

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

|                                      |   |                      |
|--------------------------------------|---|----------------------|
| In re: Petition of Central Florida   | ) | DOCKET NO. 891179-GU |
| Gas Co. and Plant City Natural Gas   | ) | ORDER NO. 23166      |
| Co., Divisions of Chesapeake         | ) | ISSUED: 7-10-90      |
| Utilities Corp. for a rate increase. | ) |                      |
| <hr/>                                |   |                      |
|                                      | ) |                      |

The following Commissioners participated in the disposition of this matter:

MICHAEL McK. WILSON, Chairman  
GERALD L. GUNTER

ORDER GRANTING CERTAIN INCREASES

BY THE COMMISSION:

Pursuant to Notice, the Florida Public Service Commission held a public hearing on this matter in Tallahassee, Florida on April 24-25, 1990. Having considered the record in this proceeding, the Commission now enters its Final Order.

Background

On November 15, 1989, Central Florida Gas Company and Plant City Natural Gas Company petitioned for authority to consolidate their Natural Gas Tariffs and for an increase in rates.

Central Florida Gas and Plant City Natural Gas which operate as divisions of Chesapeake Utilities Corporation petitioned to merge the companies for all rate and regulatory matters including the consolidation of: 1) Natural Gas Tariffs, 2) Rate Schedules, 3) Accounting Records, 4) Depreciation Rates, 5) Purchased Gas Adjustments, 6) Conservation Programs and 7) Annual Reports. The two companies requested permanent rate increases totalling \$1,315,496.

In Order Number 22475, dated January 29, 1990 we suspended the Company's proposed rate schedule pending the outcome of a formal hearing and withheld consent to the operation of the

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ORDER NO. 23166  
 DOCKET NO. 891179-GU  
 PAGE 2

new rate schedules in order to allow further review of underlying data and calculations. At that time we also authorized interim rate increases for the two companies, subject to refund, pursuant to Section 366.071, Florida Statutes.

The record reveals that the company has failed to fully support its request for a revenue increase of \$1,315,496. The Company has supported a need for a revenue increase of \$780,097, which will allow it the opportunity to earn a return of 9.932% on a rate base of \$11,635,331, based upon a return on Common Equity of 13.00%.

#### I. PROJECTED TEST YEAR RATE BASE - ATTACHMENT 1

The utility's rate base is the investment upon which it is entitled to earn a return. Once a rate base has been established, the test-period expense, and rate of return are established, the revenue requirement can be calculated. The test year rate base for the company is \$11,635,331, including the adjustments shown below:

1) Account 390 Structures and Improvements, Accumulated Depreciation, Depreciation Expense, and Property Taxes

The record reveals that the company's office building in Winter Haven, Florida was a two story building, of which only the first floor was being used for utility related operations. Therefore, an adjustment should be made to reduce Account 390 Structures and Improvements, Accumulated Depreciation, Depreciation Expense, and Property taxes by \$38,517, \$2,894, \$963, and \$930 respectively to eliminate plant that is not used and useful.

2) Accounts 387 Other Equipment and 392.01 Autos and Trucks

Adjustments should be made as follows to Utility Plant, Accumulated Depreciation, and Depreciation Expense to reflect over-projections in the Company's budgets:

| <u>Account</u> | <u>Plant</u> | <u>Accumulated<br/>Depreciation</u> | <u>Depreciation<br/>Expense</u> |
|----------------|--------------|-------------------------------------|---------------------------------|
| 387            | (\$ 47,359)  | (\$ 6,130)                          | (\$ 5,599)                      |
| 392.1          | ( 61,689)    | ( 36,554)                           | ( 7,327)                        |
| TOTAL          | (\$109,048)  | (\$ 42,684)                         | (\$12,926)                      |

ORDER NO. 23166  
 DOCKET NO. 891179-GU  
 PAGE 3

3) Construction Work in Progress (CWIP)

The rate base items in Construction Work in Progress should be transferred into rate base thereby reducing CWIP to zero in the projected test year and Utility Plant, Accumulated Depreciation, and Depreciation Expense should be increased as follows:

| <u>Account</u> | <u>Plant</u>     | <u>Accumulated<br/>Depreciation</u> | <u>Depreciation<br/>Expense</u> |
|----------------|------------------|-------------------------------------|---------------------------------|
| 376            | \$120,072        | \$4,376                             | \$4,203                         |
| 378            | 3,679            | \$ 134                              | 125                             |
| 385            | 15,083           | 849                                 | 814                             |
| 380            | 40               | 2                                   | 2                               |
| TOTAL          | <u>\$138,874</u> | <u>\$5,361</u>                      | <u>\$5,144</u>                  |

4) Loss of Citrus Related Customers

Adjustments to the Company's rate base and revenues are necessary to reflect the permanent loss of citrus-related customers. The customers were lost due to the harsh winter freeze experienced in December 1989. Therefore a reduction to Plant-in-Service and Accumulated Depreciation of \$28,834 and \$28,297 is appropriate to reflect the loss in rate base associated with these customers. A reduction to Depreciation Expense of \$991 is also necessary to incorporate the loss in rate base.

5) 1985 Acquisition Adjustment

In Order No. 18716 (Docket No. 870118-GU) we approved an Acquisition Adjustment in the amount of \$200,000 for Central Florida Gas Company. This acquisition adjustment was approved based on projected savings due to Central Florida Gas Company's acquisition by Chesapeake Utilities Corporation in 1985. However, we approved the \$200,000 acquisition adjustment with the caveat that the projected savings would be analyzed in future rate cases to determine if the projected savings actually occurred or had eroded.

The record in this case reveals that the savings which were predicted to occur as a result of the acquisition have not materialized. To the contrary, the company (Central Florida Gas) has experienced a total increase in its revenue

ORDER NO. 23166  
DOCKET NO. 891179-GU  
PAGE 4

requirements since its acquisition by Chesapeake. In addition, the company has failed to demonstrate that increased expenses related to the acquisition will not continue to occur or that the savings it has projected will ever materialize. Therefore, the acquisition adjustment of \$200,000 should be removed from the Company's rate base, and the Company's request for an acquisition adjustment of \$509,422 is denied. Also the related Accumulated Depreciation and Amortization Expense should be reduced by \$172,592 and \$33,960 respectively.

6) Accumulated Amortization and Amortization Expenses

An adjustment should be made to reduce Accumulated Amortization and Amortization Expense by \$1,540 and \$432 to remove the amortization of franchise and consents.

7) Depreciation and Amortization Reserve

The appropriate amounts of depreciation and amortization reserve are \$2,262,587 and \$85,015 respectively.

8) Trending of Plant Operating Material and Supplies

The Company trended its Plant & Operating Material and Supplies account by multiplying the customer growth times inflation factor times the historic base year 13-month average. A more appropriate trending methodology would be to trend this account in the same manner as that used to trend various O&M expenses. This change in the trending methodology results in a decrease of \$38,615 to the projected test year 13-month average.

9) Prepayments-Insurance

Due to the fact that the Company used projected instead of actual premiums in the historic base year plus one, and used a portion of its Accounts Receivable Insurance expense that was not prepaid, the Company's projected test year 13-month average was overstated by \$41,517. Therefore an adjustment should be made to reduce the Company's working capital allowance by \$41,517 to eliminate the portion of insurance expense that was not prepaid.

10) Accounts Receivable Insurance

We believe the Accounts Receivable Insurance is procured by the Company for the sole benefit of the shareholders of the

ORDER NO. 23166  
DOCKET NO. 891179-GU  
PAGE 5

Company and should be eliminated. Therefore, an adjustment to reduce Prepayments - Insurance by \$20,709 is necessary to reflect the elimination of this policy.

11) Working Capital, Trending

Adjustments should be made to Plant and Operating Material and Supplies of \$13,935, and to Prepayments-Insurance of \$572, to reflect the change in trending rates used to project the accounts. These adjustments result in a total decrease to the projected test year working capital allowance of \$14,507.

12) Miscellaneous Current Liabilities and Accrued Liabilities

To reflect a change in trending methodology, Miscellaneous Current Liabilities and Accrued Liabilities should be increased by \$111,686 in the projected test year working capital calculation.

