

1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **DIRECT TESTIMONY**

3 **OF THOMAS A. GEOFFROY**

4 **Q. PLEASE STATE YOUR NAME, OCCUPATION AND BUSINESS**
5 **ADDRESS.**

6 A. My name is Thomas A. Geoffroy. I am the Vice President of Chesapeake
7 Utilities Corporation ("Chesapeake") and the Vice President - Regulatory
8 Affairs & Business Planning of Florida Public Utilities Company ("FPUC").
9 My business address is 1015 6th Street N.W., Winter Haven, Florida
10 33882.

11 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND**
12 **RELEVANT PROFESSIONAL EXPERIENCE.**

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

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1 for Chesapeake and Florida Public Utilities (together, the "Company")
2 operations in Florida.

3 **Q. PLEASE DESCRIBE YOUR CURRENT RESPONSIBILITIES.**

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

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

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

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

13 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

14 A. My testimony provides an overview of the information that the Company is
15 submitting to fulfill the "Come Back" requirements of Commission Order
16 No. PSC-10-0029-PAA-GU. My testimony also explains and supports the
17 Company's request for recovery of a positive acquisition adjustment and
18 the transaction/transition costs ("Regulatory Assets") related to the
19 Chesapeake and FPUC merger. I will also describe, in conjunction with
20 Mr. Jeffrey S. Sylvester, Vice President – Customer Care and Mr. Matthew
21 Kim – Assistant Vice President and Corporate Controller, the qualitative
22 and quantitative benefits to our customers that are a direct result of
23 Chesapeake's acquisition of FPUC. I will outline how, as a result of these

1 benefits, the Company has met the five-factor test traditionally applied by
2 the Commission for determining whether a Company should be allowed to
3 recover a position acquisition adjustment. Finally, my testimony addresses
4 requested changes in certain regulatory reporting and accounting records
5 practices that arise as a result of the merger.

6 **Q. ARE YOU SPONSORING ANY EXHIBITS TO YOUR TESTIMONY?**

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

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

22

23

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

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

- 4 1. Find that the Company has met the requirements of the
5 Commission, as stated in Order No. PSC-10-0029-PAA-GU for the
6 filing of data in this "Come Back" filing;
- 7 2. Grant the Company authority to record the \$34,192,493 purchase
8 price premium as a positive acquisition adjustment in Account 114
9 – Gas Plant Acquisition Adjustment to be amortized over a 30-year
10 period beginning November 1, 2009;
- 11 3. Authorize the Company to use the modified straight line
12 amortization schedule proposed by the Company for the positive
13 acquisition adjustment and that this amortization expense be
14 recorded in Account 406 – Amortization of Gas Plant Acquisition
15 Adjustments;
- 16 4. Authorize the Company to record \$2,207,158 as Regulatory Assets
17 in Rate Base in Account 182.3 – Other Regulatory Assets to be
18 amortized over a 5-year period beginning November 1, 2009;
- 19 5. Authorize the Company to use the modified straight line
20 amortization schedule proposed by the Company for the Regulatory
21 Assets and that this amortization expense be recorded in Account
22 407.3 – Regulatory Debits;

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

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

19 A. On October 28, 2009, Chesapeake and FPUC merged. Under the terms of
20 the transaction, FPUC became a wholly-owned subsidiary of Chesapeake
21 through an exchange of stock, as opposed to a sale of assets. To be
22 clear, although the Commission specifically required that the Companies
23 file "post-merger data," the transaction between Chesapeake and FPUC

1 actually resulted in FPUC being acquired in full by Chesapeake. My
2 testimony will refer to the transaction as an "acquisition" as opposed to a
3 "merger", however, for the purposes of this testimony the terms are used
4 interchangeably.

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

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

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

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

17 **Q. PLEASE EXPLAIN HOW YOUR TESTIMONY IS STRUCTURED.**

18 A. Certainly. For purposes of context, I begin with a brief explanation of the
19 events that led to the acquisition of FPUC by Chesapeake. I then address
20 the information the Company is submitting in compliance with the "Come
21 Back" filing requirements. My testimony then transitions to support and
22 provide justification for the Company's additional requests regarding an
23 acquisition adjustment and Regulatory Assets. As it so happens, the

1 information required to be submitted to fulfill the "Come Back" filing
 2 requirements is also information generally consistent with the test
 3 historically applied by the Commission to determine whether or not
 4 extraordinary circumstances warrant approval of an acquisition
 5 adjustment. Thus, to the extent that there is overlap in these areas, I
 6 have endeavored to eliminate redundancy where at all possible and
 7 included cross-references to the pertinent "Come Back" data. Closing out
 8 my testimony are sections addressing the Company's requests to
 9 consolidate ESR filings and accounting records for FPUC, FPUC-
 10 Indiantown Division, and Chesapeake, as well as an explanation of the
 11 Company's request that the Commission set a benchmark for assessing,
 12 in any future proceedings for the Company, incremental cost increases.

13
 14 **I. BACKGROUND**

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

18 **A.** Chesapeake and FPUC interacted frequently following Chesapeake's
 19 initial acquisition of utility assets in the state of Florida in 1985. As a result,
 20 Chesapeake and FPUC were familiar with the other's respective
 21 businesses. FPUC's management team approached Chesapeake in 2007
 22 to discuss a possible combination of the companies. Both Chesapeake
 23 and FPUC recognized that a merger of their operating assets in Florida

1 would result both in operating synergies and provide greater opportunities
2 for expansion and growth. The initial merger discussions were
3 discontinued in early 2008 when the parties failed to reach agreement on
4 the terms of the transaction. All of the costs of the unconsummated
5 merger transaction were expensed by both companies in 2008.

6 **Q. WHAT OCCURRED AFTER THE INITIAL MERGER DISCUSSIONS**
7 **CEASED?**

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

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

19 A. No. Several months after the initial merger discussions ceased, on
20 December 17, 2008, FPUC filed a petition for a permanent rate increase
21 for its natural gas business. Chesapeake filed its petition for a permanent
22 rate increase in July 2009, approximately three months following the
23 announcement that the companies agreed to merge. Since the transaction

1 was conditioned upon approval by the shareholders of both companies, as
2 well as a number of approvals or reviews by federal and state regulatory
3 authorities, there was no certainty that the transaction would ultimately be
4 consummated. Each company's rate proceeding was filed to recover the
5 costs associated with its separate operations in place at the time of the
6 respective filings. No attempt was made by either company in its filing to
7 speculatively forecast the impact of a combined operation in Florida. Both
8 Chesapeake's Florida Division and FPUC's rates of return had
9 deteriorated to a point that warranted a rate proceeding. The possibility of
10 a merger was not a factor in the decisions to file.

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

12 A. The Commission approved a rate increase for FPUC of \$8,496,230 in
13 Order No. PSC-09-0375-PAA-GU, issued on May 27, 2009. The FPUC
14 Rate Order included a requirement that, in the event the Chesapeake
15 FPUC merger was completed, FPUC would be required to file within 180
16 days of the date of the final Order, MFR's and testimony based on a 2011
17 test year. The Office of Public Counsel protested the Order. On December
18 28, 2009, the Commission issued Order No. PSC-09-0848-S-GU
19 (Settlement Order) approving a Stipulation and Settlement Agreement
20 between FPUC and OPC. The Settlement Order authorized a reduction of
21 \$527,230 to the revenue increase of \$8,496,230 approved in the original
22 Order. The final rate increase totaled \$7,969,000. The Order also stated
23 that any reporting or filing requirements related to the potential

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

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

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

14
15 **II. "COME BACK" FILING**

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

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

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

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

13 FPUC customers are already benefitting from increased service quality
14 levels through Chesapeake's investments in improved telephony and
15 Customer Information System technology, the expansion of bill payment
16 options, physical improvements to the FPUC energy delivery systems that
17 have improved service reliability and expanded access to web based
18 information and services, to name but a few of the myriad enhanced
19 services. The Company has initiated a service quality excellence program,
20 seeking to provide positive customer experiences every time a customer
21 comes in contact with our organization. The ability to attract and retain
22 high caliber, experienced employees is a key component of our service
23 excellence objective. Chesapeake's financial strength has enabled FPUC

1 to improve its employee benefit packages. In an era where many utilities
2 are losing many of their most talented and technically proficient
3 employees, Chesapeake's Florida operations have able to attract and hold
4 on to well qualified operations, field service and management employees.

5 At the time of the Chesapeake acquisition, FPUC was a capital
6 constrained company. Its ability to extend gas service to un-served areas
7 was limited, which negatively impacted both potential customers desiring
8 service and existing customers who would reap the benefits that accrue
9 from spreading fixed operating costs over a larger customer base. Natural
10 gas is an attractive fuel choice for consumers. The recent technological
11 ability to access the country's tremendous domestic shale gas reserves
12 have resulted in low, stable commodity pricing which is forecast to
13 continue for years to come. The low greenhouse gas emissions produced
14 by natural gas combustion compared to other fuels also makes gas a
15 highly desired fuel. The combination of Chesapeake's financial, technical
16 and personnel resources with the larger Florida footprint of FPUC are
17 already resulting in service expansion opportunities that would likely have
18 gone unrealized absent the merger. Several substantial main construction
19 projects are budgeted that will introduce natural gas to communities that
20 currently have no access to gas. Chesapeake's announced expansion to
21 serve communities in Nassau County is a good example of such a project.

22 In support of its expansion efforts, Chesapeake has substantially improved
23 and increased the marketing and advertising programs in its Florida

1 operations. As a result, the Company has experienced a three-fold
2 increase in gas appliance installations (measured by the number of energy
3 conservation rebate payments) comparing the first quarter of 2010 with
4 the first quarter of 2011. The Company's expansion activities bring a
5 desired fuel to consumers, but they also support general economic
6 development and, perhaps most importantly in today's economy, create
7 jobs for Floridians. Appliance and equipment dealers, plumbers, heating
8 and air conditioning contractors and numerous other trades are benefiting
9 from the Company's growth efforts.

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

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

22 **Q. HAS THE MERGER OF CHESAPEAKE AND FPUC RESULTED IN**

23

1 **SYNERGIES?**

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

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

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

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

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

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

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

8 **Q. PLEASE DESCRIBE THE INTERSTATE PIPELINE CAPACITY**
9 **SAVINGS.**

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

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

1 **Q. ARE ADDITIONAL CAPACITY RELATED COST SAVINGS**
 2 **ACHIEVABLE?**

3 A. Subsequent to the permanent turn-back of FGT capacity on August 1,
 4 2010 described above, the Company has continued to evaluate the
 5 combined capacity holdings that it now possesses. As a result of this
 6 evaluation, the Company has determined that there may be additional
 7 FGT and/or Gulfstream capacity that could be permanently released
 8 without negatively impacting the Company's ability to provide reliable fuel
 9 deliveries to its existing sales customers. In fact, since the acquisition
 10 closing date, the Company has been able to continue the prior FPUC
 11 practice of temporarily releasing capacity to third parties on a short term
 12 basis. The Company has identified parties that would be interested in
 13 permanently acquiring additional FPUC capacity. Potential additional
 14 annual savings to customers could total as much as \$600,000.

15 **Q. PLEASE DESCRIBE THE COST OF CAPITAL SAVINGS.**

16 A. The previous FPUC rate case resulted in an approved overall cost of
 17 capital of 8.17%, with a long-term debt cost of 7.90% and a short-term
 18 debt cost of 2.73%. The December 31, 2010 FPUC Earnings Surveillance
 19 Report filed with the Commission reflected an overall cost of capital of
 20 7.88%, with a long-term debt cost of 6.96% and a short-term debt cost of
 21 1.76%. The overall cost of capital has declined by 0.29%, which results in
 22 a lower annual revenue requirement of \$330,124 when applied to the 13-
 23 month average rate base at December 31, 2010 (without the acquisition

1 related rate base items) of \$70,281,967. Exhibit __ (TAG-2) shows the
 2 calculation of the cost of capital savings.

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

5 A. Yes. Subsequent to the acquisition, Chesapeake identified several over-
 6 arching issues that generally resulted in significant operating cost savings.
 7 FPUC was organized by geographic location, with the General Manager at
 8 each location responsible for that area's customer service, sales and
 9 marketing, engineering and operations. Chesapeake was organized
 10 functionally, with a director or manager responsible for their respective
 11 function throughout the state. The Company concluded that it would be
 12 more efficient to operate under the functionalized management structure.
 13 The functional structure has resulted in the elimination of many duplicated
 14 activities, as described above in the discussion on synergies, and allowed
 15 the Company to implement efficiency improvements, redefine job duties
 16 and responsibilities, begin to implement "best practices" throughout the
 17 business and eliminate marginal or unnecessary activities. In addition, the
 18 Company, last month, initiated a Voluntary Reduction in Force (RIF)
 19 program designed to eliminate additional positions. Employees that wish
 20 to take advantage of the voluntary RIF must execute the severance
 21 agreement by May 15, 2011. Based on employee response to date for the
 22 voluntary RIF program, the Company has identified 12 natural gas related
 23 RIF positions that will be eliminated by the end of July 2011. The

1 organizational restructuring process, described herein, has resulted in the
 2 elimination of 106 total positions (including the 12 projected RIF positions)
 3 that impact natural gas operating costs. All 106 positions have been
 4 removed from the Company's organization chart and are included in the
 5 overall savings calculations. Exhibit __ (TAG-3) provides a detailed listing
 6 of the specific positions that have been eliminated since the acquisition
 7 and the annualized cost reductions achieved in the natural gas unit. The
 8 annualized cost reductions account for all employee-related expenses
 9 including base payroll, overtime, on-call pay, employee benefits, vehicle
 10 related expenses (if employee was assigned a vehicle) and other
 11 employee related expenses (uniforms, cell phone costs, etc.). As is
 12 shown on Exhibit __ (TAG-3), the annualized employee-related operating
 13 savings achieved total \$5,425,590.

