive of Income Tax Gross-up		7.9060%	7.9060%	7.9060%	7.9060%	7.9060%	7.9060%	7.9060%	7.9060%	7.9060%	7.9060%	7.9060%	7.9060%	7.9060%
Debt - Cost of Capital		1.1800%	1.1800%	1.1800%	1.1800%	1.1800%	1.1800%	1.1800%	1.1800%	1.1800%	1.1800%	1.1800%	1.1800%	1.1800%
<b>Equity Component - inclusive of Income Tax Gross-up</b>	<b>\$136,393</b>	<b>\$137,008</b>	<b>\$137,622</b>	<b>\$138,233</b>	<b>\$138,843</b>	<b>\$139,451</b>	<b>\$140,057</b>	<b>\$140,661</b>	<b>\$141,263</b>	<b>\$141,864</b>	<b>\$142,463</b>	<b>\$143,059</b>	<b>\$143,659</b>	<b>\$1,676,918</b>
<b>Debt Component</b>	<b>\$20,357</b>	<b>\$20,449</b>	<b>\$20,541</b>	<b>\$20,632</b>	<b>\$20,723</b>	<b>\$20,814</b>	<b>\$20,904</b>	<b>\$20,994</b>	<b>\$21,084</b>	<b>\$21,174</b>	<b>\$21,263</b>	<b>\$21,352</b>	<b>\$21,441</b>	<b>\$250,286</b>
<b>Return Requirement</b>	<b>\$156,750</b>	<b>\$157,457</b>	<b>\$158,162</b>	<b>\$158,865</b>	<b>\$159,566</b>	<b>\$160,264</b>	<b>\$160,961</b>	<b>\$161,655</b>	<b>\$162,348</b>	<b>\$163,038</b>	<b>\$163,726</b>	<b>\$164,412</b>	<b>\$164,412</b>	<b>\$1,927,204</b>
<b>Investment Expenses</b>														
Depreciation Expense - Mains	\$38,491	\$38,750	\$39,009	\$39,267	\$39,526	\$39,785	\$40,044	\$40,303	\$40,562	\$40,821	\$41,080	\$41,339	\$41,339	\$478,977
Depreciation Expense - Services	\$3,233	\$3,255	\$3,276	\$3,297	\$3,318	\$3,340	\$3,361	\$3,382	\$3,404	\$3,425	\$3,446	\$3,468	\$3,468	\$40,205
Property Taxes	\$34,426	\$34,426	\$34,426	\$34,426	\$34,426	\$34,426	\$34,426	\$34,426	\$34,426	\$34,426	\$34,426	\$34,426	\$34,426	\$413,112
General Public Notice Expense and Customer Notice Expense	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$18,000
<b>Total Expense</b>	<b>\$77,650</b>	<b>\$77,931</b>	<b>\$78,211</b>	<b>\$78,490</b>	<b>\$78,770</b>	<b>\$79,051</b>	<b>\$79,331</b>	<b>\$79,611</b>	<b>\$79,892</b>	<b>\$80,172</b>	<b>\$80,452</b>	<b>\$80,733</b>	<b>\$80,733</b>	<b>\$950,294</b>
<b>Total Revenue Requirements</b>	<b>\$234,400</b>	<b>\$235,388</b>	<b>\$236,373</b>	<b>\$237,355</b>	<b>\$238,336</b>	<b>\$239,315</b>	<b>\$240,292</b>	<b>\$241,266</b>	<b>\$242,240</b>	<b>\$243,210</b>	<b>\$244,178</b>	<b>\$245,145</b>	<b>\$245,145</b>	<b>\$2,877,498</b>

**Florida Division of Chesapeake Utilities Corporation**  
 Gas Reliability Infrastructure Program (GRIP)  
 Projection of Qualified Mains & Services Revenue Requirements  
 Surcharge Calculation - January 1, 2017 through December 31, 2017  
 Per Therm/Bill Rate

Schedule D-1  
 Exhibit \_\_\_\_\_  
 Michael Cassel (MC-1)  
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1.	1/1/17-12/31/17 Qualified Mains & Services Replacement Revenue Requirements	\$	2,877,498
	Mains	96%	\$2,762,398
	Services	4%	\$115,100
	Net		<u>\$2,877,498</u>
2.	TRUE-UP from Prior Period (Over)/Under Recovery Estimated thru 12/2016	\$	312,797
3.	2017 Qualified Mains & Services Replacement Revenue Requirements	\$	3,190,295
	Mains	96%	\$3,062,683
	Services	4%	\$127,612
	Net		<u>\$3,190,295</u>