13) Working Capital Allowance

The appropriate amount of projected test year working capital allowance is \$134,939.

14) Stipulated Rate Base Adjustments

In addition to the foregoing, the parties have stipulated to the following adjustments which we have reviewed and hereby approve:

- S1) The Parties agree that an adjustment should be made to reduce Account 390 Structures and Improvements, Accumulated Amortization and Amortization Expense by \$15,202, \$11,900, and \$384, respectively to eliminate leasehold improvements which were incorrectly amortized.
- S2) The Parties agree that projected leasehold improvements in the amount of \$50,000 should be removed from rate base in Account 390.1 as well as the related Accumulated Amortization of \$5,831. In addition, Amortization Expense in the amount of \$9,996 should be removed from the projected test year NOI calculation as a non-recurring expense.

ORDER NO. 23166  
DOCKET NO. 891179-GU  
PAGE 6

- S3) The Parties agree that adjustments should be made to the following accounts to allocate non-utility related common plant from Plant-in-Service:

| <u>Account</u> | <u>Plant</u>      | <u>Accumulated<br/>Depreciation</u> | <u>Depreciation<br/>Expense</u> |
|----------------|-------------------|-------------------------------------|---------------------------------|
| 391.1          | (\$ 3,442)        | (\$ 1,865)                          | (\$ 666)                        |
| 391.2          | ( 6,821)          | 24                                  | ( 307)                          |
| 391.3          | ( 3,912)          | ( 1,872)                            | ( 285)                          |
| 392.1          | ( 13,598)         | ( 8,632)                            | ( 1,632)                        |
| 397            | ( 23,631)         | ( 8,941)                            | ( 1,583)                        |
| TOTAL          | <u>(\$51,403)</u> | <u>(\$ 21,286)</u>                  | <u>(\$ 4,473)</u>               |

- S4) The Parties agree that adjustments should be made as follows to Utility Plant, Accumulated Depreciation, and Depreciation Expense to reflect over-projections in the Company's budgets: (Rendell) (Attachment 1)

| <u>Account</u> | <u>Plant</u>       | <u>Accumulated<br/>Depreciation</u> | <u>Depreciation<br/>Expense</u> |
|----------------|--------------------|-------------------------------------|---------------------------------|
| 375            | (\$ 43,858)        | \$ 29,995                           | (\$ 884)                        |
| 376            | ( 184,656)         | ( 4,730)                            | ( 6,459)                        |
| 378            | ( 26,406)          | ( 574)                              | ( 958)                          |
| 379            | ( 16,746)          | ( 261)                              | ( 551)                          |
| 391.2          | ( 4,872)           | 1,638                               | ( 220)                          |
| 394            | ( 1,108)           | ( 382)                              | ( 54)                           |
| 398            | ( 2,150)           | ( 30)                               | ( 156)                          |
| TOTAL          | <u>(\$279,796)</u> | <u>\$ 25,656</u>                    | <u>(\$ 9,282)</u>               |

- S5) The Parties agree that the appropriate depreciation rates to be used in this proceeding are those rates established for Central Florida Gas in Order No. 18202. These rates should be used until a consolidated study is submitted. The submission date for this study is April 7, 1992.
- S6) The Parties agree that Customer Accounts Receivable - Service should be reduced by \$9,871 in the projected test year to eliminate non-regulated receivables in the working capital calculation.

ORDER NO. 23166  
 DOCKET NO. 891179-GU  
 PAGE 7

- S7) The Parties agree that Customer Accounts Receivable - Gas should be reduced by \$11,702 in the projected test year to reflect Staff's change in the methodology of trending.
- S8) The Parties agree that an adjustment of \$60,015 should be made to the working capital calculation to remove Deferred Rate Case Costs.
- S9) The Parties agree that the projected test year Working Capital should be increased by \$6,092 to allow for the establishment of a Deferred Debit to amortize furniture purchases.
- S10) The Parties agree that an adjustment should be made to reduce Accounts Payable thereby increasing working capital by \$64,362 to show the effect of Staff's change in the trending methodology.
- S11) The Parties agree that an adjustment should be made to eliminate Customer Advances for Construction thereby increasing working capital by \$75,728.

15) Rate Base

The appropriate rate base to be used for the projected test year ending June 30, 1991 is \$11,635,331 as reflected below:

|  |                     |
|--|---------------------|
| Utility Plant-in-Service                     | \$13,800,313        |
| Acquisition Adjustment                       | 123,409             |
| Accumulated Depreciation<br>and Amortization | <u>2,347,602</u>    |
| Net Utility Plant-in-Service                 | \$11,576,120        |
| Construction Work-in Progress                | 0                   |
| Customer Advances for<br>Construction        | <u>75,728</u>       |
| Net Utility Plant                            | \$11,500,392        |
| Working Capital Allowance                    | <u>134,939</u>      |
| Total Rate Base                              | <u>\$11,635,331</u> |

ORDER NO. 23166  
DOCKET NO. 891179-GU  
PAGE 8

## II. PROJECTED TEST YEAR NET OPERATING INCOME - ATTACHMENT 2

Once a rate base is established, the next step is to determine the utility's Net Operating Income (NOI) for the test year. Once this amount is determined, it can be related to the test-year rate base to develop the rate of return for the test period. The test year NOI for the company is \$677,793 after making the adjustments shown below:

### 1) Changes in Customer Growth Assumptions

The Parties are in agreement that the projected revenues, unbilled revenues, and related taxes associated with changes to assumptions of customer growth should be reduced \$289,772, \$16,845, and \$5,433, respectively. The Parties also agree that an additional reduction of \$6,735 should be made to Taxes-Other to correct an error in the Company's filing, and to incorporate the increased regulatory assessment fee.

### 2) Loss of Citrus Related Customer

The Parties agree that revenues and related taxes should be reduced by \$61,578 and \$1,156, respectively to reflect the permanent loss of citrus-related customers.

### 3) Chamber of Commerce Dues

The Parties agree that the appropriate amount of chamber of commerce dues to be included in the projected test year expenses is zero and that an adjustment should be made to eliminate \$2,353 of chamber of commerce dues in the projected test year.

### 4) American Gas Association Dues

The company's original filing, included dues paid to the American Gas Association (AGA). We are of the opinion that 42% of the dues paid to the American Gas Association should be eliminated from the projected test year.

The record reveals that 0.70 percent of AGA dues (\$194,301 in 1988) was used for lobbying as defined by federal law. In addition, 41.3% of AGA dues (\$11,358,437 in 1988) was spent on advertising. The total of these two amounts (\$194,301 and \$11,358,437) equates to 42% of the total dues to the AGA.



ORDER NO. 23166  
DOCKET NO. 891179-GU  
PAGE 9

It is our general practice to remove from expenses those monies spent for lobbying purposes. In Commission Order No. 10306 dated 9/23/81 (Florida Power & Light), 1.93 percent of dues paid to the Edison Electric Institute were removed since this represented the amount attributable to lobbying activities. Likewise, the 0.70 percent of AGA dues used for lobbying should be removed.

Another 41.3% of AGA dues should be eliminated since these dues relate to advertising that is not "informational or educational" in nature. Permissible advertising usually accepted in base rates often relates to safety (such as gas leak emergencies). In this case, however the company has failed to demonstrate that any of the AGA advertising could be considered informational or educational and the advertisements in the record before us simply do not meet our criteria for acceptance as a base rate recoverable expense.

Dues that pertain to advertising should therefore be removed from the projected test year. Likewise, dues that relate to AGA's lobbying expenses should also be removed. Combining these two classifications, (lobbying and advertising), we have calculated that \$2,094 should be removed from the projected test year expenses.

5) Associated Gas Distributors Dues

The Company's original filing included an expense related to dues paid to the Associated Gas Distributors-Florida (AGDF). The record reveals that AGDF was formed in 1986 to give Florida's smaller gas companies a legal voice at FERC proceedings on matters relating to Florida Gas Transmission. The record reveals however that both Central Florida Gas Company and Plant City Natural Gas Company utilized their own counsel to represent them at FERC (with Central paying \$56,808 in FERC project legal fees, and Plant paying \$5,829). We are therefore of the opinion that there has been a duplication of legal service expenses, and that the AGDF dues of \$8,877 be removed from the projected test year expenses.