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

17 A. Yes. The Company has determined that the corporate synergies identified
 18 above produced operating cost savings. As is shown on Exhibit __ (TAG-
 19 4), the annualized corporate-related operating savings achieved total
 20 \$1,116,870.

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

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

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

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

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

22
23

1 **Q. ARE THERE ANY OTHER MERGER RELATED COST INCREASES?**

2 A. Yes. As one would expect, at the time of the acquisition, the employee
 3 benefit packages for each company were different. One of the conditions
 4 contained in the closing document was a prohibition on making any
 5 changes to the existing benefit packages for a period of one year from the
 6 acquisition closing. During this interval, the combined company performed
 7 a detailed evaluation of the existing benefit programs for both FPUC and
 8 Chesapeake employees. The Company reviewed the existing pension,
 9 401(k), health insurance, life insurance, dental, flex plan, disability and
 10 college tuition benefit programs to identify the “gaps” between the two
 11 packages. Both companies had already frozen their respective pension
 12 plans, thus no adjustments were required for this benefit. It was
 13 determined that for the remainder of the benefit programs, the
 14 Chesapeake plan was generally better than the FPUC plan. As a result of
 15 this analysis and with assistance from our benefit providers, beginning
 16 November 2010 (after the one-year period had expired), the Company
 17 modified the various benefit programs, generally keeping the Chesapeake
 18 employees “whole” while upgrading the FPUC employees to the new,
 19 combined benefit programs. The Company modified the 401(k) plan to a
 20 “safe harbor” plan which reduced administrative costs. Although the
 21 specific Company matching provisions were modified, the Chesapeake
 22 employees were not negatively impacted by the modifications. The FPUC
 23 employees benefitted from the new program, as it is superior to the pre-

1 existing 401(k) plan offered by FPUC prior to the merger. Similarly, the
 2 health insurance plan administrator (the Company is self-insured)
 3 changed at the annual renewal date. The Company changed
 4 administrators from Aetna to Blue Cross/Blue Shield to take advantage of
 5 their superior health care network and pre-negotiated discounts. Once
 6 again, the Chesapeake employees were not negatively impacted by the
 7 modifications, while the FPUC employees benefitted from the new
 8 program. These two benefits are the main cost drivers of the overall
 9 benefit programs provided to the combined company's employee
 10 population.

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

13 A. The overall effect of the changes to the employee benefit plans described
 14 above is an annual increase in costs of \$471,501 for the FPUC natural
 15 gas business unit, offset by a small decrease in Chesapeake costs of
 16 \$3,561 (netting to an overall increase of \$467,940). Exhibit___(TAG-6)
 17 shows the combined increases of the corporate related costs and the
 18 benefit plan changes of \$575,956.

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

21 A. The testimony provided above describes all of the actual savings and
 22 costs resulting from the acquisition. To be clear, all of the fuel savings,
 23 the employee related savings and costs (with the exception of the

1 voluntary RIP, as described above) and the corporate savings and costs
 2 detailed above have occurred. The positions have been eliminated and
 3 no longer exist. The duplicative corporate costs have been eliminated.
 4 The interstate pipeline capacity has been permanently relinquished. It is
 5 important to note that some of these employee-related savings have just
 6 recently occurred (position eliminations). The Company has annualized
 7 the impacts of these changes for purposes of this filing. The full annual
 8 savings are not yet reflected in the financial statements of the Company.
 9 For example, if a position was eliminated on February 28, 2011, the
 10 financial statements at the end of April would only reflect two months
 11 worth of savings.

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

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

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

1 A. Yes.

2 **III. ACQUISITION ADJUSTMENT**

3 **Q. PLEASE DESCRIBE YOUR UNDERSTANDING OF THE CURRENT**
4 **COMMISSION POLICY REGARDING ACQUISITION ADJUSTMENTS.**

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

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

20 A. The Company believes that in the short span of time between the
21 consummation of the merger and this "Come-Back" filing, it has met -
22 and/or exceeded - the "Five Factor Test" criteria historically used by the
23 Commission to determine whether extraordinary circumstances exist to

1 support approval of a positive acquisition adjustment. The Company can
2 demonstrate that it has: 1) significantly improved the quality of service
3 provided to customers, resulting in a 50% reduction in consumer
4 complaints to the Commission; 2) achieved a reduction in operating costs
5 (inclusive of fuel costs and cost of capital savings) that exceed the
6 revenue requirements associated with a positive acquisition adjustment
7 and recovery of applicable Regulatory Assets, thus providing net benefits
8 to consumers. 3) demonstrated that Chesapeake is financially stronger
9 than was FPUC prior to the merger and, as a direct result of the merger,
10 provides FPUC with superior access to capital for system growth and
11 improvements; 4) reduced FPUC's post-merger cost of capital, resulting in
12 over \$300,000 annually of savings for customers; and 5) strengthened the
13 managerial, financial, technical and operational resources of the combined
14 company. All said, there are myriad benefits, synergies, and opportunities
15 created that ultimately inure to the benefit of customers in Florida. Earlier
16 in my testimony, I described numerous benefits related to the merger
17 transaction. The Company's report on the post merger savings, synergies
18 and costs effectively details the significant annual cost savings that has
19 been achieved. As noted above, the Company is confident that it has met
20 the Commissions Five Factor Test, and thus has demonstrated that
21 extraordinary circumstances exist. The Company requests Commission
22 approval of recovery of the Positive Acquisition Adjustment and
23 Regulatory Assets resulting from the transaction.

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

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

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

8 A. Yes. In Florida, Chesapeake has been a leader in customer service
9 related innovations, including being the first company to exit the merchant
10 function and fully unbundle, which has provided all of Chesapeake's
11 Florida customers (residential, commercial and industrial) the opportunity
12 to address their natural gas needs by purchasing from a variety of gas
13 marketers with numerous pricing options. In addition to the expanded
14 choices that customers now enjoy related to their natural gas purchases,
15 they are paying less for the natural gas commodity than they did
16 previously through Chesapeake's PGA mechanism. An added benefit to
17 the unbundled program is that all customers are currently exempt from
18 Franchise Fees (on a least the fuel portion of their bill), Municipal Utility
19 Tax and State Sales Tax. Notably, this program has been in place since
20 2002, without a single complaint registered with the Commission.
21 Chesapeake has fully implemented Automatic Meter Reading devices that
22 provide Chesapeake, Shippers and Consumers with daily meter reading,
23 which has reduced O&M costs and further reduced natural gas commodity

1 costs. Chesapeake has also implemented a rate design that produces a
 2 high percentage of margins from fixed charges, allowing Chesapeake to
 3 more aggressively promote Energy Conservation programs, resulting in
 4 high participation rates with Consumers. Through these programs,
 5 Consumers have installed energy efficient natural gas appliances,
 6 reducing overall consumption per Consumer, resulting in lower bills. The
 7 Company fully intends to bring these innovative programs, and the
 8 associated benefits, to FPUC customers in the near future.

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

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

20 **Q. WHY DOES EXHIBIT__(TAG-4), REFLECT A DECREASE IN**
 21 **CORPORATE COST ALLOCATIONS TO THE CHESAPEAKE FLORIDA**
 22 **DIVISION?**

1 A. Each business unit of the parent company, Chesapeake Utilities
 2 Corporation, received an allocation of costs that are incurred on behalf of
 3 the overall company. These costs include those identified in my earlier
 4 testimony, such as Board of Director Fees, various insurances, etc. As a
 5 result of the acquisition, these costs, which are generally regarded as
 6 fixed costs, are now being allocated to all parent company business units,
 7 including FPUC. Because these fixed costs are now spread across
 8 additional business units, after the acquisition, the amounts allocated to
 9 Chesapeake's Florida Division are lower than they were prior to the
 10 acquisition, resulting in the savings shown on Exhibit __ (TAG-4) of
 11 \$432,279.

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

17 A. Yes. Attached as Exhibit __ (TAG-8) is the following information: 1)
 18 Organization Chart of FPUC filed in support of its rate case (Docket No.
 19 080366-GU); 2) Organization Chart of Chesapeake in effect at the time of
 20 its previous rate filing (Docket No. 090125-GU); 3) Current Organization
 21 Chart for the Florida combined company as of March 31, 2011; and 4)
 22 "Roadmap" of all positional changes from previous Organization Charts to
 23 the current Organization Chart. The "Roadmap" details all positions that

1 have been added, deleted and transferred between departments from the
2 rate case Organization Charts to the current Organization Chart. This
3 effort verifies the total number of positions that have been added and
4 deleted from the Florida reporting unit since the last approved rate cases
5 of FPUC and Chesapeake.

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

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

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

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

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

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

15 A. Chesapeake's market capitalization increased \$121.6 million or 130%
16 over the ten years prior to the merger from \$93.3 million at December 31,
17 1998 to \$214.9 million at December 31, 2008 (the year end preceding the
18 consummation of the acquisition), including stock price appreciation of
19 72%. During that same time period, FPUC's market capitalization
20 increased \$13.1 million or 25% with stock price appreciation representing
21 23%. Additionally, Chesapeake completed a successful equity issuance
22 of 600,300 shares in 2006 with a value of approximately \$19.7 million.
23 The equity issuance was fully subscribed in just a few days and

1 Chesapeake exercised the overallotment option due to this high demand.

2 FPUC did not complete an equity issuance over that same time period.

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

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

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

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

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

1 A. Prior to this acquisition, Chesapeake owned and operated several
2 business units: 1) natural gas utility operations in Florida, Delaware and
3 Maryland; 2) a FERC-regulated natural gas interstate transmission
4 pipeline which interconnects with three major interstate pipelines in
5 Pennsylvania, traverses through Delaware and terminates in Maryland on
6 the Delmarva peninsula; 3) a Commission-regulated natural gas intrastate
7 transmission pipeline; and 4) propane distribution operations in Delaware,
8 Maryland, Virginia, Pennsylvania and Florida, as well as, a propane
9 trading company located in Houston, Texas. Chesapeake is experienced
10 in both mild and cold climates and serves both urban and rural areas.
11 When one compares Chesapeake's performance related to both growth
12 and return on investment, Chesapeake consistently ranks at or near the
13 very top in its peer group. In addition, the strength and commitment of the
14 Company's leadership team is reflected by the fact that Chesapeake is a
15 multiple winner of the AGA Gas Safety Award. Thus, at the corporate
16 parent level, the Company has extensive experience and resources in
17 financing, operations, and regulatory management. With regard to
18 Chesapeake's Florida operation, the Florida system itself encompasses a
19 wide variety of operational characteristics within the system. Its most
20 extreme system operating parameters include 12" distribution mains,
21 operating pressures of up to 721 pounds, providing service to electric
22 cogeneration facilities and other industrial customers who, individually,
23 consume up to 35 million therms per year. Many of these facilities fall

1 under the Pipeline Integrity Management rules. The Florida operation
 2 serves approximately 70 industrial customers that consume over 100,000
 3 therms per year. Chesapeake serves customers in 13 counties
 4 throughout the state of Florida. Chesapeake's Florida operations have
 5 approximately 25 city gate stations interconnected with three major
 6 interstate transmission pipelines: FGT, Gulfstream and SONAT. The
 7 experience gained from operating and maintaining these system facilities
 8 have resulted in technical and operational skills and knowledge that can
 9 be used to further strengthen FPUC, and sets the combined company
 10 apart from most other utilities in Florida. The Company's personnel have
 11 become very proficient with electronic measurement, communications,
 12 odorizing equipment and other highly technical distribution and
 13 transmission system devices.

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

16 A. Yes.

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

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

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

3 A. Yes. There are two components that comprise the total revenue
4 requirements of the positive acquisition adjustment: the "return on
5 investment" component and the "return of investment" component. Exhibit
6 TAG-9 details the calculation of the revenue requirements of the
7 \$34,192,493 positive acquisition adjustment. The Company calculated the
8 13-month average premium amount and the 13-month average
9 accumulated amortization (reflecting the Commission's past practice of
10 straight-line amortization) for the period ending December 31, 2010. The
11 Company utilized the 13-month average FPUC capital structure reflected
12 in the as-filed ESR to determine the after-tax return requirements and
13 then, applying the appropriate federal and state income tax rate,
14 calculated the total revenue requirement of this component (return on
15 investment) of the positive acquisition adjustment. The revenue
16 requirements for the "return on investment" component of the positive
17 acquisition adjustment are \$3,658,968.