RATE CLASS	2017 BILLS	2017 THERMS	SERVICES COS %	MAINS COS %	SERVICES REV REQ	MAINS REV REQ	GRIP REV REQ	DOLLARS PER THERM	EXPANSION FACTOR	GRIP FACTORS PER THERM	\$ PER BILL	EXPANSION FACTOR	Experimental		TYPICAL ANNUAL THERMS	ANNUAL COST	AVERAGE MONTHLY COST
													GRIP FACTORS PER BILL	ANNUAL COST PER BILL			
FTS-A	16,295	105,175	14.34%	0.951%	\$ 18,300	\$ 29,126	\$47,426	\$0.45092	1.00503	\$ 0.45319	\$ 2.91	1.00503	\$ 2.93	\$ 35.10	110	\$49.85	\$4.15
FTS-B	27,867	312,933	9.74%	1.142%	\$ 12,429	\$ 34,976	\$47,405	\$0.15149	1.00503	\$ 0.15225	\$ 1.70	1.00503	\$ 1.71	\$ 20.52	215	\$32.73	\$2.73
FTS-1	131,776	2,158,434	33.87%	5.861%	\$ 43,222	\$ 179,504	\$222,726	\$0.10319	1.00503	\$ 0.10371	\$ 1.69	1.00503	\$ 1.70	\$ 20.38	275	\$28.52	\$2.38
FTS-2	9,862	589,648	12.69%	1.611%	\$ 16,194	\$ 49,340	\$65,534	\$0.11114	1.00503	\$ 0.11170	\$ 6.65	1.00503	\$ 6.68	\$ 80.14	875	\$97.74	\$8.14
FTS-2.1	8,277	949,743	7.83%	3.193%	\$ 9,992	\$ 97,791	\$107,783	\$0.11349	1.00503	\$ 0.11406	\$ 13.02	1.00503	\$ 13.09	\$ 157.05	1,575	\$179.64	\$14.97
FTS-3	3,401	1,176,678	3.93%	1.567%	\$ 5,015	\$ 47,992	\$53,007	\$0.04505	1.00503	\$ 0.04527	\$ 15.59	1.00503	\$ 15.66	\$ 187.97	4,000	\$181.10	\$15.09
FTS-3.1	3,810	2,275,311	3.91%	4.294%	\$ 4,990	\$ 131,512	\$136,502	\$0.05999	1.00503	\$ 0.06029	\$ 35.83	1.00503	\$ 36.01	\$ 432.09	7,300	\$440.15	\$36.68
FTS-4		2,699,940	4.37%	6.162%	\$ 5,577	\$ 188,723	\$194,300	\$0.07196	1.00503	\$ 0.07233					12,500	\$904.08	\$75.34
FTS-5		1,077,421	1.24%	2.570%	\$ 1,582	\$ 78,711	\$80,293	\$0.07452	1.00503	\$ 0.07490					37,500	\$2,808.68	\$234.06
FTS-6		1,450,400	1.25%	2.750%	\$ 1,595	\$ 84,224	\$85,819	\$0.05917	1.00503	\$ 0.05947					75,000	\$4,460.01	\$371.67
FTS-7		2,913,398	2.20%	7.615%	\$ 2,807	\$ 233,223	\$236,030	\$0.08102	1.00503	\$ 0.08142					150,000	\$12,213.43	\$1,017.79
FTS-8		5,130,600	1.62%	10.708%	\$ 2,067	\$ 327,952	\$330,019	\$0.06432	1.00503	\$ 0.06465					300,000	\$19,394.16	\$1,616.18
FTS-9		3,212,361	1.48%	15.171%	\$ 1,889	\$ 464,640	\$466,529	\$0.14523	1.00503	\$ 0.14596					550,000	\$80,277.90	\$6,689.83
FTS-10		2,166,309	0.45%	6.539%	\$ 574	\$ 200,269	\$200,843	\$0.09271	1.00503	\$ 0.09318					850,000	\$79,201.65	\$6,600.14
FTS-11		7,632,263	0.61%	13.551%	\$ 778	\$ 415,024	\$415,802	\$0.05448	1.00503	\$ 0.05475					1,750,000	\$95,818.71	\$7,984.89
FTS-12		13,439,528	0.47%	16.315%	\$ 600	\$ 499,677	\$500,277	\$0.03722	1.00503	\$ 0.03741					3,000,000	\$112,234.61	\$9,352.88
FTS-13		N/A	N/A	0.000%	\$ -	\$ -	\$0 N/A			N/A					-	N/A	
TOTAL	<u>201,288</u>	<u>47,290,142</u>	<u>100.00%</u>	<u>100.00%</u>	<u>\$ 127,612</u>	<u>\$ 3,062,683</u>	<u>\$ 3,190,295</u>										