6) Miscellaneous Industry Association Dues

The Parties agree that an adjustment should be made to reduce the projected test year expenses by \$2,364 to eliminate miscellaneous industry association dues. The Company's filing

ORDER NO. 23166  
DOCKET NO. 891179-GU  
PAGE 10

included expenses related to membership dues in various industry associations. Since it could not be established whether the ratepayers actually benefitted from these memberships, we have removed \$2,264 from the projected test year expenses.

7) Allocation of Health Insurance Costs

The Company allocates health insurance costs based on payroll hours of each division and subsidiary. Some employees who work at divisions and subsidiaries other than the Florida divisions of Chesapeake Utilities also spend time working on Florida-related projects. The Company takes the time the employee worked on Florida-related activities and multiplies this by the employee's hourly wage rate. Payroll dollars allocated to the Florida Divisions from other divisions and subsidiaries are the basis used to allocate health insurance costs.

An important goal of a cost allocation methodology that is used to justify projected expenses is to choose a cause and effect relationship, or allocation base, that will permit accurate predictions of how underlying costs will change with changes in cost causes. In this case, health insurance costs are more closely related to payroll hours than payroll dollars. Chesapeake's health insurance cost is generally based on the particular plan of coverage rather than on the salary of the employee and, therefore, should be allocated on payroll hours. However, the Company was attempting to institute a new insurance plan. Under this prospective plan, the amount contributed by the employee would be based on his/her salary. Under this proposed plan, payroll dollars may be appropriate. The Company expected substantial savings by instituting this plan, but could not determine an amount.

Regardless whether the new insurance plan is adopted, an adjustment should be made to reduce the projected test year insurance expense \$43,571. If the Company does not institute the new plan, insurance expense should be allocated on a payroll hour basis. If the new plan is adopted, insurance expense can be allocated on a payroll dollar basis. However, the Company will be required to defend the methodology used in its next rate case.

8) Ex-Employee Travel Expenses

In its filing, the Company included meals, travel, and benefits expense incurred for Chesapeake employees who have since left the Company. Since these employees have not been replaced, the expenses associated with these employees has been eliminated.

The Parties agree that the projected test year expenses should be reduced by \$2,463 to eliminate expenses associated with travel, meal, and benefits expense incurred by employees who are no longer with the Company and have not been replaced.

9) Non-Recurring Recruiting Costs

The Company's filing included costs of recruiting services used to hire employees for Chesapeake Utilities. These recruiting costs were "directly assigned" instead of being allocated through the corporate allocation overhead factor. These costs included moving expenses, mortgage payments and job search services.

The record reveals that Chesapeake Utilities did not have any firm plans to hire any new employees for the corporate office, Central Florida, or Plant City, prior to June 30, 1991, but that there may be staff that would either resign or retire and would need to be replaced. Chesapeake Utilities, Central Florida, or Plant City would potentially use a recruiting service to replace professional level employees who resigned or retired.

Embedding in rates expenses that may not occur, does not encourage the utility to control costs. Additionally, it is unknown whether any employee to be replaced would be one who engages in activities that relate to the Florida Divisions. Also unknown is whether mortgage payments would have to be made to entice the potential new employee to accept an employment offer. The cost of recruiting an employee who is unlikely to work on Florida-related activities should not be allocated to the Florida Divisions. The projected test year expense should be reduced by \$18,670 to remove non-recurring moving and recruiting expenses directly assigned from Chesapeake Utilities to the Florida Divisions.

ORDER NO. 23166  
DOCKET NO. 891179-GU  
PAGE 12

10) Non-Recurring Seminar Expense

The parties agree that projected test year expenses should be reduced by \$8,044 to eliminate non-recurring seminar expense.

11) Non-Recurring Staffing Study

During the historic base year period, Chesapeake Utilities Corporation engaged Coopers and Lybrand to conduct a staffing study. A portion of the \$23,000 expense was allocated to Central Florida Gas Company. The record reveals that no similar study has been conducted since the historic base year and there were no plans to update or conduct another similar study during the projected test year.

At the time Chesapeake Utilities acquired Central Florida Gas (1985) the utility had 44 employees and 1 vacant position. In 1989, Central Florida Gas had 33 employees. The number of employees before and after the acquisition of Plant City Natural Gas were 11 and 8 respectively.

This expense is non-recurring and provides limited, if any, benefit to the Florida Divisions. Since the number of employees for both Central Florida and Plant City have already been reduced by approximately 27%, it appears unlikely that similar reductions will occur in the future. Furthermore, should future staffing studies be conducted, the benefits derived by ratepayers of the Florida Divisions will be limited. Therefore, the projected test year expenses should be reduced by \$1,978.

12) Non-Recurring Consulting Fees

In its filing, the Company included expenses relating to metering and boiler studies conducted in the historic base year. The Company stated, however, that no boiler or metering studies have been conducted since the historic base year, and that only one boiler study has been conducted since Chesapeake Utilities purchased Central Florida and Plant City.

It appears that the metering and boiler studies are non-recurring in nature and should be eliminated from the projected test year expenses. We have therefore, made an adjustment to reduce the projected test year expenses by \$5,924.

ORDER NO. 23166  
DOCKET NO. 891179-GU  
PAGE 13

13) Pipeline Simulator Program

During the historic base year, Chesapeake Utilities purchased a pipeline simulator software program for more than \$7,000. A portion of this software was directly assigned to Central Florida Gas Company.

Chesapeake Utilities has not purchased any engineering software since June of 1989. The Florida divisions have never purchased any individual software program costing in excess of \$500.

We question the recurring nature of this software purchase and also question whether an appropriate allocation factor was used. Since Chesapeake Utilities owns Eastern Shores Natural Gas Pipeline, it would appear that a large portion of the benefit from this software purchase would have been derived by the pipeline.

Therefore, the projected test year expenses should be reduced by \$1,414 to eliminate the pipeline simulator program.

14) Accounts Receivable Insurance

Included in the Company's projected expenses are costs relating to accounts receivable insurance. This insurance covers the Company for loss of revenues due to non-payment by customers prior to disconnection. Revenue loss before disconnection would generally consist of 45 to 60 days worth of revenues.

Central Florida Gas Company has had this insurance since 1982. After Chesapeake acquired Plant City Natural Gas, selected customers of Plant City Natural Gas were added to the policy. Since 1982, Central Florida has filed one claim against the policy in 1983/1984.

Central Florida received a net claim on the policy for \$113,000. Subsequent to the monies received from the carrier, Central Florida received a recovery from the bankrupt customer. The 13-month average balance of this recovery included in the projected test year working capital is \$81,000. Central Florida Gas Company anticipates an additional recovery from the bankrupt customer some time in the future.

500-D

ORDER NO. 23166  
DOCKET NO. 891179-GU  
PAGE 14

We believe that the \$87,700 of accounts receivable insurance expense included in the Company's projected test year expenses only benefits the stockholders of the Company. Since the insurance only covers those revenues lost prior to disconnection, the Company's future revenue stream is unaffected by the reimbursement of the 45-60 days loss of revenue. After the customer claims bankruptcy and is off the system, the customer will not receive any more gas, and no new revenues will be generated from this customer. If the customer contributed a large amount of revenues, the Company would be pressured to file for rate relief, even if a reimbursement was received from the insurance carrier for revenue losses prior to disconnection. The most important point is that despite recoveries from the insurance carrier, the revenues from the bankrupt customer are lost, and lost permanently.

Although the loss of a major customer would seriously impact the financial standing of the Company, the 45-60 days worth of revenue received is not going to alleviate the permanent loss of revenues. The record reveals that one large customer is insured for \$1.5 million dollars which effectively represents approximately 60 days of revenues. If such a large customer went bankrupt during the first two months of the Company's fiscal year, the Company would receive \$1.5 million, less the \$13,000 deductible from the insurance carrier. For the next ten months, the Company would have effectively "lost" \$7.5 million. Although the \$1.5 million received from the insurance carrier would help the financial statements a bit, the Company would be forced to petition for rate relief. The Florida rate payers would still be in the same position. A rate increase would be inevitable.