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

21 A. Yes. In addition to the "return on investment" component, there is the
22 "return of investment" or amortization component. Because a majority of
23 the amortization expense is not tax deductible, as explained in Mr. Kim's

1 testimony, an income tax expense amount is required in the "return of
2 investment" component. This is detailed on lines 13-16 of Exhibit __ (TAG-
3 9). The revenue requirements for the "return of investment" component of
4 the positive acquisition adjustment are \$1,789,693. Therefore, the total
5 revenue requirements for the positive acquisition adjustment, as
6 calculated herein, utilizing the Commission's straight-line amortization
7 method are \$5,448,661.

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

10 A. Yes. There are two components that comprise the total revenue
11 requirements of the Regulatory Assets as well: the "return on investment"
12 component and the "return of investment" component. The Company has
13 also calculated the 13-month average Regulatory Asset amount and the
14 13-month average accumulated amortization (reflecting the Commission's
15 past practice of straight-line amortization) for the period ending December
16 31, 2010. The Company also utilized for this purpose the 13-month
17 average FPUC capital structure reflected in the as-filed ESR to determine
18 the after-tax return requirements and then, applying the appropriate
19 federal and state income tax rate, calculated the total revenue requirement
20 of this component (return on investment) of the Regulatory Assets. The
21 revenue requirements for the "return on investment" component of the
22 Regulatory Assets are \$209,350. The "return of investment" or
23 amortization component for the Regulatory Assets is detailed on lines 13-

1 16 of Exhibit __ (TAG-10). The revenue requirements for the “return of
2 investment” component of the Regulatory Assets are \$564,444.
3 Therefore, the total revenue requirements for the Regulatory Assets, as
4 calculated herein, are \$773,794.

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

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

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

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

16 **Q. WHAT IS THE EFFECT OF THE POSITIVE ACQUISITION**
17 **ADJUSTMENT AND REGULATORY ASSETS ON THE DECEMBER 31,**
18 **2010 ESR FOR FPUC AND CHESAPEAKE?**

19 A. If the Commission grants the Company's request for approval of the
20 positive acquisition adjustment and Regulatory Assets for all financial
21 purposes, with an effective date of November 1, 2009, then, as shown on
22 Exhibit __ (TAG-11), FPUC would have achieved an Average ROR of
23 6.93% on the December 31, 2010 ESR, which is well below the authorized

1 high point ROR of 8.35%. There is no effect to the actual Chesapeake
 2 December 31, 2010 ESR, which reflects an achieved Average ROR of
 3 6.69%, which is well below the authorized high point ROR of 7.73%, as
 4 shown on Exhibit____(TAG-12).

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

8 A. There are two primary reasons for this. First, part of the operational
 9 savings is fuel related, which does not impact the Net Operating Income of
 10 FPUC, since these costs are simply a pass-through to customers.
 11 Nonetheless, to be clear, these are real savings that have immediately
 12 been passed through to customers. Second, the remaining operational
 13 savings that the Company has demonstrated herein have been
 14 annualized. Many of the positions that have been eliminated have
 15 occurred throughout 2010 and others have occurred in 2011, thus the
 16 financial results of the Company at December 31, 2010 do not reflect the
 17 full annualized savings. For example, if a position was eliminated at
 18 October 1, 2010, then the December 31, 2010 financial statements would
 19 only have reflected 3 months of the decreased operational costs. All of
 20 these factors combined result in a lower ROE for FPUC at December 31,
 21 2010, when the acquisition related impacts are included in the ESR
 22 calculations.

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

4 A. No.

5

6 **IV. ADDITIONAL REQUESTS FOR REGULATORY APPROVAL**

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

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

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

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

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

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

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

21 A. The Company, as more fully described in Mr. Kim's testimony, has
22 requested a modification to the Commission's past practice of authorizing
23 straight-line amortization of the acquisition premium. The Company

1 believes that the straight-line amortization, at least as applied to this
 2 acquisition, does not properly reflect that the revenue requirements in the
 3 first few years following the acquisition are greater than the actual
 4 operating savings reflected on the Company's financial statements. What
 5 occurs is a lower rate of return on investment (acquisition premium) than
 6 expected by investors, which potentially has a negative impact on the
 7 Company's ability to attract capital at favorable rates. Thus, instead of
 8 being encouraged to acquire the weaker utility, the Company is actually
 9 penalized.

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

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

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

20 A. The Company requests that the Commission authorize the consolidation
 21 of the Chesapeake and FPUC, including the Indiantown Division, natural
 22 gas accounting records effective on the date this proceeding becomes
 23 final. This will allow the Company to simplify its processes and

1 procedures that are currently in place to properly account for all regulated
2 transactions of the combined company. This will, over time, result in
3 additional cost savings which will ultimately be passed on to consumers.

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

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

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

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

1 10.85%, respectively, while the authorized ROE mid-point for Indiantown
2 is 11.50%. The Company is not seeking a rate change in this proceeding,
3 and as such, the Commission-approved ROE for both Chesapeake and
4 Indiantown would remain effective and unchanged. Only the consolidated
5 ESR would be affected. Because customers have received significant
6 benefits from the acquisition, and the Company has acted to quickly pass
7 these savings through to customers (for example, fuel savings), the
8 Company suggests that its request to use FPUC's approved mid-point
9 ROE for the consolidated ESR is both reasonable and practical in that it
10 reflects the ROE mid-point previously approved for the larger of the three
11 companies and is neither the highest, or lowest, of the three Commission-
12 approved ROE mid-points. As such, the Company respectfully requests
13 that the Commission authorize the Company to use the ROE of 10.85%
14 for purposes of the combined company's Earnings Surveillance Reports.

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

18 A. The Company requests that the Commission establishes, in this Docket,
19 the method, or benchmark, to be used on a going-forward basis to assess
20 incremental cost increases in future proceedings. As described earlier in
21 my testimony, FPUC and Chesapeake's previous rate cases each had
22 different Projected Test Years (PTY). Additionally, the Company has
23 demonstrated that it has achieved significant cost savings utilizing the

1 approved O&M costs as a basis for comparison. In order to eliminate
2 confusion and regulatory uncertainty, the Company is requesting that the
3 Commission approve the Company's proposed methodology to establish a
4 new O&M expense benchmark that will be used as the basis for assessing
5 incremental cost increases in future proceedings.

6 **Q. PLEASE EXPLAIN THE METHOD THAT THE COMPANY IS**
7 **PROPOSING.**

8 A. The method that the Company proposes is simple and not inconsistent
9 with the benchmark test that the Commission utilizes in a typical rate case
10 to determine if O&M expenses are reasonable, as reflected in the MFR's,
11 Schedule C-34. The method reflected in Schedule C-34 sets the previous
12 rate case's approved Projected Test Year (PTY) O&M expenses (of which
13 rates were based) as a baseline. Then, the customer growth and inflation
14 trending factors are applied to the baseline for the years between the PTY
15 of the preceding rate case and the current Historical Base Year (HBY) to
16 determine the benchmark level for O&M expenses. If the HBY O&M
17 expense level is less than the baseline O&M expense level, then the HBY
18 O&M expenses are reasonable. Here, in order to accurately reflect the
19 current situation in which two companies have consolidated, resulting in
20 significant and ongoing savings, the Company proposes a benchmark
21 methodology whereby the PTY expenses from FPUC's and Chesapeake's
22 prior rate cases would be projected out through 2012, the year by which
23 the savings resulting from the acquisition will be fully realized. Those

1 projected amounts would then be combined. The savings arising from the
2 acquisition, as determined in this proceeding, would then be subtracted
3 from the combined, projected 2012 O&M expenses. The resulting amount
4 would serve as the baseline level for O&M expenses and trended in the
5 usual manner in subsequent rate proceedings to assess incremental cost
6 increases.

7 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

8 **A. Yes.**

EXHIBIT ___(TAG-1)

Schedule
Of
Capacity Savings

DOCUMENT NUMBER-DATE

02968 APR 29 =

FPSC-COMMISSION CLERK

FPUC-Rate - 0479162

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

DOCUMENT NUMBER-DATE

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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%
DEFERRED 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%

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COST OF CAPITAL SAVINGS CALCULATION

EXHIBIT ___(TAG-2)
PAGE 2 OF 2

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%
DEFERRED 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

DOCUMENT NUMBER - DATE
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FLORIDA PUBLIC UTILITIES COMPANY
OPERATING COST SAVINGS - EMPLOYEE RELATED

EXHIBIT ___(TAG-3)

Name & Title	Roadmap Group	Count	Allocated \$\$\$		
			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

DOCUMENT NUMBER - DATE

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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 Marketing 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 Marketing 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

DOCUMENT NUMBER-DATE

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FLORIDA PUBLIC UTILITIES COMPANY
OPERATING COST SAVINGS - CORPORATE

EXHIBIT __ (TAG-4)

Name & Title	Roadmap Group	Group	Count	Allocated \$\$\$		
				FPU NG	CHPA 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

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EXHIBIT ___(TAG-5)

Operating Cost Increases –
Employee Related

FLORIDA PUBLIC UTILITIES COMPANY
 OPERATING COST INCREASES - EMPLOYEE RELATED

EXHIBIT___(TAG-5)

Name & Title	Roadmap Group	Group	Count	Allocated \$\$\$		
				FPU NG	CHPN 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)

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EXHIBIT___(TAG-6)

Operating Cost Increases-
Corporate

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FLORIDA PUBLIC UTILITIES COMPANY
OPERATING COST INCREASES - CORPORATE

EXHIBIT __ (TAG-6)

Name & Title	Roadmap Group	Group	Count	Allocated \$\$\$		
				FPUC NG	CHRG 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)

DOCUMENT NUMBER-DATE
02968 APR 29 =
FPSC-COMMISSION CLERK

EXHIBIT ___(TAG-7)

Total Net Operating Cost Savings

DOCUMENT NUMBER-DATE

02968 APR 29 =

FPSC-COMMISSION CLERK

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	<u>(\$575,956)</u>
Total Net Operating Cost Savings	<u>\$6,255,187</u>

DOCUMENT NUMBER-DATE

02968 APR 29 =

FPSC-COMMISSION CLERK

EXHIBIT ___(TAG-8)
ORGANIZATIONAL CHARTS
AND ROADMAP

DOCUMENT NUMBER-DATE

02968 APR 29 =

FPSC-COMMISSION CLERK

EXHIBIT ___(TAG-8)

SCHEDULE 1

ORGANIZATION CHART

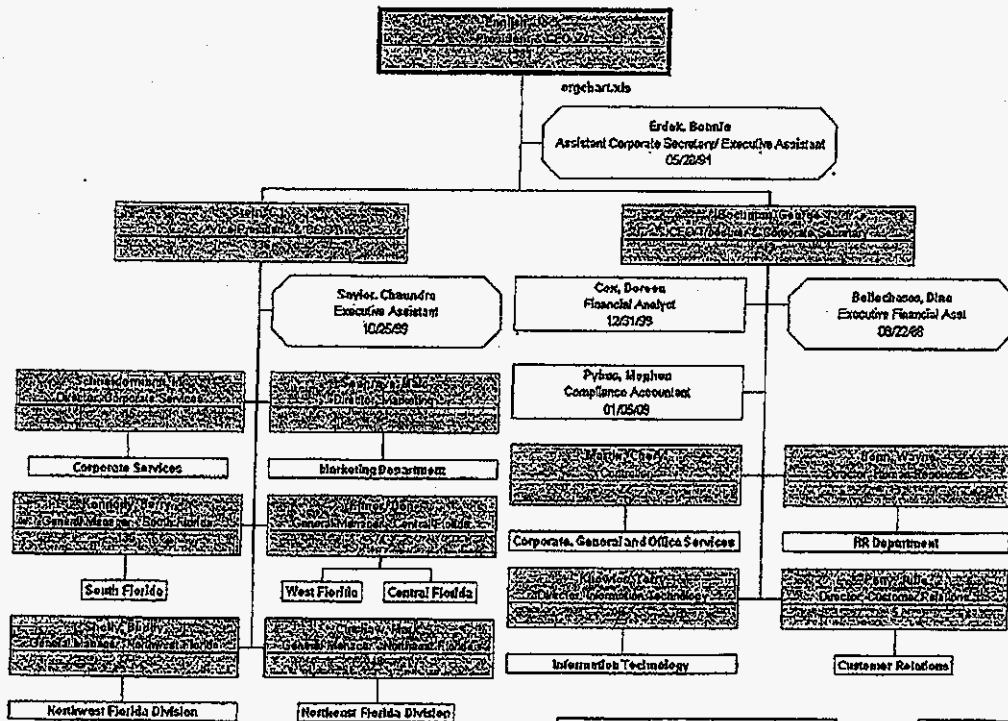
FPUC – DOCKET 080366-GU

FPUC
Rate Case Org Chart



Last Modified 3/30/2009

1 - CORPORATE STRUCTURE



ORGANIZATIONAL CHART TOTAL

	Total	Full-Time	Part-Time
Number of Positions	381	374	7
Total Vacancies	39	37	1
Active Employees	342	337	5

Position	Total	Full-Time	Part-Time
WPB Ops	136	135	1
Marketing	24	23	0
IT	9	9	0
Accounting	26	23	3
HR	3	3	0
CIS	5	5	0
Central FL	74	74	0
Northeast FL	37	37	0
Northwest FL	38	37	1
Corp Svcs	12	13	2
Offices/Admin	4	4	0
Total	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
Northwest FL	1	1	0
Corp Svcs	2	2	0
Total	38	37	1

