

March 8, 2017

E-PORTAL FILING

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

Re: [New Filing] - PETITION FOR APPROVAL TO AMEND GRIP COST RECOVERY FACTOR BY THE FLORIDA DIVISION OF CHESAPEAKE UTILITIES CORPORATION.

Dear Ms. Stauffer:

Attached for filing on behalf of the Florida Division of Chesapeake Utilities Corporation, please find the Company's Petition for Approval to Amend GRIP Cost Recovery Factor.

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

Kind regards,



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

cc:/ (Service List)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for Approval to Amend Gas Reliability Infrastructure Program (GRIP) Factor by the Florida Division of Chesapeake Utilities Corporation	DOCKET NO. DATED: March 8, 2017
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**PETITION FOR APPROVAL TO AMEND GRIP
COST RECOVERY FACTOR BY THE FLORIDA DIVISION OF CHESAPEAKE
UTILITIES CORPORATION**

The Florida Division of Chesapeake Utilities Corporation (“CFG”)(also referred to herein as “Company”), by and through its undersigned counsel, hereby files 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”) to amend one of CFG’s GRIP cost recovery factors, namely the factor applicable to rate schedule FTS-9, which was included in the factors approved by the Commission for the period January 2017 through December 2017 by Order No. PSC-16-0567-TRF-GU. In support of this request, the Company hereby states:

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

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

- 2) 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

Revised GRIP Factor - Chesapeake

3) 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.

4) Chesapeake is including with this filing an updated Schedule D, which is attached hereto as Exhibit A. This revised schedule is an updated version of the same schedule submitted as Exhibit MC-1 to the testimony of Mike Cassel, which accompanied the Company's true-up filing on September 1, 2016. This revised schedule supports the Company's request to amend the GRIP factor applicable to rate schedule FTS-9.

5) The Company has determined that the projected therm usage utilized to calculate the 2017 GRIP factor for rate schedule FTS-9 was understated, resulting in the establishment of a GRIP factor that is unnecessarily high and incorrect based upon the revised therm usage for this rate class. As set forth in Order No. PSC-16-0567-TRF-GU, the 2017 factor applicable to Chesapeake's customers being served under the FTS-9 rate schedule was set at \$0.14596 per therm based upon projected therm usage of 3,212,561. The therm usage for this rate class is not, however, consistent with historical usage. The Company has therefore revised its projected therm usage for this rate class and determined that the more historically accurate projection is 5,609,161 therms, which results in a revised factor of \$0.08359 per therm - a reduction of \$0.06237 per therm.

6) Given the magnitude of the difference, the Company is proposing to amend the factor applicable to this rate class, as well as to refund to the impacted customers the over-

Revised GRIP Factor - Chesapeake

collected amounts. Six customers would be affected by this change and proposed refund. Therefore, if the Company's proposal is approved, for January and February alone, the refund to these customers will total \$34,924.78. The Company would, however, propose to refund to these affected customers the appropriate amount for the year to date up through the point in time at which the Commission deems the Company's revised factor for this rate class effective.

7) Given that this issue has been discovered in the first quarter of the applicable calendar year, the Company believes that it is prudent to proceed with the correction at this time and issue the appropriate refunds, rather than delay addressing this in the Company's September 2017 True-Up filing. If the correction is delayed until the Company's regularly scheduled true-up filing, the Company will have over-collected approximately \$349,843 from this rate class at year's end. While these customers could expect to see a lower factor in 2018, they would not receive the benefit of a refund of the amounts overpaid, nor would a lower factor in 2018 adequately offset the amounts overpaid in 2017.

8) The Company attests that the revised FTS-9 factor has been calculated correctly and consistent with Commission requirements using the allocation methodology approved in Order No. PSC-16-0567-TRF-GU. Thus, the Company asks that the Commission approve the proposed revised factor for FTS-9, as set forth herein. The Company further requests permission to issue refunds to the affected FTS-9 customers for the period during which the factor approved by Order No. PSC-16-0567-TRF-GU was in effect.

9) Attached to this Petition as Exhibit B is the proposed revised tariff page for Chesapeake, in clean and legislative format, reflecting the revised FTS-9 GRIP factor as described herein.

WHEREFORE, the Florida Division of Chesapeake Utilities Corporation respectfully requests that the Commission take the following actions:

1) approve the Company's request to revise the GRIP cost recovery factor applicable to the Company's FTS-9 rate schedule, effective upon Commission approval; 2) approve the tariff page included, Exhibit B, which reflects the change to the GRIP surcharge for FTS-9; and 3) allow the Company to issue refunds to the customers served under the FTS-9 rate schedule for the period beginning January 1, 2017 and ending upon the date on which the revised GRIP factor for FTS-9 is deemed effective.

RESPECTFULLY SUBMITTED this 8th day of March, 2017.



Beth Keating
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215 South Monroe St., Suite 601
Tallahassee, FL 32301
(850) 521-1706
*Attorneys for the Florida Division of
Chesapeake Utilities Corporation*

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 8th day of March, 2017.

Jennifer Crawford Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, FL 32399-0850 jcrawfor@psc.state.fl.us	J.R. Kelly/Stephanie Morse Office of Public Counsel c/o The Florida Legislature 111 W. Madison Street, Room 812 Tallahassee, FL 32399-1400 Kelly.JR@leg.state.fl.us Morse.Stephanie@leg.state.fl.us
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By: *Beth Keating*
Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 601
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EXHIBIT A

Revised Schedule D

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

REVISED 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		5,609,161	1.48%	15.171%	\$ 1,889	\$ 464,640	\$466,529	\$0.08317	1.00503	\$ 0.08359					550,000	\$45,975.08	\$3,831.26
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>49,686,942</u>	<u>100.00%</u>	<u>100.000%</u>	<u>\$ 127,612</u>	<u>\$ 3,062,683</u>	<u>\$ 3,190,295</u>										

EXHIBIT B

Revised Tariff Page

Fifth Revised Sheet 105.1 (clean and legislative versions)

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	\$0.08359
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

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	\$0.08359 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)