This insurance primarily benefits the shareholders of the Company. The insurance is costly, and does not alleviate the necessity of future rate increases due to the Company losing insured customers.

The projected test year expense should be reduced by \$87,700 to eliminate the cost of the account receivable insurance.

15) Payroll Expense, Terminated Employee

Included in the projected test year expense is \$39,580 of payroll related costs which are attributable to employees who

are no longer with the Company. Since some of these employees left or were terminated subsequent to the time the Company filed this case, those payroll dollars were not eliminated. The parties agree that the projected payroll expense should be reduced by \$39,580 for employees who have been terminated and have not and will not be replaced.

16) Non-Recurring Moving and Recruiting Expenses

We reiterate our position that embedding expenses that may not occur in base rates does not encourage the utility to control costs. Additionally, the Company has failed to demonstrate whether the employee who potentially would resign or retire is one who engages in activities that relate to the Florida divisions. Clearly, the recruiting costs of an employee who was not to work on Florida-related activities should not be allocated to the Florida divisions. The projected test year expenses should be reduced by \$8,768 to remove non-recurring moving and recruiting expenses allocated from Chesapeake Utilities to the Florida divisions.

17) Overhead Factor in Allocation of Administrative Expenses

The Company applies a composite overhead factor consisting of net plant and payroll dollars to allocate corporate expenses to its divisions. The expenses that the corporate office allocates to the divisions include:

|             |                          |
|-------------|--------------------------|
| Account 920 | Administrative Payroll   |
| Account 921 | Office Supplies Expense  |
| Account 923 | Outside Services Expense |
| Account 924 | Property Insurance       |
| Account 925 | Injuries and Damages     |
| Account 926 | Pensions and Benefits    |
| Account 408 | Taxes Other Than Income  |

The Company, in its original filing, allocated 19% of corporate expenses included in the above accounts, or \$287,258; \$242,158 to Central Florida and \$45,073 to Plant City. Central Florida and Plant City combined however have only approximately 13% of the total customers and 13% of the total number of employees of Chesapeake. The composite overhead factor used by the Company consisting of net plant and payroll dollars skews the amount of expenses that are allocated to the Florida divisions. The portion of payroll,

ORDER NO. 23166  
 DOCKET NO. 891179-GU  
 PAGE 16

office supplies, outside services, insurance, and pension and benefits expensed by the corporate office should be assigned on a basis that approximates the true benefit derived by the particular division receiving the allocation. By including the number of employees as an allocation factor, the costs allocated to the Florida divisions decrease in the projected test year by \$34,944.

In Central Florida's last rate case, the Commission granted the Company an expense allocation of \$95,211. Corporate office expense included in this case for Central Florida Gas was \$242,185 (before adjustments). Our concern is for the Florida ratepayers and not for the overall status of Chesapeake's other divisions. Chesapeake's concern is company-wide. We believe the costs allocated to the Florida divisions from the corporate office may not necessarily represent a derived benefit. Since the number of customers and employees for the combined Florida divisions represents approximately 13% of the total Chesapeake Utilities customers and employees, a composite overhead factor of 19% appears to be high. We support the use of a composite overhead factor which consists of net plant, payroll dollars, and number of employees. This brings the composite overhead factor down to 16.5% versus 19% as originally filed by the Company. This composite overhead factor should be used to allocate costs to the Florida divisions, resulting in a necessary reduction to the projected test year expenses of \$34,944.

18) Appropriate Trend Rates

The appropriate trend rates to be used in deriving the projected test year expenses are as follows:

|                 | <u>HBV + 1</u> | <u>PTY</u> |
|-----------------|----------------|------------|
| Payroll         | 6.00%          | 6.00%      |
| Customer Growth | 6.76%          | 6.55%      |
| Times Inflation |                |            |
| Inflation Only  | 4.50%          | 4.30%      |

Based on the application of the above rates, the following reductions should be made to the projected test year expenses:

|                                 |          |
|---------------------------------|----------|
| Payroll Rate Change             | \$95,125 |
| Customer Growth Times Inflation | \$32,688 |
| Inflation Only                  | \$ 3,159 |



ORDER NO. 23166  
DOCKET NO. 891179-GU  
PAGE 17

19) Trend Rate Applied to Account 921

The parties are in agreement that the appropriate trend factor to apply to travel expenses, utility bills, dues, and seminars included in Account 921 (Office Supplies Expense) is inflation only. The Company originally trended this account by customer growth times inflation. Since the terms stated above do not appear to directly correlate with customer growth, the appropriate trend factor that should be applied to these items is inflation only. Changing the trend factor from customer growth times inflation to inflation only results in an adjustment of \$23,423.

20) Trend Rates - Accounts 886 and 909

The parties are in agreement that the appropriate trend factor to apply to Account 886, Maintenance of Structures and Improvements, and Account 909, Informational and Instructional Advertising is inflation only. The Company originally trended this account by customer growth times inflation. Since the items included in these accounts do not appear to directly correlate with customer growth, the appropriate trend factor to apply to these accounts is inflation only. By changing the trend factor from customer growth times inflation to inflation only, an adjustment of \$1,313 is required.

21) Plant City Rent Expenses

The Company included in its filing rent expense of \$900 per month plus sales tax for the building in Plant City, Florida. (The total rent on the building was \$1,800 per month plus sales tax. This amount was allocated 50/50 between regulated and non-regulated operations). In Plant City's last rate case, (Docket No. 820121-GU, Order No. 11346, dated 11/19/82) the Company requested rent expense of \$416 per month attributable to utility-related usage. The Commission approved a lesser amount of \$300 per month after considering the condition of the building and the fact that the Company rented from the stockholders. The condition of the building has not improved since the last rate case, and the Company is still leasing from an affiliated party, the President and Operations Manager of Plant City Natural Gas.

An independent appraisal was conducted to determine market rent estimates for the building. According to the appraiser,

500-H

ORDER NO. 23166  
DOCKET NO. 891179-GU  
PAGE 18

similar properties typically rent on an annual basis between \$1.00 and \$4.00 per square foot, gross terms, depending on location. According to Staff engineers, the total inside square footage of the building in question is 2,786 square feet. Taking the total annual rent of \$21,600 (\$1,800 times 12) and dividing by the inside square footage results in a square foot annual rental rate of \$7.75 which is excessive. The appropriate annual rent expense to be allowed in this case is \$4,511. Since the Company included a total rent expense in the projected year of \$10,812, an adjustment should be made to reduce the projected test year expenses by \$6,301.

22) Depreciation and Amortization Expense

The appropriate amount of depreciation and amortization expense is \$600,169.

23) Property Tax Expense

The projected test year property tax expense should be increased by \$27,632 to reflect the current property tax rates.

24) FICA Tax Expenses

The parties agree that FICA tax expense should be increased by \$5,994 for the increase in the FICA tax rates, and be reduced by \$17,066 to incorporate the impact of payroll expense reductions for a net reduction of \$11,072.