DOCUMENT NUMBER - DATE
02958 APR 29 =
FPUC-COMMISSION CLERK

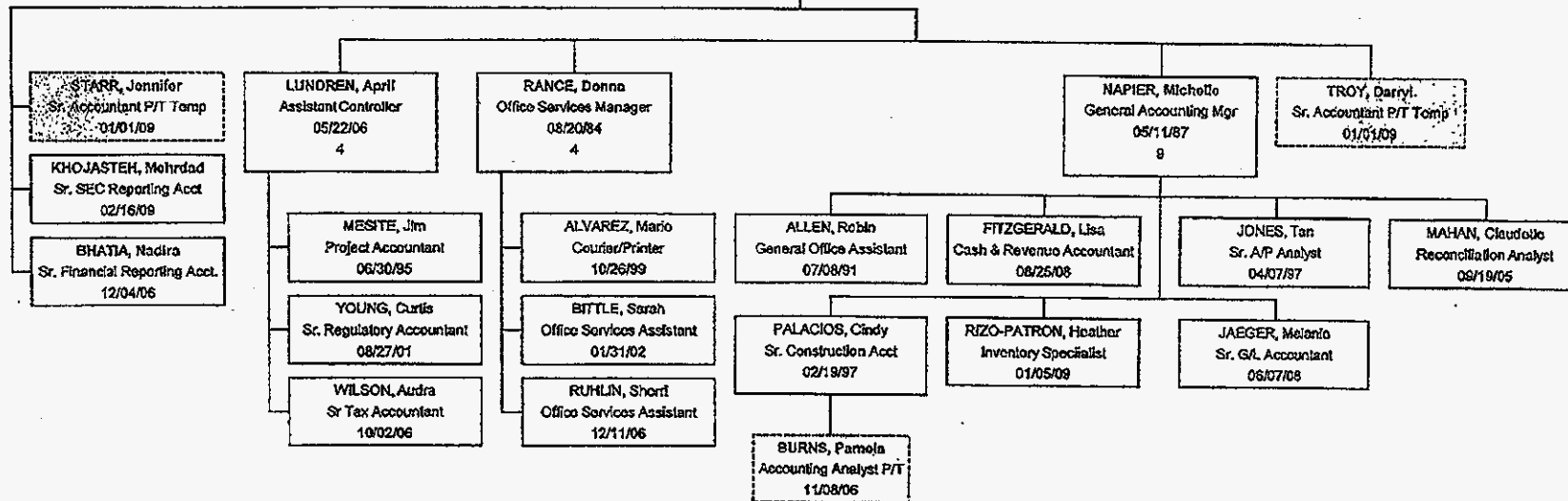
2 - ACCOUNTING DEPARTMENT



Last Modified 3/13/2009

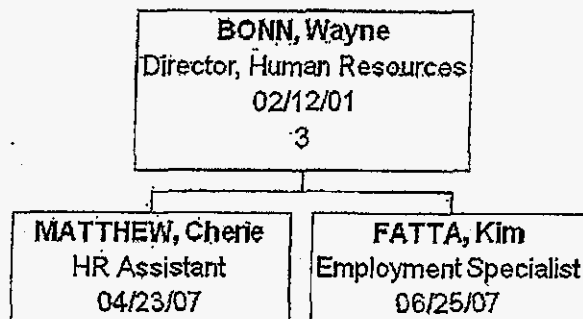
MARTIN, Cheryl
 Controller
 03/18/85
 22

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



3 - HUMAN RESOURCES DEPARTMENT

Last Modified 3/17/2009

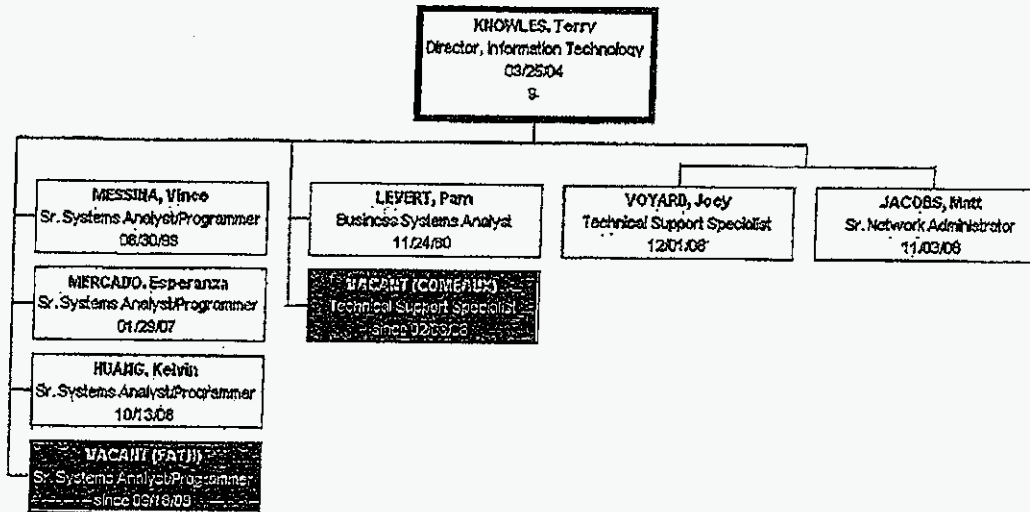


Human Resources	Total	Full-Time	Part-Time
Number of Positions	3	3	0
Total Vacancies	0	0	0
Active Employees	3	3	0

4 - INFORMATION TECHNOLOGY DEPARTMENT (IT)



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

5 - CORPORATE SERVICES

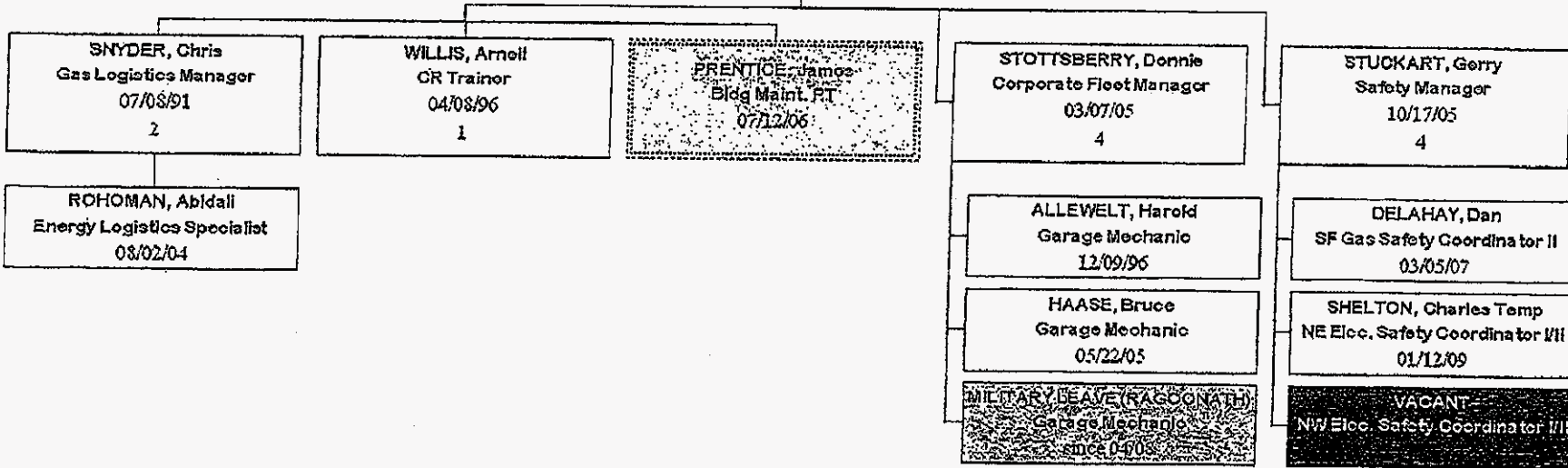


SCHNEIDERMANN, Marc
 Director, Corporate Services
 02/21/89
 15

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

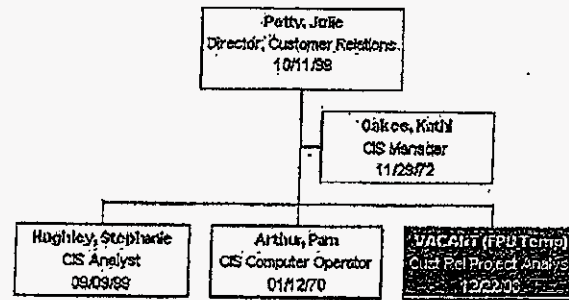
GILMORE, AL
 Bldg Maint. PT
 04/05/05

VACANT
 Administrative Assistant
 Approved 4th Qtr 2008



6 - CUSTOMER RELATIONS DEPARTMENT

Last Modified 3/19/2009

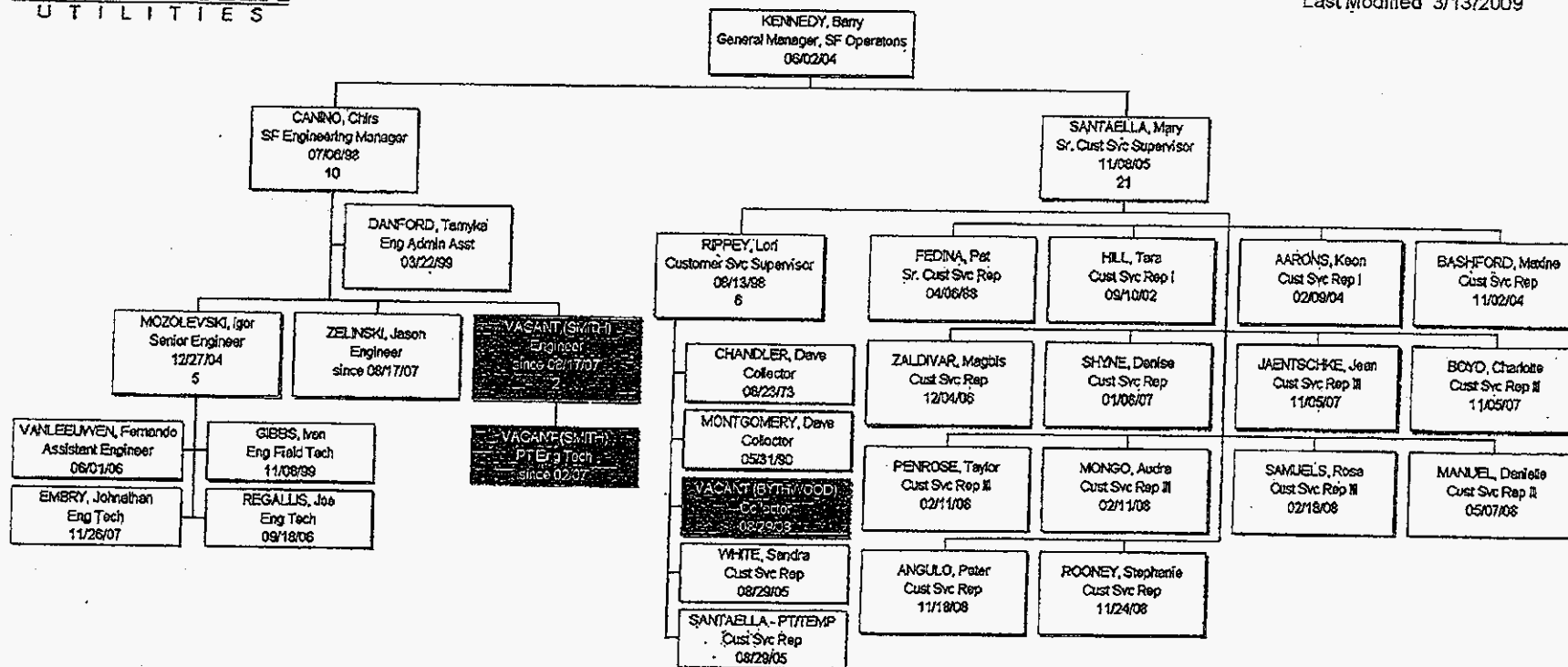


CUSTOMER RELATIONS	Total	Full-Time	Part-Time
Number of Positions	5	5	0
Total Vacancies	<u>1</u>	<u>1</u>	<u>0</u>
Active Employees	4	4	0