# Florida Public Utilities Company -Ft. Meade

Gas Reliability Infrastructure Program (GRIP)  
Investment and Calculation of Equity and Debt Returns

Schedule A-1  
Exhibit \_\_\_\_\_  
Michael Cassel (MC-1)  
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	<u># of Services</u>	<u>Cost per Service</u>	<u>Projected Total Investment</u>
Earnings Surveillance Report - December 31, 2015			
Equity Cost Rate			11.00%
Weighted Equity Cost Rate			4.27%
Revenue Expansion Factor			1.6401
Weighted Equity Cost Rate , times Revenue Expansion Factor			<u>7.000%</u>
Long Term Debt-CU			0.840%
Short Term Debt			0.150%
Short Term Debt-Refinanced LTD			0.000%
Customer Deposits			0.080%
Tax Credits-Weighted Cost			<u>0.000%</u>
Weighted Debt Cost Rate			<u>1.070%</u>
Overall Weighted Cost Rate			<u><u>5.34%</u></u>





**Florida Public Utilities-Ft. Meade**  
 Gas Reliability Infrastructure Program (GRIP)  
 Calculation of the Projected Revenue Requirements  
 January 1, 2017 through December 31, 2017

Schedule C-2  
 Exhibit  
 Michael Cassel (MC-1)  
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Item	Beginning													Year End
	Balance	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
<b>Qualified Investment</b>														
Qualified Investment - Mains - Current 1070 Activity	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Qualified Investment - Mains - Closed 1070 Activity to Plant	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Qualified Investment - Services - Current 1070 Activity	\$39,583	\$39,583	\$39,583	\$39,583	\$39,583	\$39,583	\$39,583	\$39,583	\$39,583	\$0	\$0	\$0	\$0	\$277,081
Qualified Investment - Services - Closed 1070 Activity to Plant	(\$39,583)	(\$39,583)	(\$39,583)	(\$39,583)	(\$39,583)	(\$39,583)	(\$39,583)	(\$39,583)	\$0	\$0	\$0	\$0	\$0	(\$277,081)
Qualified Investment - Mains - Current 1010 Activity	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Qualified Investment - Services - Current 1010 Activity	\$39,583	\$39,583	\$39,583	\$39,583	\$39,583	\$39,583	\$39,583	\$39,583	\$0	\$0	\$0	\$0	\$0	\$277,081
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Total Qualified Investment - Mains 1070	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Qualified Investment - Services 1070	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Qualified Investment - Mains 1010	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Qualified Investment - Services 1010	\$197,915	\$237,498	\$277,081	\$316,664	\$356,247	\$395,830	\$435,413	\$474,996	\$474,996	\$474,996	\$474,996	\$474,996	\$474,996	\$474,996
Total Qualified Investment	\$197,915	\$237,498	\$277,081	\$316,664	\$356,247	\$395,830	\$435,413	\$474,996	\$474,996	\$474,996	\$474,996	\$474,996	\$474,996	\$474,996
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Less: Accumulated Depreciation	(\$890)	(\$1,335)	(\$1,869)	(\$2,492)	(\$3,204)	(\$4,006)	(\$4,897)	(\$5,877)	(\$6,946)	(\$8,015)	(\$9,084)	(\$10,155)	(\$11,222)	(\$11,222)
Net Book Value	\$197,025	\$236,163	\$275,212	\$314,172	\$353,043	\$391,824	\$430,516	\$469,119	\$468,050	\$466,981	\$465,912	\$464,843	\$463,774	\$463,774
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Average Net Qualified Investment		\$216,594	\$255,688	\$294,692	\$333,608	\$372,434	\$411,170	\$449,818	\$468,585	\$467,516	\$466,447	\$465,378	\$464,309	
<hr/>														
<b>Depreciation Rates</b>														
Approved Depreciation Rate-Mains		2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%
Approved Depreciation Rate-Services		2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%
<hr/>														
<b>Return on Average Net Qualified Investment</b>														
Equity - Cost of Capital, inclusive of Income Tax Gross-up		7.0000%	7.0000%	7.0000%	7.0000%	7.0000%	7.0000%	7.0000%	7.0000%	7.0000%	7.0000%	7.0000%	7.0000%	7.0000%
Debt - Cost of Capital		1.0700%	1.0700%	1.0700%	1.0700%	1.0700%	1.0700%	1.0700%	1.0700%	1.0700%	1.0700%	1.0700%	1.0700%	1.0700%
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Equity Component - inclusive of Income Tax Gross-up	\$1,263	\$1,492	\$1,719	\$1,946	\$2,173	\$2,398	\$2,624	\$2,733	\$2,727	\$2,721	\$2,715	\$2,708	\$2,708	\$27,220
Debt Component	\$193	\$228	\$263	\$297	\$332	\$367	\$401	\$418	\$417	\$416	\$415	\$414	\$414	\$4,161
Return Requirement	\$1,457	\$1,720	\$1,982	\$2,244	\$2,505	\$2,765	\$3,025	\$3,151	\$3,144	\$3,137	\$3,130	\$3,122	\$3,122	\$31,380
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<b>Investment Expenses</b>														
Depreciation Expense - Mains	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Depreciation Expense - Services	\$445	\$534	\$623	\$712	\$802	\$891	\$980	\$1,069	\$1,069	\$1,069	\$1,069	\$1,069	\$1,069	\$10,332
Property Taxes	\$328	\$328	\$328	\$328	\$328	\$328	\$328	\$328	\$328	\$328	\$328	\$328	\$328	\$3,936
General Public Notice Expense and Customer Notice Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Expense	\$773	\$862	\$951	\$1,040	\$1,130	\$1,219	\$1,308	\$1,397	\$1,397	\$1,397	\$1,397	\$1,397	\$1,397	\$14,268
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Total Revenue Requirements	\$2,230	\$2,582	\$2,933	\$3,284	\$3,635	\$3,984	\$4,333	\$4,548	\$4,541	\$4,534	\$4,527	\$4,519	\$4,519	\$45,648