25) Current and Deferred Tax Expense

The appropriate amount of current and deferred tax expense to be included in the projected test year is \$127,194, as shown below:

|                             |                  |
|-----------------------------|------------------|
| Current Income Tax Expense  | \$190,495        |
| Deferred Income Tax Expense | 19,168           |
| Interest Reconciliation     | (82,369)         |
| Total Income Tax Expense    | <u>\$127,294</u> |

26) Stipulated NOI Adjustments

In addition to the foregoing, the parties have stipulated to the following adjustments which we have reviewed and hereby approve:

ORDER NO. 23166  
DOCKET NO. 891179-GU  
PAGE 19

- S1) The Parties agree that revenues, expenses, and related taxes should be reduced by \$16,872,206, \$16,541,051, and \$322,860 respectively to remove fuel related revenues, expenses, and associated taxes.
- S2) The Parties agree that test year operating revenues should be increased by \$5,417 to reconcile base rate revenues as booked to base rate revenues as calculated.
- S3) The Parties agree that Operating Revenues and Operating Expenses should be reduced by \$69,124 and \$58,884 respectively to eliminate non-utility items from the projected test year.
- S4) The Parties agree that an adjustment of \$5,874 should be made to the projected test year operating expenses to eliminate charitable contributions.
- S5) The Parties agree that projected test year expenses should be reduced by \$6,389 to eliminate non-utility items including, Christmas parties, picnics, and non-utility seminars from the projected test year expenses.
- S6) The Parties agree that an adjustment of \$1,107 should be made to reduce the projected test year expenses to remove non-recurring appraisal fees incurred to assess a future plant site.
- S7) The Parties agree that projected test year expenses should be reduced by \$13,013 (\$15,450 less allowed amortization expense of \$2,437) to allow furniture purchases to be amortized over a 5 year period as opposed to expensing the total purchase in one year.
- S8) The Parties agree that the appropriate period in which to amortize the current rate case expense is 3 years. This change from the Company filing requires that an adjustment be made to reduce the projected test year expense by \$12,100.

500 - J

ORDER NO. 23166  
DOCKET NO. 891179-GU  
PAGE 20

S9) The Parties agree that projected test year expense should be reduced by \$12,206 to remove promotional advertising.

S10) The Parties agree that the projected test year expenses should be increased by \$20,214 to correct Company trending errors.

27. Net Operating Income

The appropriate projected test year net operating income is \$677,793 as shown below:

|                            |                    |
|----------------------------|--------------------|
| Operating Revenues         | \$4,513,775        |
| Operating Expenses:        |                    |
| O&M                        | 2,697,231          |
| Depreciation               | 600,169            |
| Taxes - Other              | 411,108            |
| Income Taxes               | 127,294            |
| Total Operating Expenses   | <u>\$3,835,802</u> |
| Total Net Operating Income | <u>\$ 677,973</u>  |

III. COST OF CAPITAL AND RELATED ISSUES - ATTACHMENT 3

The Commission must establish the fair rate of return which the Company will be authorized to earn on its investment in rate base. The allowed rate of return should be established so as to maintain the Company's financial integrity and enable it to attract capital at reasonable costs.

The ultimate goal of providing a fair return is to allow an appropriate return on the equity-financed portion of the investment in rate base. However, because as a general rule, sources of capital cannot be associated with specific utility property, the Commission has traditionally considered all sources of capital (with appropriate adjustments) in establishing a fair rate of return.

The establishment of a utility's capital structure serves to identify the sources of capital employed by the utility, together with the amounts and cost rates associated with each. After identifying the sources of capital, the weighted average cost of capital is determined by multiplying the

relative percentages of the capital structure components by their associated cost rates and then summing the weighted average costs. The net utility rate base multiplied by the weighted average cost of capital produces an appropriate return on rate base.

1) Cost of Common Equity Capital

Based upon our review of the record, the appropriate cost of common equity capital is 13.00%. We find that this figure will allow the company the opportunity to raise capital on a fair and reasonable basis and to maintain its financial integrity.

Based upon our review of the record, we approve capital structure components, amounts, and cost rates for the test year as shown on Attachment 3.

2) Deferred Tax Balance

In the utility's original filing, the projected test year capital structure reflected a accumulated deferred income tax balance of \$804,803. However, debit tax balances, associated with the temporary timing differences arising from unrecovered purchased gas costs and conservation cost recovery, were included in the utility's accumulated deferred income tax balance. The parties are in agreement that the total average accumulated deferred tax balance associated with unrecovered purchased gas costs and conservation cost recovery should be excluded from the accumulated deferred tax balance. Removal of these debit balances results in a increase in accumulated deferred income taxes of \$121,117.

In addition, we are making an adjustment of \$5,995 to reduce accumulated deferred income taxes based on the effect of our adjustments to depreciation and amortization expense. The appropriate accumulated deferred tax balance to be included in the projected test year capital structure is therefore \$919,925.

3) Weighted Average Cost of Capital

The appropriate weighted average cost of capital including the proper components, amounts, and cost rates associated with the capital structure for the projected test year ending June

500-2

ORDER NO. 23166  
DOCKET NO. 891179-GU  
PAGE 22

30, 1991, is 9.93%. Attachment 3 shows the components, amounts, cost rates, and weighted average cost of capital associated with the projected test year capital structure.

IV. REVENUE REQUIREMENTS - ATTACHMENT 5

The appropriate projected test year deficiency is \$780,097 as depicted below:

|                    |                   |
|--------------------|-------------------|
| Rate Base          | \$11,635,331      |
| Rate of Return     | <u>9.93%</u>      |
| Required NOI       | \$ 1,155,388      |
| Achieved NOI       | <u>677,973</u>    |
| NOI Deficiency     | \$ 477,415        |
| NOI Multiplier     | <u>1.6340*</u>    |
| Revenue Deficiency | <u>\$ 780,097</u> |

\*The parties agree that the appropriate revenue expansion factor to be used in the calculation of the projected revenue deficiency is 1.6340.

V. RATE DESIGN AND TARIFF CHARGES - ATTACHMENT 6 AND 7

1) Miscellaneous Service Charges

The following miscellaneous service charges appear to reflect the actual costs of providing these services:

|                                     |         |
|-------------------------------------|---------|
| Initial connection:                 | \$22.00 |
| Reconnection:                       | \$22.00 |
| Collection in lieu of disconnection | \$ 9.00 |
| Check charges:                      | \$15.00 |
| Change of account, meter read only: | \$10.00 |

2) Cost of Service Methodology

The appropriate cost of service methodology to be used in allocating costs to the various rate classes is reflected in the cost of service study at Attachment 6 which was derived using the peak and average method as modified for Central

ORDER NO. 23166  
DOCKET NO. 891179-GU  
PAGE 23

Florida and Plant City. Under this cost of service study no one class will receive more than one and a half times the system average increase and no one class will receive a decrease.

The parties have agreed that the revenue increase authorized by this Commission should be allocated between rate classes so as to move toward equal rates of return for all classes, and that the billing determinants to be used in the projected test year are those shown on Attachment 6. In addition, the parties have agreed that the company's proposed interruptible flex rate schedule be approved. The provisions of the flex rate schedule mirror those we approved for West Florida Natural Gas Company in Docket No. 871255-GU, Order No. 21054, and we hereby approve the stipulation of the parties to adopt the flex rate schedule in this case.

3) Revenue Requirement Allocation

The Company, in its initial filing, requested \$1,315,496 in total rate relief, with a proposed rate of return on common equity of 13.80% and a projected test year rate base of \$12,417,639. In its brief, the Company's request is for \$1,207,621 in increased revenues based upon a rate of return of 13.80% and a projected test year rate base of \$12,350,452.

Revenue requirements have changed due to various adjustments to rate base, NOI and cost-of-capital as previously discussed throughout this Order. Accordingly, we approve the total revenue requirement allocation shown in Attachment 6.

4) Step Rates - Attachment 7

As stipulated by the parties, we have developed step rates to be effective the first year the rate increase is in effect as shown in Attachment 7, and another set of rates to be effective twelve months from the first effective date as shown in Attachments 6 and 7.

The effect of having step rates, or phased in final rates in this case is to reduce the potential for rate shock to customers in various rate classes due to consolidating Central Florida Gas and Plant City Gas into one company.

ORDER NO. 23166  
DOCKET NO. 891179-GU  
PAGE 24

The rate increase for the first year is effective July 9, 1990. The second set of rates will become effective July 9, 1991.

Accordingly, we approve the step rate schedule as set forth in Attachment 7.

5) Interim Increase

We approved interim rate relief of \$136,340 for Central Florida Gas Company, and \$191,961 for Plant City Natural Gas. This was allocated on an equal cents-per-therm increase for each rate class between both companies as if they were one company.

The interim increase was approved subject to refund pending the outcome of this docket. In general, a refund should be ordered if it is necessary to reduce the rate of return during the pendency of the proceeding to the same level within the range of the newly authorized rate of return which is found fair and reasonable on a prospective basis, as provided by Chapter 366.071, Florida Statutes.