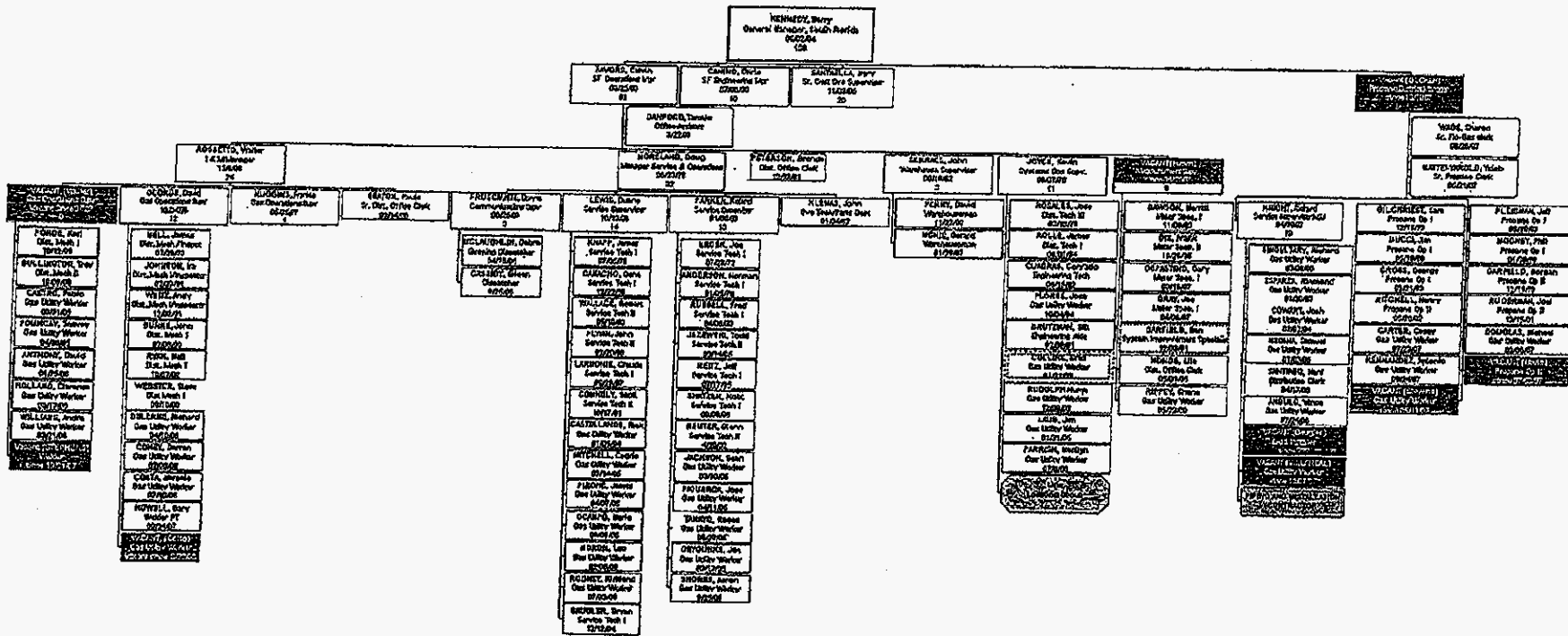
10 - SOUTH FLORIDA OPERATIONS
ENGINEERING & CUSTOMER SERVICE

Last Modified 3/13/2009





Last Modified: 11/20/07



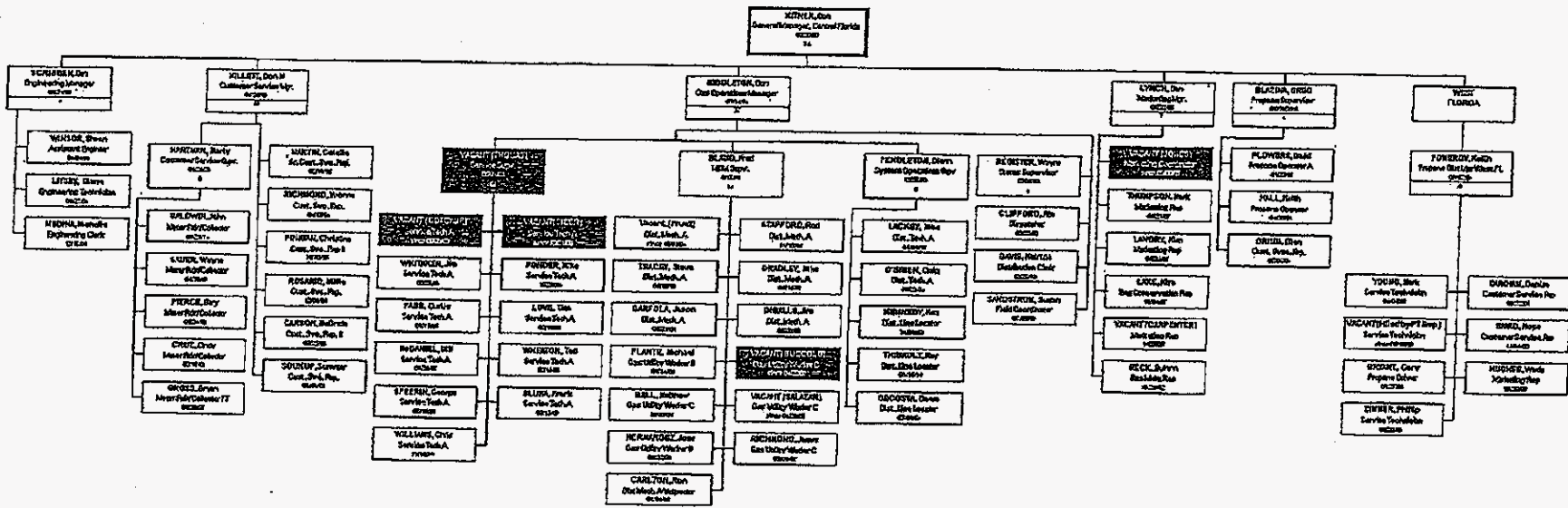
SOUTH FLORIDA OPERATIONS			
Number of Positions	Total	Full Time	Part Time
	975	128	5
Temp/Seasonal	12	11	1
Active Employees	987	139	6

FLORIDA PUBLIC UTILITIES
11/20/07

13 - ~~CENTRAL~~ ^{GAS} OPERATIONS DEPT



11/18/2016 10:58 AM

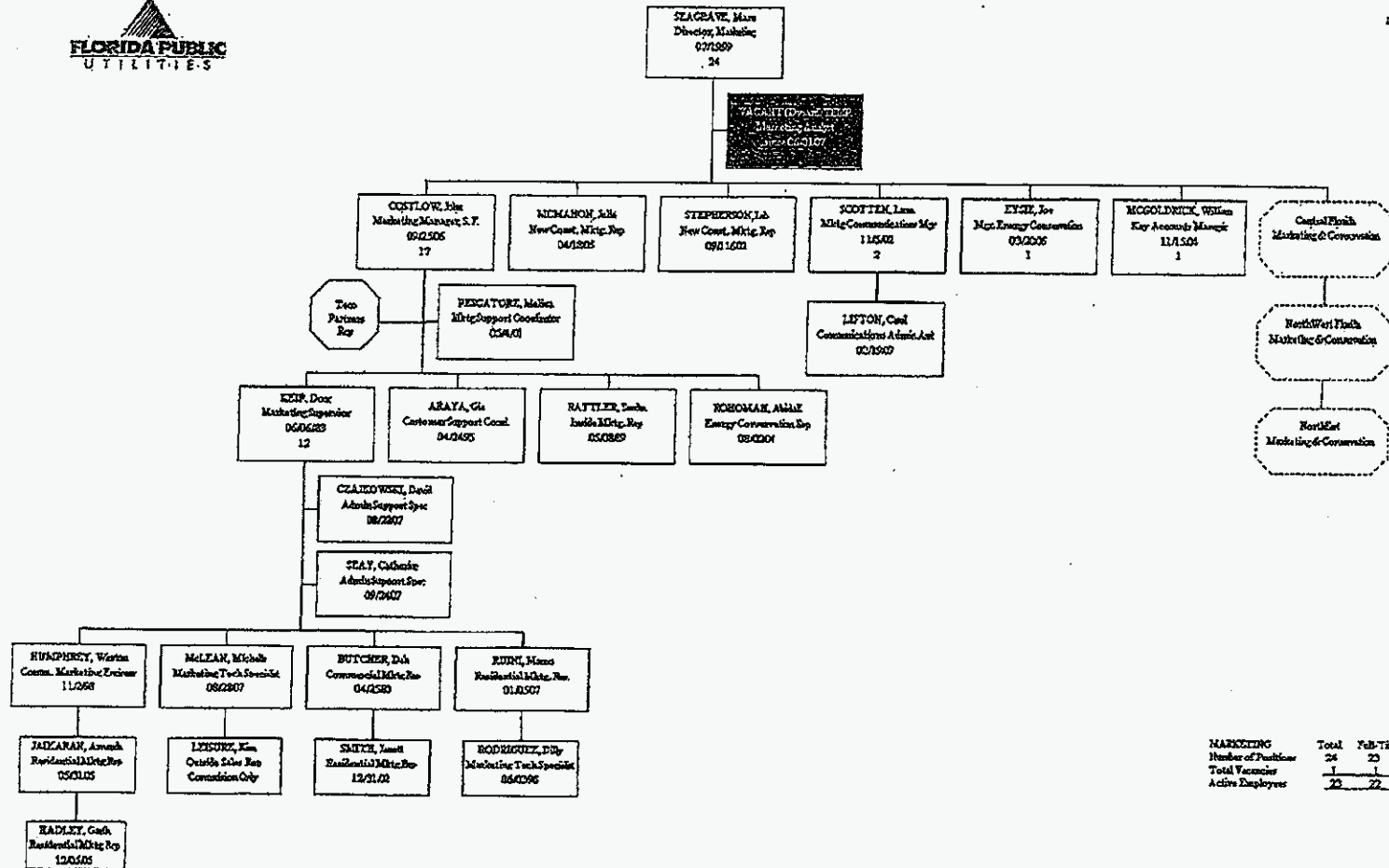


CENTRAL FLORIDA	TRA	TRA	TRA
Active Employees	72	22	1
Active Dispatchers	1	1	1
TOTAL	73	23	2



17 - MARKETING DEPARTMENT

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

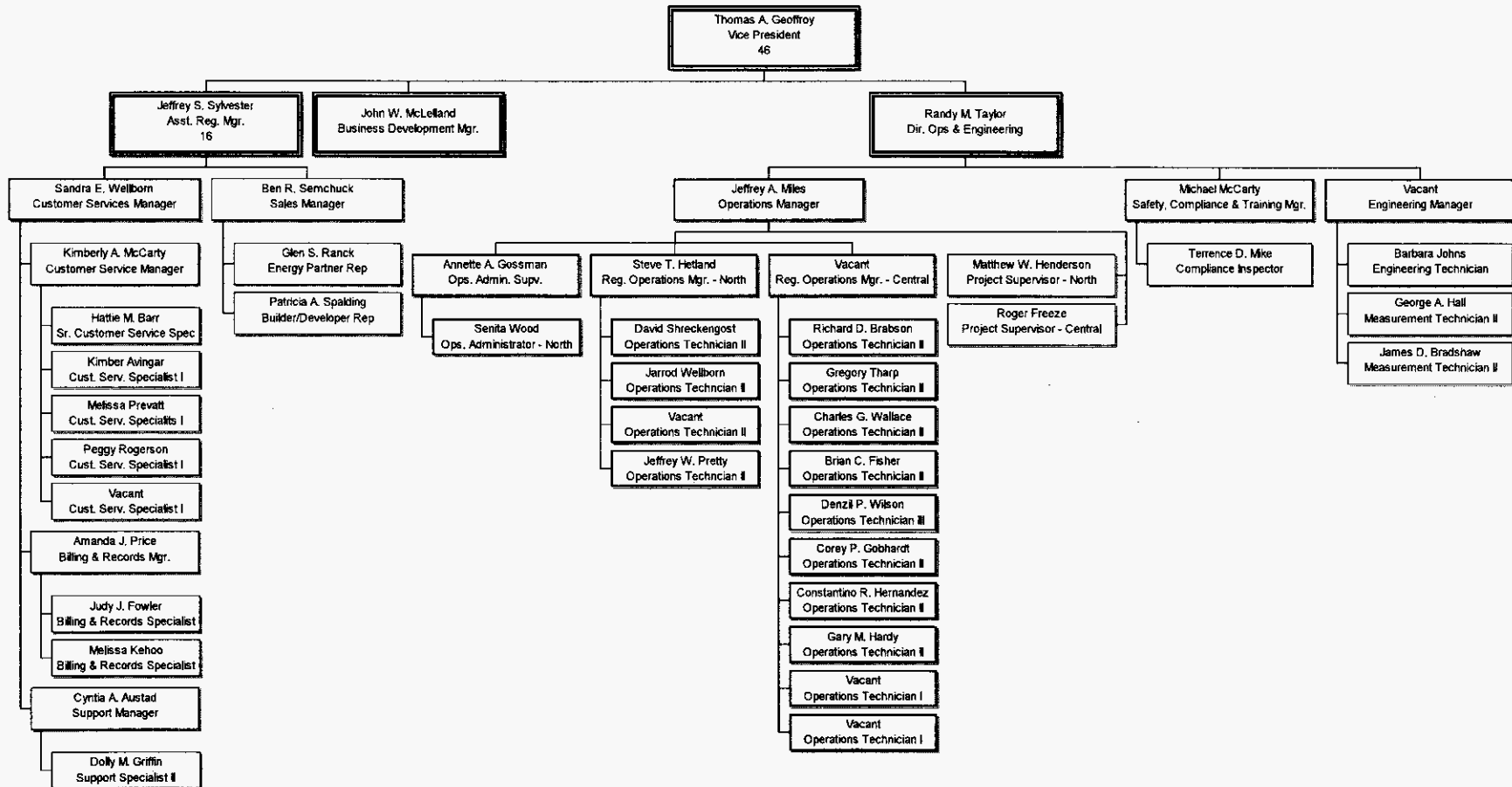


EXHIBIT ___(TAG-8)