**Florida Public Utilities Company-Fort Meade**  
 Gas Reliability Infrastructure Program (GRIP)  
 Projection of Qualified Mains & Services Revenue Requirements  
 Surcharge Calculation - January 1, 2017 through December 31, 2017  
 Per Therm Rate

Schedule D-1  
 Exhibit \_\_\_\_\_  
 Michael Cassel (MC-1)  
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1. 1/1/17-12/31/17 Qualified Mains & Services Replacement Revenue Requirements		\$	45,648
Mains	0%	\$0	
Services	100%	\$45,648	
Net		<u>\$45,648</u>	
2. TRUE-UP from Prior Period (Over)/Under Recovery Estimated thru 12/2016		\$	4,210
3. 2017 Qualified Mains & Services Replacement Revenue Requirements		\$	49,859
Mains	0%	\$0	
Services	100%	\$49,859	
Net		<u>\$49,859</u>	

RATE SCHEDULE	2017 THERMS	SERVICES COS %	MAINS COS %	SERVICES REV REQ	MAINS REV REQ	GRIP REV REQ	DOLLARS PER THERM	TAX FACTOR	GRIP FACTORS PER THERM	TYPICAL ANNUAL THERMS	ANNUAL COST	AVERAGE MONTHLY COST
RESIDENTIAL	78,698	58.00%	22.00%	\$28,918	\$0	\$28,918	\$0.36746	1.00503	\$0.36931	250	\$92.33	\$7.69
COMMERCIAL SMALL (General Service & GS Transportation)	72,983	17.00%	23.00%	\$8,476	\$0	\$8,476	\$0.11614	1.00503	\$0.11672	2,500	\$291.80	\$24.32
COMM. LRG VOLUME (Large Vol & LV Transportation)	0	25.00%	46.00%	\$12,465	\$0	\$12,465	\$0.00000	1.00503	\$0.00000	25,000	\$0.00	\$0.00
INTERRUPTIBLE SERVICE (Int Service & IS Transportation)	0	0.00%	8.00%	\$0	\$0	\$0	\$0.00000	1.00503	\$0.00000	50,000	\$0.00	\$0.00
GENERAL LIGHTING SERVICE	0	0.00%	1.00%	\$0	\$0	\$0	\$0.00000	1.00503	\$0.00000	500	\$0.00	\$0.00
<b>TOTAL</b>	<u>151,681</u>	<u>100.00%</u>	<u>100.00%</u>	<u>\$49,859</u>	<u>\$0</u>	<u>\$49,859</u>						