In this docket, the interim increase was less than the permanent increase approved herein. Therefore, no refund is necessary.

VI. CONSOLIDATION OF CENTRAL FLORIDA GAS COMPANY  
AND PLANT CITY NATURAL GAS COMPANY

The Parties have agreed that we should approve the consolidation of Central Florida and Plant City Natural Gas Company for all ratemaking, accounting and related purposes and we hereby approve consolidation of the companies for such purposes.

When Chesapeake purchased Plant City Natural Gas Company, employees of Central Florida Gas assumed the additional responsibility of managing, marketing, accounting, billing and other administrative functions of both Central Florida and Plant City (Florida Division of Chesapeake Utilities Corporation). In addition, Central and Plant have plans on the drawing board to physically interconnect the two systems. That will provide for a contiguous distribution



ORDER NO. 23166  
DOCKET NO. 891179-GU  
PAGE 25

system. Our consolidation of these companies is consistent with our treatment of other gas utilities having more than one system, for whom we have set single, utility-wide rates. Those utilities include Peoples Gas System (Tampa, Miami, Jacksonville, Sarasota and several more), West Florida Natural Gas Company (Panama City, Ocala) and City Gas Company (Miami, Brevard).

In consideration of the foregoing, it is

ORDERED by the Florida Public Service Commission that the findings of fact and conclusions of law set out in this order are hereby approved. It is further

ORDERED that the stipulations entered into between Central Florida Gas Company, Plant City Natural Gas Company, and staff, to resolve specific issues in these proceedings are hereby approved and adopted. It is further

ORDERED that Central Florida Gas Company and Plant City Natural Gas Company shall file revised tariffs reflecting the rates and charges approved in this order. It is further

ORDERED that the initial rate increase authorized in this order (as set forth in Attachment 6) shall be effective for billings rendered for all meter readings taken on or after July 9, 1990. Thereafter, the final rate increase authorized in this order (as set forth in Attachment 6 and 7) shall be effective for billings rendered for all meter readings taken on or after July 9, 1991. It is further

ORDERED that Central Florida Gas Company and Plant City Natural Gas Company shall include in each bill, in the first billing of which the increase is effective, a bill stuffer explaining the nature of the increase, average level of the increase, a summary of tariff charges, and the reasons therefore. The bill stuffers shall be submitted to the Division of Electric and Gas of the Florida Public Service Commission for approval before implementation. It is further

ORDERED that Central Florida Gas Company and Plant City Natural Gas Company are hereby consolidated for all ratemaking, accounting, and related purposes. It is further

ORDERED that this docket be closed should no petition for reconsideration or notice of appeal be timely filed.

ORDER NO. 23166  
DOCKET NO. 891179-GU  
PAGE 26

By ORDER of the Florida Public Service Commission,  
this 10th day of July, 1990.

  
STEVE TRIBBLE, Director  
Division of Records and Reporting

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water or sewer utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

500-Q

ORDER NO. 23166  
 DOCKET NO. 891179-GU  
 PAGE 27

FLORIDA DIVISION OF CHESAPEAKE UTILITIES  
 DOCKET NO. 891179-GU  
 COMPARATIVE AVERAGE RATE BASES  
 PTY 6/30/91

ATTACHMENT 1  
 JUNE 7, 1990

| ADJ<br>NO               | COMPANY                           |                    |                    | COMMISSION          |                      | COMPANY BRIEFS      |                    |                     |
|-------------------------|-----------------------------------|--------------------|--------------------|---------------------|----------------------|---------------------|--------------------|---------------------|
|                         | TOTAL                             | JURIS.             | COMPANY            | JURIS.              | ADJ.                 | JURIS.              | COMPANY            |                     |
|                         | PER BOOKS                         | ADJUST.            | ADJUSTED           | ADJUST.             | JURIS.               | ADJUST.             | ADJUSTED           |                     |
| PLANT IN SERVICE        |                                   |                    |                    |                     |                      |                     |                    |                     |
|                         | UTILITY PLANT                     | 14,234,239         |                    |                     |                      |                     |                    |                     |
| S1                      | LEASEHOLD IMPROVEMENTS (HIST)     |                    |                    | (15,202)            |                      | (15,202)            |                    |                     |
| 1                       | ALLOCATION USED & USEFUL PLANT    |                    |                    | (38,517)            |                      | (28,000)            |                    |                     |
| S2                      | LEASEHOLD IMPROVEMENTS (PROJ)     |                    |                    | (50,000)            |                      | (50,000)            |                    |                     |
| S3                      | COMMON PLANT ALLOCATION           |                    |                    | (51,403)            |                      | (51,403)            |                    |                     |
| S4                      | ADJUST TO CONSTRUCTION BUDGET     |                    |                    | (279,796)           |                      | (279,796)           |                    |                     |
| 2                       | ACCOUNTS 387 & 392.01 (OVER PROJ) |                    |                    | (109,048)           |                      | (32,203)            |                    |                     |
| 3                       | CONSTRUCTION WORK IN PROGRESS     | 305,169            |                    | (305,169)           |                      | 210                 |                    |                     |
| 3                       | CWIP TRANSFER                     |                    |                    | 138,874             |                      |                     |                    |                     |
| 4                       | CITRUS CUSTOMER LOSS              |                    |                    | (28,834)            |                      | (28,834)            |                    |                     |
| 5                       | ACQUISITION ADJUSTMENT            | 632,831            |                    | (509,422)           |                      |                     |                    |                     |
|                         | TOTAL PLANT                       | <u>15,172,239</u>  | <u>0</u>           | <u>15,172,239</u>   | <u>(1,248,517)</u>   | <u>13,923,722</u>   | <u>(485,228)</u>   | <u>14,687,011</u>   |
| ACCUM. DEPREC. & AMORT. |                                   |                    |                    |                     |                      |                     |                    |                     |
|                         | ACCUM. DEPR. - PLANT              | 2,326,731          |                    |                     |                      |                     |                    |                     |
| S1                      | LEASEHOLD IMPROVEMENTS (OLD)      |                    |                    | (11,900)            |                      | (11,900)            |                    |                     |
| 1                       | ALLOCATION OF UNUSED PLANT        |                    |                    | (2,894)             |                      | (2,129)             |                    |                     |
| S2                      | LEASEHOLD IMPROVEMENTS (NEW)      |                    |                    | (5,831)             |                      | (5,831)             |                    |                     |
| S3                      | COMMON PLANT ALLOCATION           |                    |                    | (21,286)            |                      | (21,286)            |                    |                     |
| S4                      | ADJUST TO CONSTRUCTION BUDGET     |                    |                    | 25,656              |                      | 25,656              |                    |                     |
| 2                       | ACCOUNTS 387 & 392.01 (OVER PROJ) |                    |                    | (42,684)            |                      |                     |                    |                     |
| 3                       | CWIP TRANSFER                     |                    |                    | 5,361               |                      |                     |                    |                     |
|                         | ACCUM. AMORTIZATION               | 276,878            |                    |                     |                      |                     |                    |                     |
| 4                       | CITRUS CUSTOMER LOSS              |                    |                    | (28,297)            |                      | (28,297)            |                    |                     |
| 5                       | ACQUISITION ADJUSTMENT            |                    |                    | (172,592)           |                      |                     |                    |                     |
| 6                       | FRANCHISES AND CONSENTS           |                    |                    | (1,540)             |                      |                     |                    |                     |
|                         | CUSTOMER ADV. FOR CONST.          | 75,728             |                    |                     |                      |                     |                    |                     |
|                         | TOTAL DEDUCTION                   | <u>2,679,337</u>   | <u>0</u>           | <u>2,679,337</u>    | <u>(256,007)</u>     | <u>2,423,330</u>    | <u>(43,787)</u>    | <u>2,635,550</u>    |
|                         | NET UTILITY PLANT                 | <u>12,492,902</u>  | <u>0</u>           | <u>12,492,902</u>   | <u>(992,510)</u>     | <u>11,500,392</u>   | <u>(441,441)</u>   | <u>12,051,461</u>   |
| 13                      | WORKING CAPITAL                   | <u>(7,438,922)</u> | <u>7,736,301</u>   | <u>297,379</u>      | <u>(162,440)</u>     | <u>134,939</u>      | <u>(30,045)</u>    | <u>267,334</u>      |
| 14                      | TOTAL RATE BASE                   | <u>\$5,053,980</u> | <u>\$7,736,301</u> | <u>\$12,790,281</u> | <u>(\$1,154,950)</u> | <u>\$11,635,331</u> | <u>(\$471,486)</u> | <u>\$12,318,795</u> |