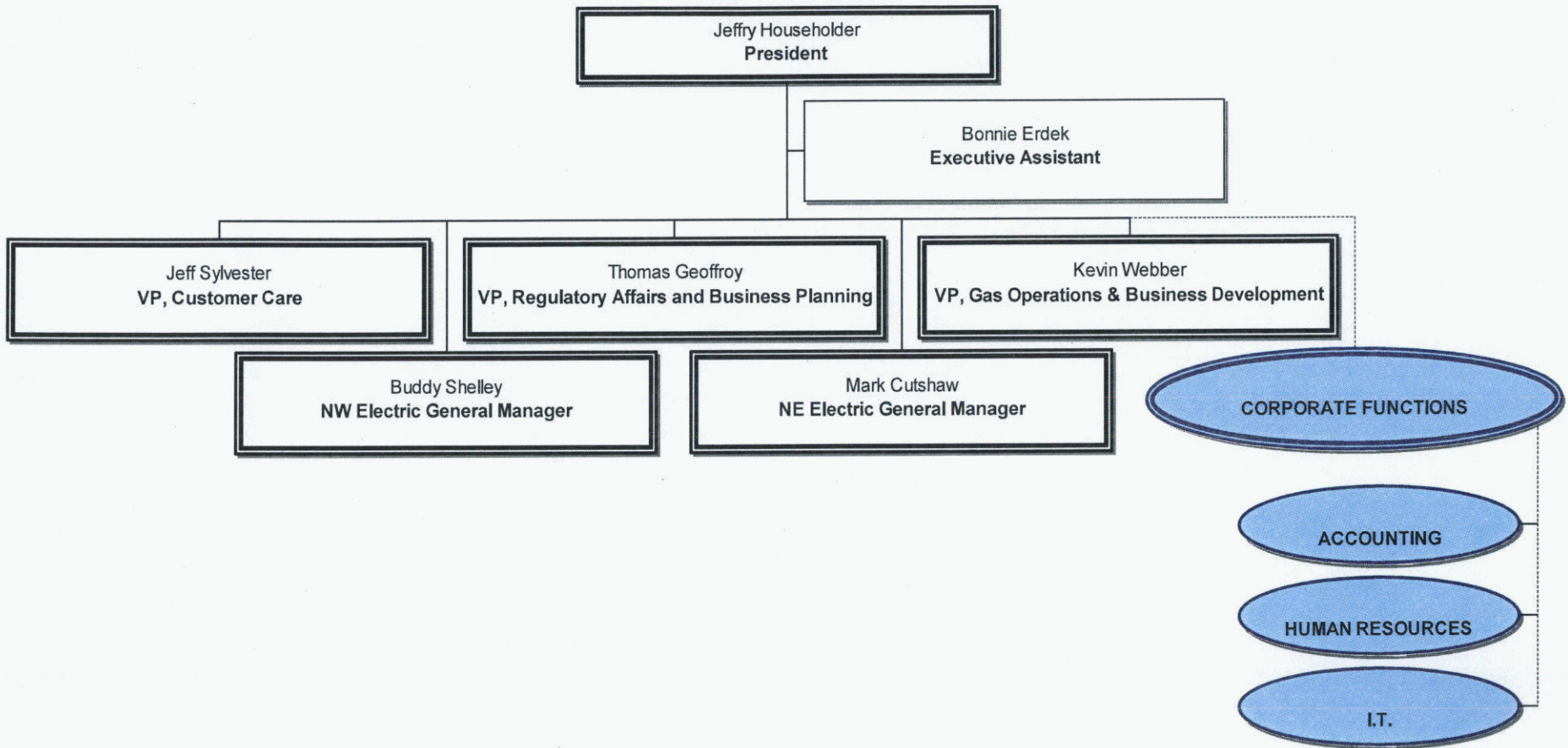
SCHEDULE 3

CURRENT ORGANIZATION CHART

AS OF MARCH 31, 2011

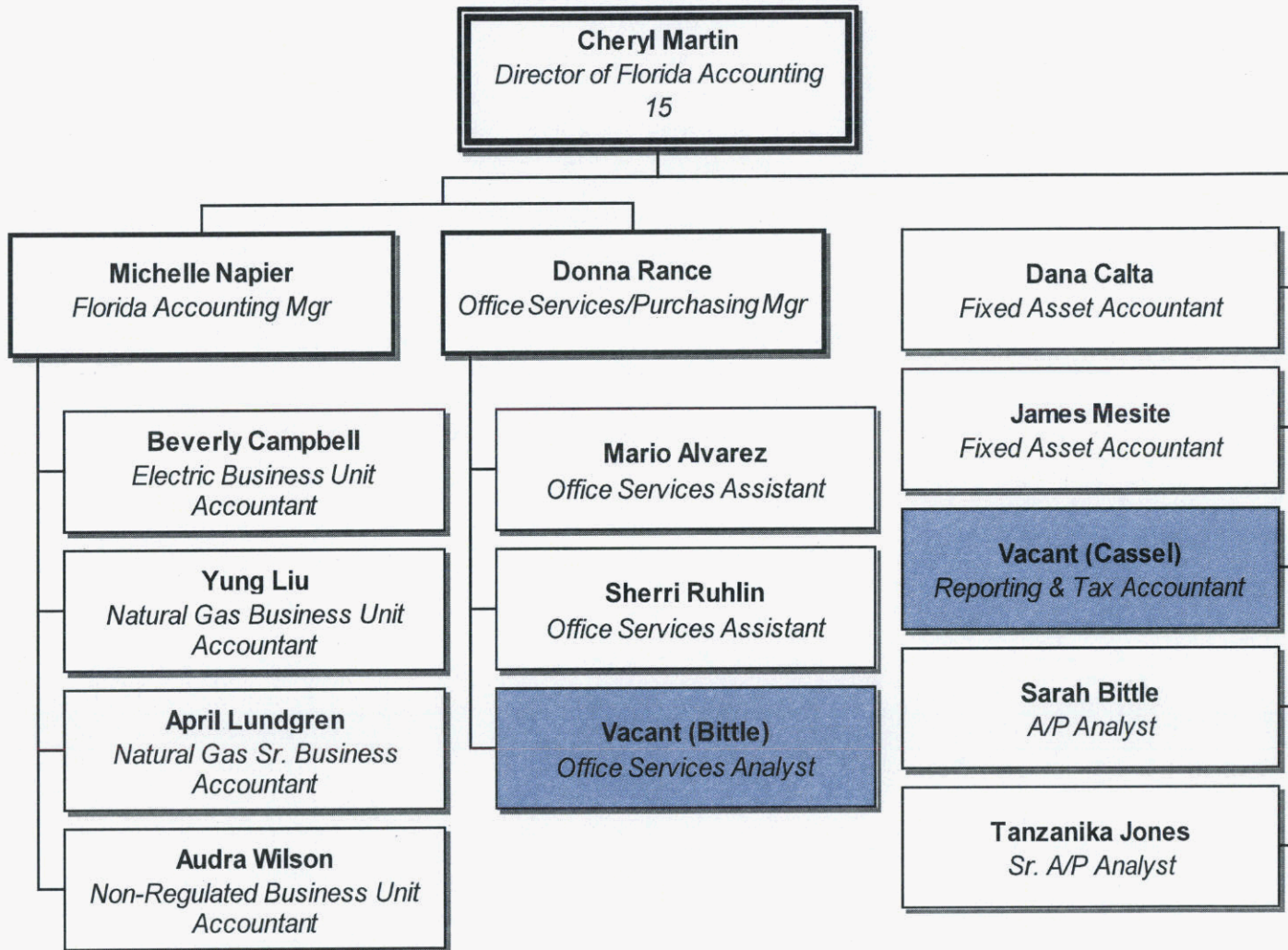
1 - CORPORATE STRUCTURE

PUC-File - 0479194



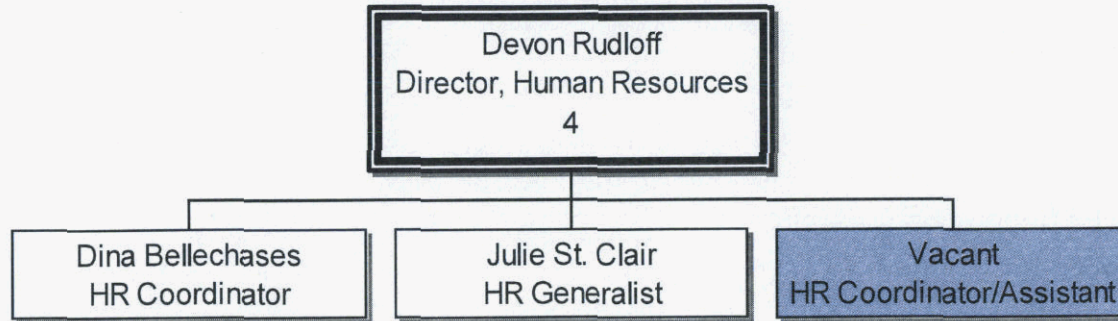
2 - ACCOUNTING DEPARTMENT

FPUC-Rst - 04/9/195



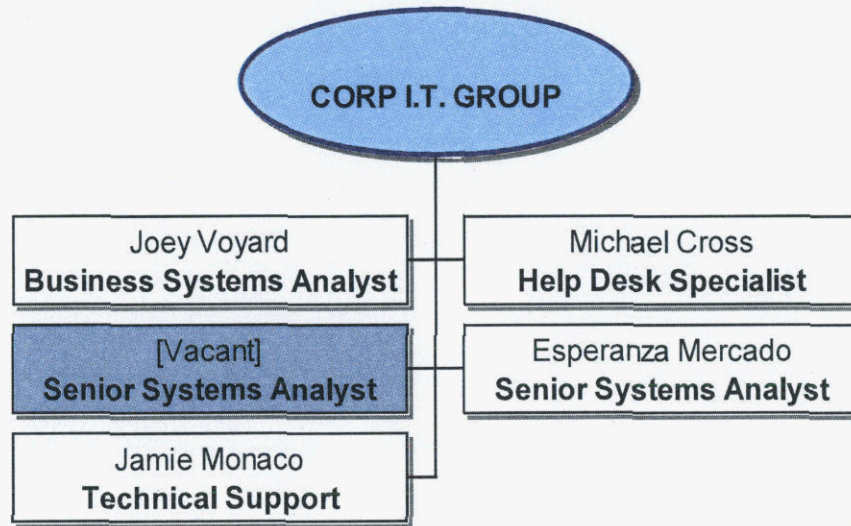
3 - HUMAN RESOURCES DEPARTMENT

FLUC Rate - 0479196



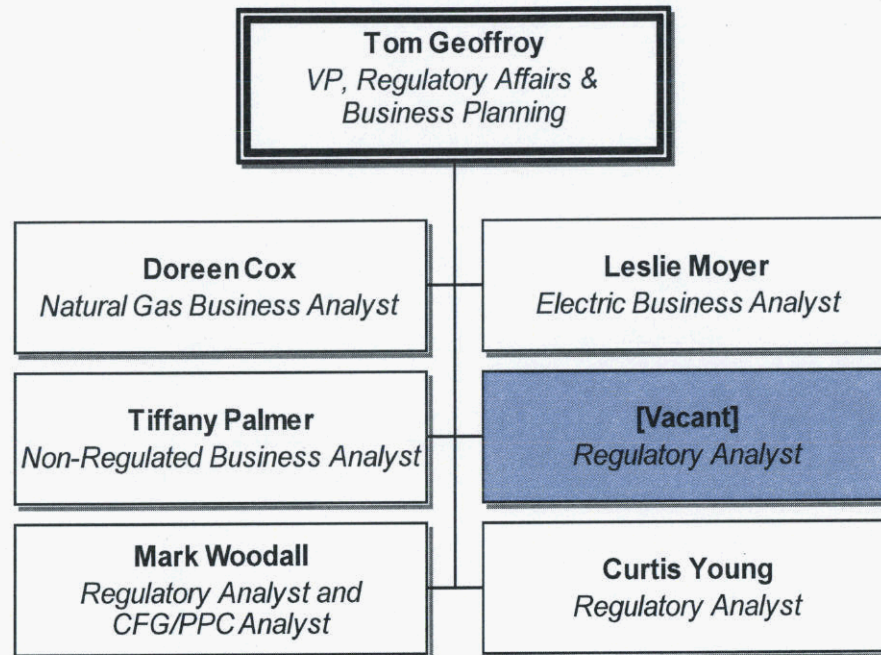
4 - I.T. DEPARTMENT

FPUC Rate - 04/9/97



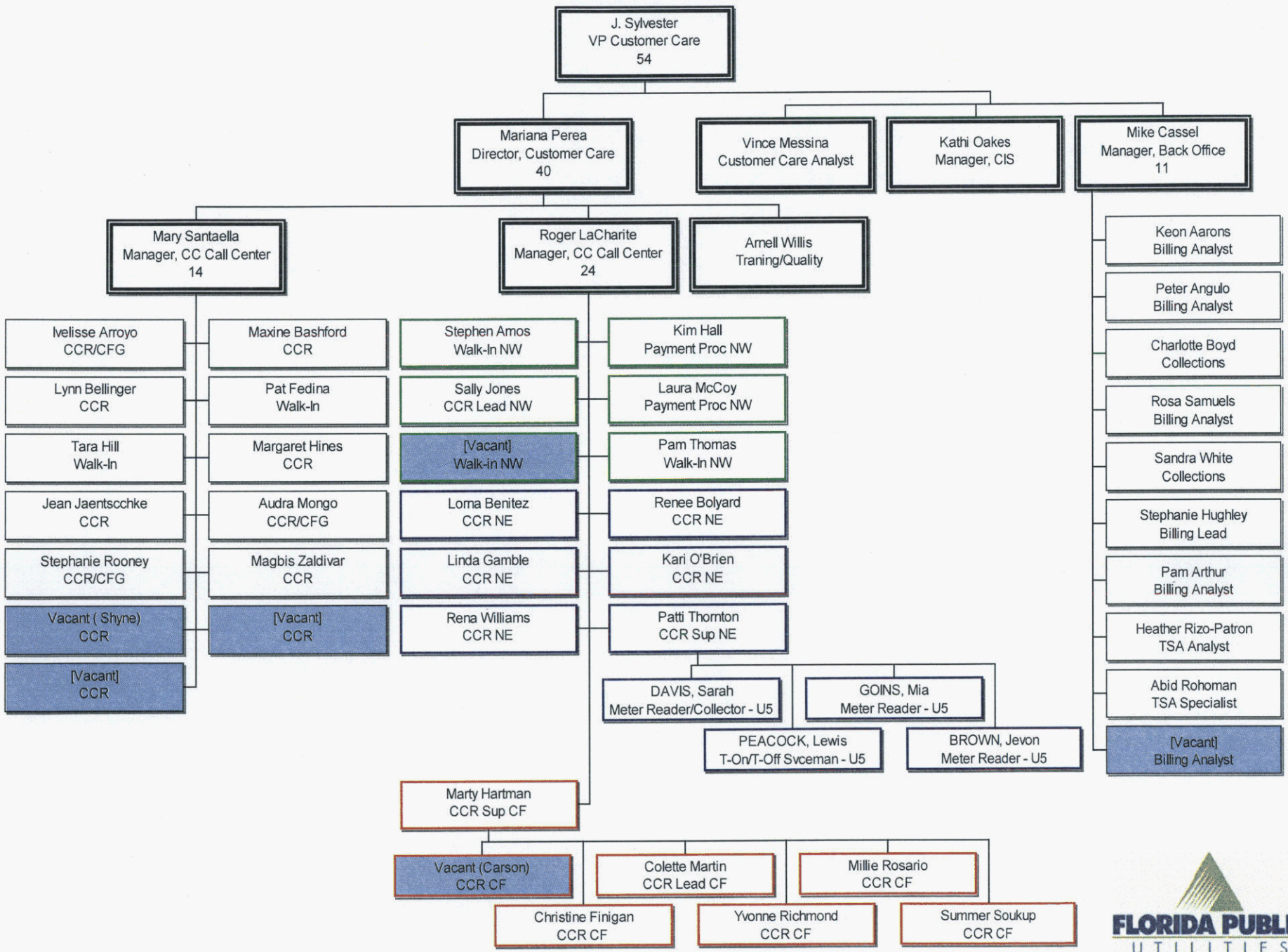
7 - REGULATORY AFFAIRS DEPARTMENT

FPUC Rate 0479198



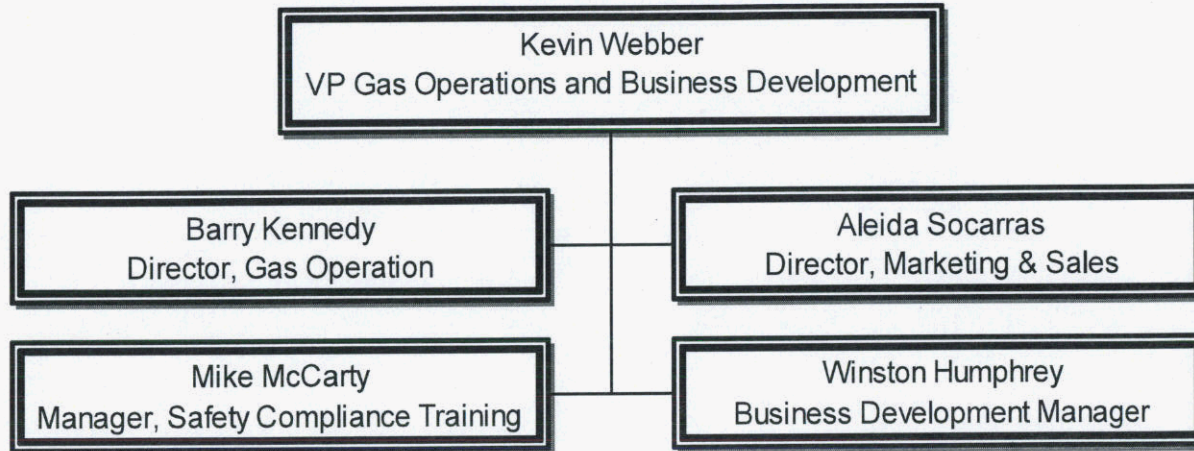
8 - CUSTOMER CARE DEPARTMENT

FPUC-Date: 0479109



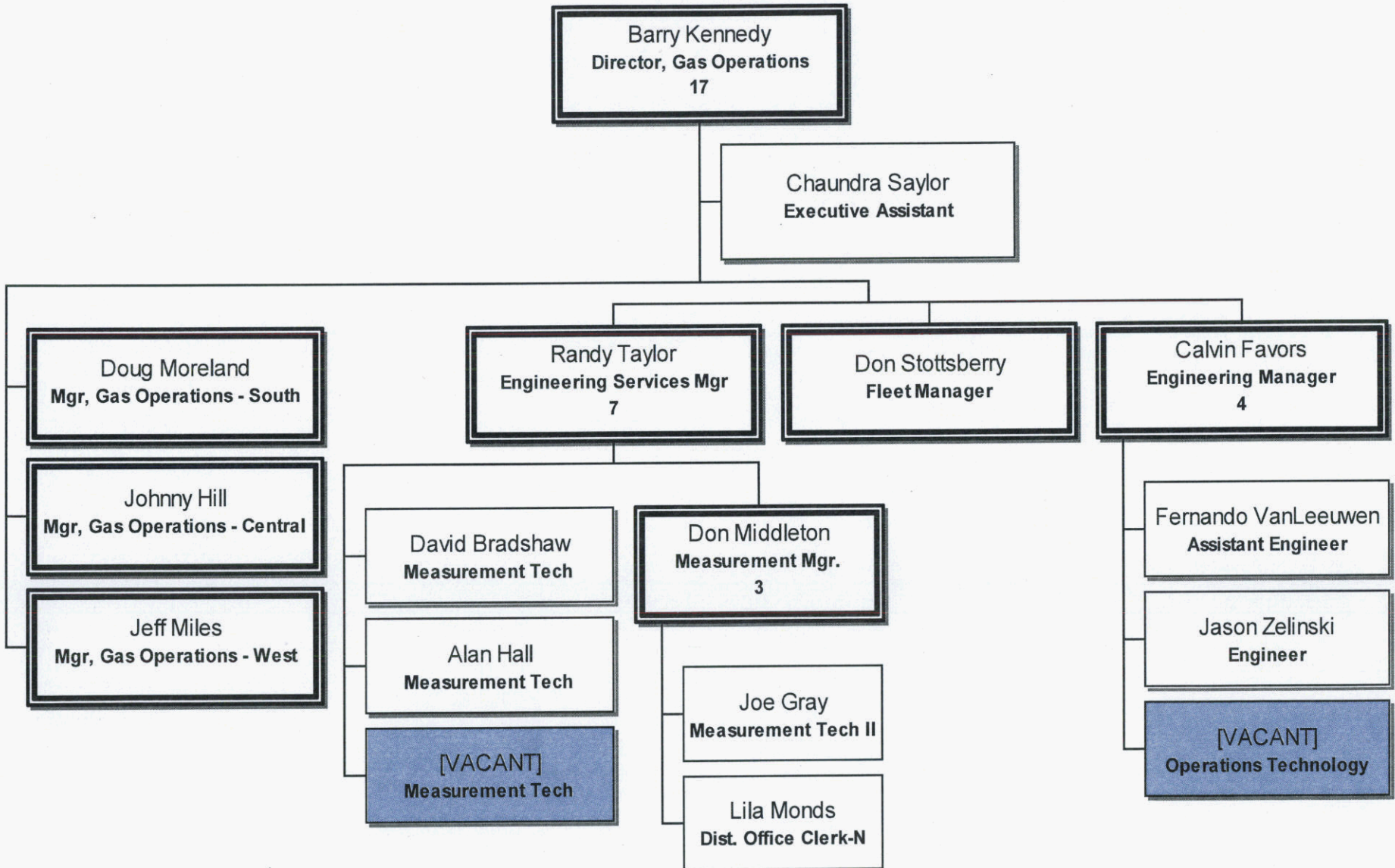
9 - VICE PRESIDENT DEPARTMENT

FPUC rate - 0479200



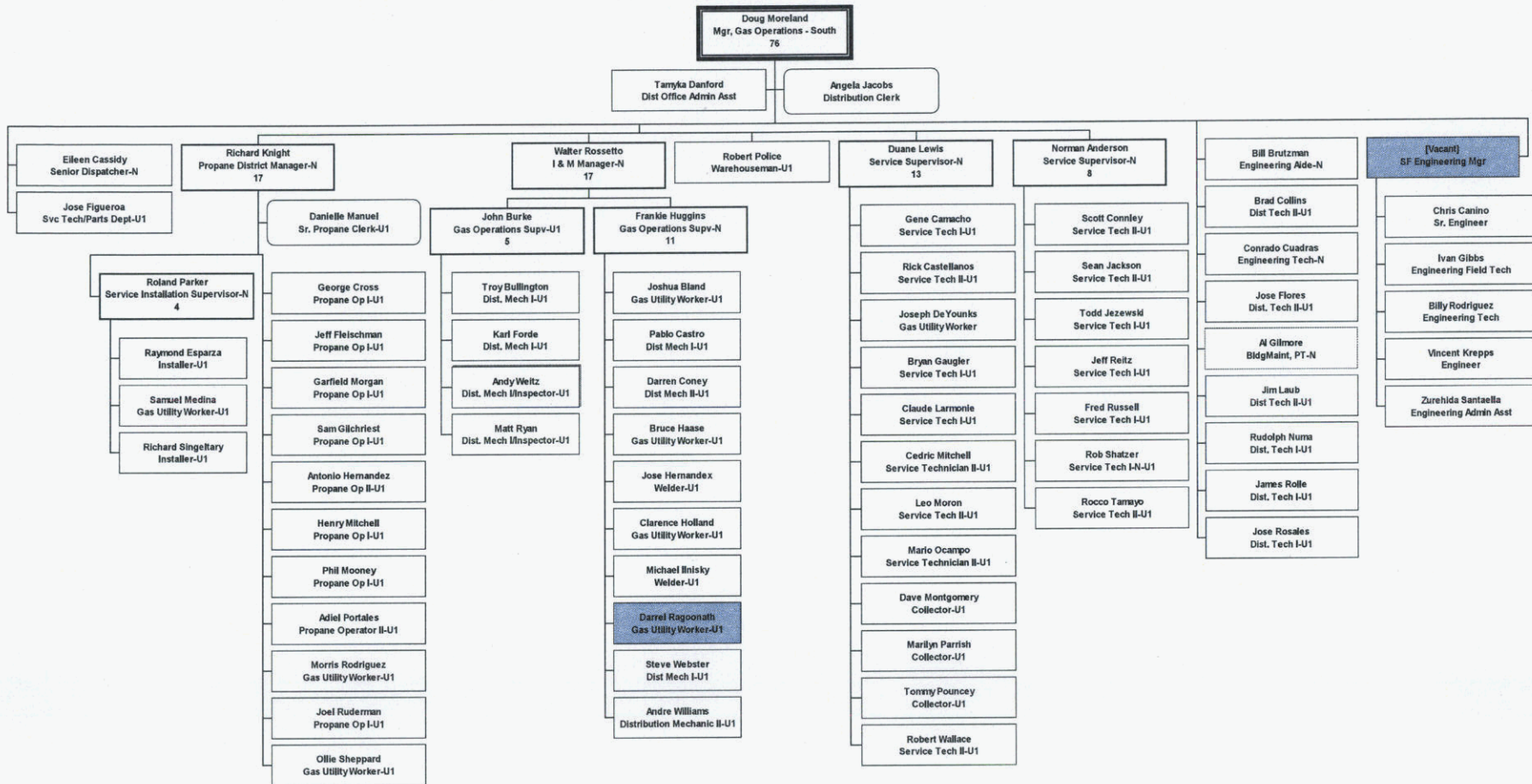
11 - GAS OPERATIONS DEPARTMENT

FDUC-Rate 04/15/20



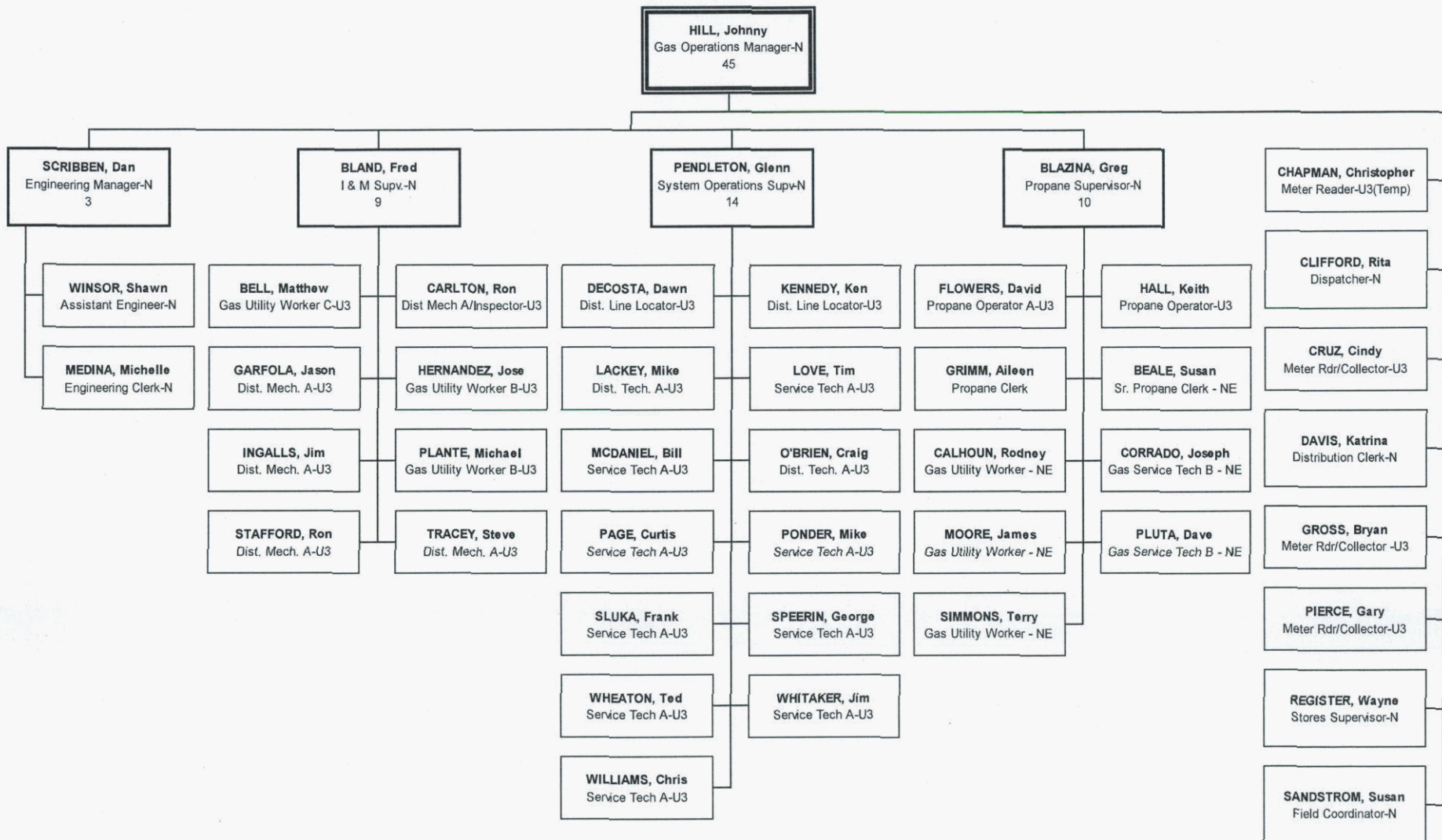
12 - SOUTH GAS OPERATIONS DEPARTMENT

PPUC Rate - 0479202



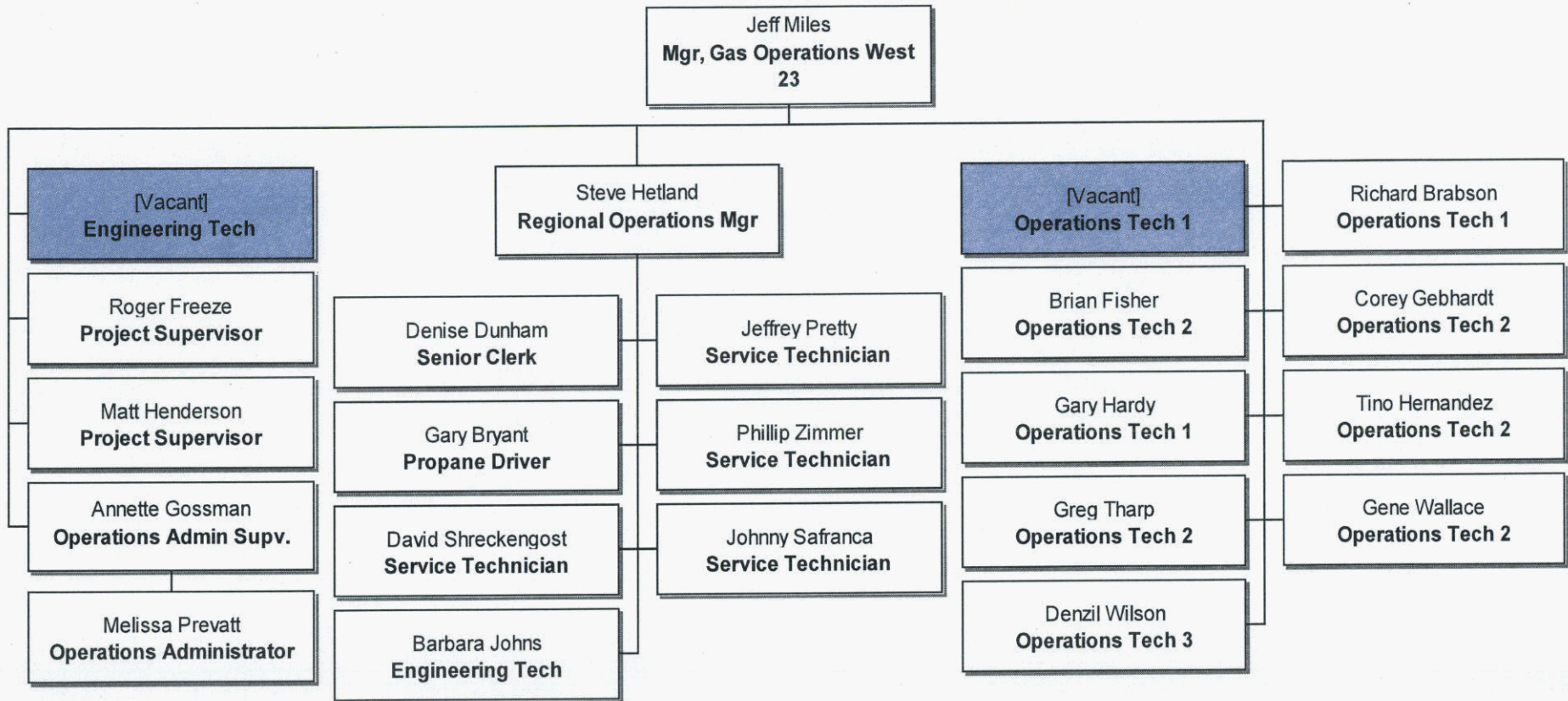
13 - CENTRAL GAS OPERATIONS DEPARTMENT

FPDC Rate - 0479203



14 - WEST GAS OPERATIONS DEPARTMENT

FPUC Rate - 04/19/2011

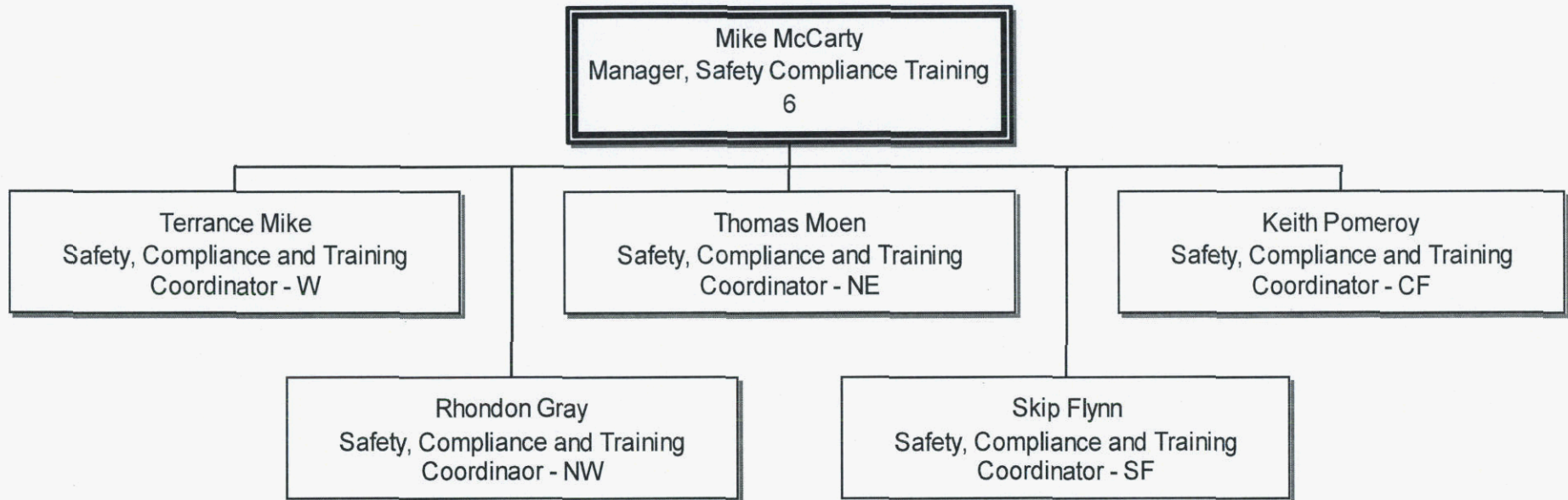


ALL ARE NON-UNION



15 - SAFETY DEPARTMENT

FPUC-Ref: 0479205



ALL ARE NON-UNION



Date: 03/31/2011

17 - MARKETING DEPARTMENT

Aleida Socarras
Director, Marketing & Sales
24

Dan Lynch
Sales Manager

Jason Van Hoffman
Manager, Marketing Services

Ben Semchuck
Manager, Dealer Services

Gia Araya
Customer Support Coordinator - SF

Dale Butcher
Commercial Sales Acct Mgr - SF

Sharon Fitzgerald
