

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Joint petition for approval of Gas Reliability Infrastructure Program (GRIP) by Florida Public Utilities Company and the Florida Division of Chesapeake Utilities Corporation.

DOCKET NO. 120036-GU  
ORDER NO. PSC-12-0193-PCO-GU  
ISSUED: April 13, 2012

The following Commissioners participated in the disposition of this matter:

RONALD A. BRISÉ, Chairman  
LISA POLAK EDGAR  
ART GRAHAM  
EDUARDO E. BALBIS  
JULIE I. BROWN

ORDER SUSPENDING PROPOSED TARIFFS

BY THE COMMISSION:

On February 3, 2012, Florida Public Utilities Company and the Florida Division of Chesapeake Utilities Corporation (Companies) filed a petition for approval of new programs to enable the recovery of costs associated with the replacement of cast iron and bare steel distribution mains and services in a timely manner. The federal Department of Transportation has been encouraging replacement of these facilities due to safety concerns. The Companies request approval of a Gas Reliability Infrastructure Program (GRIP) surcharge which would allow recovery of the revenue requirements associated with replacement of such facilities, including a return on the investment in new facilities, depreciation expense, customer and general public notification expenses and ad valorem taxes. Costs to remove the existing eligible distribution mains and services would not be recoverable under the GRIP program. We have jurisdiction over this matter pursuant to Sections 366.03, 366.04, 366.05 and 366.06, Florida Statutes (F.S.).

Section 366.06(3), F.S., provides that we may suspend operation of a proposed tariff if we provide a written statement of good cause to withhold our consent within 60 days of the filing of the petition. While replacement of aging pipelines is sound strategy, the concept of a cost recovery mechanism, outside of base rates, warrants careful review and analysis to ensure that the mechanism is appropriate and necessary. For this reason, we suspend operation of the proposed GRIP program tariffs pending our further review.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the proposed Gas Reliability Infrastructure Program, filed by Florida Public Utilities Company and the Florida Division of Chesapeake Utilities Corporation, shall be suspended pending further review. It is further

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

ORDER NO. PSC-12-0193-PCO-GU  
DOCKET NO. 120036-GU  
PAGE 2

ORDERED that this docket shall remain open.

By ORDER of the Florida Public Service Commission this 13th day of April, 2012.



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Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

MCB