500-R

ORDER NO. 23166  
 DOCKET NO. 891179-GU  
 PAGE 28

FLORIDA DIVISION OF CHESAPEAKE UTILITIES  
 DOCKET NO. 891179-GU  
 COMPARATIVE WORKING CAPITAL COMPONENTS  
 PTY 6/30/91

ATTACHMENT 1A  
 JUNE 7, 1990

| ADJ<br>NO | COMPANY                            |                      |                     | COMMISSION<br>VOTE |                    | COMPANY BRIEFS   |                     |                  |
|-----------|------------------------------------|----------------------|---------------------|--------------------|--------------------|------------------|---------------------|------------------|
|           | TOTAL<br>PER BOOKS                 | JURIS<br>ADJUST.     | COMPANY<br>ADJUSTED | JURIS.<br>ADJUST.  | ADJ.<br>JURIS.     | JURIS<br>ADJUST. | COMPANY<br>ADJUSTED |                  |
|           | WORKING CAPITAL                    | (7,438,922)          |                     |                    |                    |                  |                     |                  |
| S6        | ACCOUNTS REC - SERVICE             |                      |                     | (9,871)            |                    | (9,871)          |                     |                  |
| S7        | CUST ACCOUNTS REC - GAS            |                      |                     | (11,702)           |                    | (11,702)         |                     |                  |
| 8         | PLANT & OPER MAT & SUPPLIES        |                      |                     | (38,815)           |                    | (38,815)         |                     |                  |
| 9         | PREPAYMENTS - INSURANCE (TRENDING) |                      |                     | (41,517)           |                    | (41,517)         |                     |                  |
| 10        | PREPAYMENTS - INSURANCE (ELIM AVR) |                      |                     | (20,709)           |                    |                  |                     |                  |
|           | RECEIVABLE ASSOC COMPANY           | 6,060,807            |                     |                    |                    |                  |                     |                  |
| 11        | CHANGE IN TRENDING RATES           |                      |                     | (14,507)           |                    | (14,507)         |                     |                  |
| S8        | DEFERRED RATE CASE                 |                      |                     | (60,015)           |                    | (60,015)         |                     |                  |
| S9        | DEFERRED DEBITS - FURNITURE        |                      |                     | 6,092              |                    | 6,092            |                     |                  |
| S10       | ACCOUNTS PAYABLE                   |                      |                     | 64,382             |                    | 64,382           |                     |                  |
|           | CUST. DEPOSITS-ACCTS. PAYABLE      | 358,342              |                     |                    |                    |                  |                     |                  |
| 12        | MISC CURR LIAB & ACCR LIAB         |                      |                     | (111,886)          |                    |                  |                     |                  |
| S11       | CUSTOMER ADVANCES FOR CONST.       |                      |                     | 75,728             |                    | 75,728           |                     |                  |
|           | ACCUM. DEF. INCOME TAX             | 804,803              |                     |                    |                    |                  |                     |                  |
|           | DEF INVESTMENT TAX CREDIT          | 512,349              |                     |                    |                    |                  |                     |                  |
| 13        | TOTAL WORKING CAPITAL              | <u>(\$7,438,922)</u> | <u>\$7,736,301</u>  | <u>\$297,379</u>   | <u>(\$162,440)</u> | <u>\$134,939</u> | <u>(\$30,045)</u>   | <u>\$267,334</u> |

CENTRAL FLORIDA AND PLANT CITY NATURAL GAS DIVISIONS  
 DOCKET NO. 891179-GU  
 COMPARATIVE NO. 6  
 PYE 6/30/91

ATTACHMENT 2  
 JUNE 7, 1990

| ADJ<br>NO | COMPANY                        |            | COMMISSION VOTE     |              | COMPANY            |           |                     |
|-----------|--------------------------------|------------|---------------------|--------------|--------------------|-----------|---------------------|
|           | PER BOOKS                      | ADJUST.    | COMPANY<br>ADJUSTED | ADJUSTS.     | ADJUSTED<br>JURIS. | ADJUST.   | COMPANY<br>ADJUSTED |
|           | OPERATING REVENUES             | 21,271,067 |                     |              |                    |           |                     |
|           | CO ADJ FOR GROWTH              |            | 526,847             |              |                    |           |                     |
| S 12      | FUEL REV ADJUSTMENT            |            |                     | (16,872,208) |                    |           |                     |
| S 13      | ADJ FOR BOOK DIFFERENCE        |            |                     | (289,772)    |                    |           |                     |
| 18        | ADJ COMPANY'S GROWTH           |            | 19,969              | 5,417        |                    |           |                     |
| 16        | CHANGE IN UNBILLED REVS        |            |                     | (16,845)     |                    |           |                     |
| 17        | LOSS OF CITRUS CUSTS           |            |                     | (61,578)     |                    |           |                     |
| 27        | REMOVE NON-UTILITY REVS        |            |                     | (69,124)     |                    |           |                     |
|           | TOTALS                         | 21,271,067 | 546,816             | 21,817,883   | (17,304,108)       | 4,513,775 | 0                   |
|           | OPERATING EXPENSES:            | 19,767,767 |                     |              |                    |           |                     |
|           | STAFF ADJUSTMENTS              |            |                     | (17,070,536) |                    | 80,638    |                     |
|           | TOTALS                         | 19,767,767 | 0                   | 19,767,767   | (17,070,536)       | 2,697,231 | 80,638              |
|           | DEPRECIATION & AMORTIZATION    | 665,995    |                     |              |                    |           |                     |
| S 1       | ADJ FOR LEASEHOLD IMPROVE/HIST |            |                     | (384)        |                    |           |                     |
| 1         | USED AND USEFUL                |            |                     | (983)        |                    | 983       |                     |
| S 2       | LEASEHOLD IMPROVE / PROJ       |            |                     | (9,996)      |                    |           |                     |
| S 3       | COMMON PLANT ALLOC             |            |                     | (4,473)      |                    |           |                     |
| S 4       | ADJ CONSTRUCT BUDGET           |            |                     | (9,282)      |                    |           |                     |
| 2         | ADJ ACCT 387 & 392             |            |                     | (12,926)     |                    | 12,926    |                     |
| 2         | CWIP TRANSFER                  |            |                     | 5,144        |                    | (5,144)   |                     |
| 2         | ACQUISITION ADJ                |            |                     | (33,960)     |                    | 33,960    |                     |
| 2         | FRANCHISE & CONSENTS           |            |                     | (432)        |                    | 432       |                     |
| S 18      | ADJ FOR FURNITURE AMORT        |            |                     | 2,437        |                    |           |                     |
| 4         | ADJ FOR CITRUS CUSTOMERS       |            |                     | (991)        |                    |           |                     |
|           | TOTALS                         | 665,995    | 0                   | 665,995      | (85,828)           | 500,169   | 43,137              |
|           | TAXES OTHER THAN INCOME        | 721,522    |                     |              |                    |           |                     |
| 1         | ADJ FOR PROPERTY ALLOC         |            |                     | (930)        |                    | 930       |                     |
| S 12      | ADJ OUT FUEL RELATED           |            |                     | (322,860)    |                    |           |                     |
| 16        | ADJ FOR GROWTH                 | 10,140     |                     | (5,433)      |                    |           |                     |
| 16        | ADJ FOR EFFECT OF ABOVE        |            |                     | (6,735)      |                    |           |                     |
| 17        | ADJ FOR CITRUS CUSTS           |            |                     | (1,156)      |                    |           |                     |
| 38        | ADJ FOR INCR PROPERTY TAX      |            |                     | 27,632       |                    | 2,292     |                     |
| 39        | ADJ FOR FICA RATE & PYROLL     |            |                     | (11,072)     |                    |           |                     |
|           | TOTALS                         | 731,662    | 0                   | 731,662      | (320,554)          | 411,108   | 3,222               |
|           | CURRENT INC TAXES - FEDERAL    | 97,150     |                     |              |                    |           |                     |
|           | ADJ FOR GROWTH                 | 15,998     |                     |              |                    |           |                     |
|           | ADJ FOR EFFECT OF ABOVE        |            |                     | 49,097       |                    | (27,361)  |                     |
| 41        | TOTALS                         | 113,146    | 0                   | 113,146      | 49,097             | 162,243   | (27,361)            |
|           | CURRENT INC TAXES - STATE      | 17,110     |                     |              |                    |           |                     |
|           | ADJ FOR GROWTH                 | 2,738      |                     |              |                    |           |                     |
|           | ADJ FOR EFFECT OF ABOVE        |            |                     | 8,404        |                    | (5,163)   |                     |
| 41        | TOTALS                         | 19,848     | 0                   | 19,848       | 8,404              | 28,252    | (5,163)             |
|           | DEFERRED INCOME TAXES - FED    | 24,975     |                     |              | (10,238)           |           |                     |
|           | DEFERRED INCOME TAXES - ST     | 6,183      |                     |              | (1,752)            |           |                     |
|           | COMPANY ADJUSTMENT             |            |                     |              |                    | 1,065     |                     |
|           | TOTALS                         | 31,158     | 0                   | 31,158       | (11,990)           | 19,168    | 1,065               |
|           | INTEREST RECONCILIATION        |            | (79,717)            | (79,717)     | (2,652)            | (82,369)  | 10,984              |
|           | TOTAL OPERATING EXPENSES       | 21,329,576 | (79,717)            | 21,249,859   | (17,414,057)       | 3,835,802 | 106,522             |
| 42        | NET OPERATING INCOME           | (\$58,509) | \$626,533           | \$568,024    | \$109,949          | \$877,973 | (\$106,522)         |
|           |                                |            |                     |              |                    |           | ** \$565,150        |