Marketing & Channel Coordinator

Leb Stepherson
Dealer Services Account Manager - SF

Margaret Foshee
Sales Administrator - CF

Wade Hughes
Commercial Sales Account Mgr - CF

Kira Lake
Supervisor, Energy Conservation

Lynn Reck
Dealer Services Account Manager - CF

Kimberly Landry
Builder/Developer Acct Mgr - CF

Sandra Rattler
Inside Marketing Rep - SF

Danielle Boone
Conservation Rep - SF

Mauro Ruini
Commercial Sales Acct Mgr - SF

Jarrett Smith
Commercial Sales Acct Mgr - SF

Mason Brock
Conservation Rep - NW

Pat Spalding
Builder/Developer Acct Mgr - W

Mark Thompson
Commercial Sales Acct Mgr - CF

Scott Ranck
Conservation Rep - W

Linda Winston
Sales Account Mgr - NE

Vacant (Todorov)
Builder/Developer Acct Mgr - SF

David Richardson
Conservation Rep - NE

TECO PARTNERS



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 (Jeffrey Householder)
VP, Gas Operations & Business Development (Kevin Webber)

2 - Accounting Department

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 Shyné) 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 - Heam)

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

14 – West Gas Operations Department

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

New Positions:

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

DOCUMENT NUMBER-DATE

02968 APR 29 =

FPSC-COMMISSION CLERK

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

DOCUMENT NUMBER-DATE

02968 APR 29 =

FPSC-COMMISSION OF FID

EXHIBIT___(TAG-10)

Calculation of Revenue Requirements

Regulatory Assets

DOCUMENT NUMBER-DATE

02968 APR 29 =

FPSC-COMMISSION CLERK

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

DOCUMENT NUMBER-DATE
 02968 APR 29 =
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EXHIBIT___(TAG-11)

Rate of Return Report Summary
(December 2010)
FPUC Natural Gas

DOCUMENT NUMBER-DATE
32968 APR 29 =
FPSC-COMMISSION CLERK

FPUC-Rate - 0479234

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

Exhibit (TAG-11)

	(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	\$ 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)					
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%
<hr/>					
III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)			IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)		
LOW	7.42%		A.	INCL COMP RATE ADJ REVENUES	20.88%
MIDPOINT	7.88%		B.	EXCL COMP RATE ADJ REVENUES	20.88%
HIGH	8.35%				

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

DOCUMENT NUMBER - DATE
 02968 APR 29 =
 FPSC-COMMISSION CLERK

EXHIBIT ____ (TAG-12)

Rate of Return Report

(December 2010)

Chesapeake Utilities Corporation

Florida Division

FPUC-Rate - 0479236

Exhibit (TAG_12)

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

	(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%
<hr/>					
III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)			IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)		
LOW	6.75%		A.	INCL COMP RATE ADJ REVENUES	9.68%
MIDPOINT	7.24%		B.	EXCL COMP RATE ADJ REVENUES	9.68%
HIGH	7.73%				

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