\*\* BASED ON THE COMPANY'S POSITIONS ON INDIVIDUAL ISSUES IN ITS BRIEF, THIS NOI IS INCORRECT.

500-T

ORDER NO. 23166  
DOCKET NO. 891179-GU  
PAGE 30

CENTRAL FLORIDA & PLANT CITY GAS DIVISIONS  
DOCKET NO. 891179-GU  
COMPARATIVE O & M EXPENSES  
PYE 6/30/91

ATTACHMENT 2A  
JUNE 7, 1990

| ADJ<br>NO | COMPANY<br>PER FILING                         | COMMISSION VOTE     |                     | COMPANY          |                                   |
|-----------|---|---------------------|---------------------|------------------|-----------------------------------|
|           |   | ADJUSTS.            | ADJUSTED<br>JURIS.  | ADJUST.          | ADJUSTED                          |
|           | OPERATING EXPENSES:                           | 19,767,767          |                     |                  |                                   |
| S 12      | ADJ OUT COST OF GAS                           | (16,541,051)        |                     |                  |                                   |
| S 14      | ADJ OUT NON-UTILITY 879                       | (58,884)            |                     |                  |                                   |
| 18        | ADJ FOR CHAMBER DUES                          | (2,353)             |                     |                  |                                   |
| 19        | ADJ DUES TO AGA                               | (2,094)             |                     | 2,094            |                                   |
| S 15      | ADJ FOR CHARITABLE CONTRI                     | (5,874)             |                     |                  |                                   |
| 20        | ADJ DUE TO AGD                                | (8,877)             |                     | 8,877            |                                   |
| 21        | ADJ MISC. INDUSTRY DUES                       | (2,364)             |                     |                  |                                   |
| 22        | ADJ HEALTH INSUR                              | (43,571)            |                     |                  |                                   |
| S 16      | ADJ OUT NON-UTILITY                           | (6,389)             |                     |                  |                                   |
| 23        | ADJ NON-RECURRING                             | (2,463)             |                     |                  |                                   |
| 24        | ADJ NON-RECURRING RECRUTING                   | (18,670)            |                     | 6,223            |                                   |
| 25        | NON-RECURRING SEMINAR                         | (8,044)             |                     |                  |                                   |
| S 17      | ADJ NON-RECURRING APPRAISAL                   | (1,107)             |                     |                  |                                   |
| 26        | ADJ NON-RECURRING CONSULT.                    | (1,978)             |                     | 659              |                                   |
| 27        | ADJ NON-RECURRING BOILER/METER                | (5,924)             |                     | 1,975            |                                   |
| 28        | ADJ OUT PIPELINE PROGRAM                      | (1,414)             |                     | 471              |                                   |
| 29        | ADJ OUT ACCTS REC INSUR                       | (87,700)            |                     | 36,450           |                                   |
| S 18      | ADJ FOR AMORT - FURNITURE                     | (15,450)            |                     |                  |                                   |
| S 19      | ADJ FOR RATE CASE AMORT.                      | (12,100)            |                     |                  |                                   |
| 30        | ADJ OUT TERMINATED EMPLY - FL<br>- CHESAPEAKE | (39,580)<br>(6,936) |                     |                  |                                   |
| 31        | ADJ OUT CORP. NON-RECURRING                   | (8,768)             |                     | 2,923            |                                   |
| 32        | ADJ FOR CORP OH FACTOR                        | (34,944)            |                     | 20,966           |                                   |
| S 20      | ADJ OUT PROMO ADVERT                          | (12,206)            |                     |                  |                                   |
| 33        | ADJ FOR PYROLL TRND FACTOR                    | (95,125)            |                     |                  |                                   |
| 33        | ADJ FOR CG X INFL FACTOR                      | (32,688)            |                     |                  |                                   |
| 33        | ADJ FOR INFL FACTOR                           | (3,159)             |                     |                  |                                   |
| 34        | ADJ FOR CHG IN FACTOR FOR 921                 | (23,423)            |                     |                  |                                   |
| 35        | ADJ FOR CHG IN FACTOR FOR 886, 909            | (1,313)             |                     |                  |                                   |
| S 21      | ADJ FOR CO ERRORS                             | 20,214              |                     |                  |                                   |
| 36        | ADJ FOR RENT EXPENSE                          | (6,301)             |                     |                  |                                   |
|           | TOTALS  | <u>19,767,767</u>   | <u>(17,070,536)</u> | <u>2,697,231</u> | <u>80,638</u><br><u>2,777,869</u> |

500-44

CENTRAL FLORIDA & PLANT CITY  
 O&M FORECAST WORKSHEET - PROJECTED TEST YEAR CALCULATION

ATTACHMENT 2B  
 JUNE 7, 1990

| COMMISSION VOTE       | BASE YEAR | PROJECTED |                              |
|-----------------------|-----------|-----------|------------------------------|
|                       | + 1       | TEST YEAR |                              |
| TREND RATES:          | 6/30/90   | 6/30/91   |                              |
| # 1 PAYROLL ONLY      | 6.00%     | 6.00%     |                              |
| # 2 CUST GRWTH X PAY  | 0.00%     | 0.00%     |                              |
| # 3 CUST GRWTH X INFL | 6.76%     | 6.55%     |                              |
| # 4 INFLATION ONLY    | 4.50%     | 4.30%     |                              |
| CUSTOMER GROWTH       | 2.1600%   | 2.1600%   | ) FOR INFORMATIONAL PURPOSES |

| ACCOUNT                     | CFG<br>BASE YEAR | PCNG<br>BASE YEAR | TOTAL<br>BASE YEAR | BASE YEAR<br>+ 1 | PROJECTED<br>TEST YEAR | TREND<br>BASIS<br>APPLIED |
|-----------------------------|------------------|-------------------|--------------------|------------------|------------------------|---------------------------|
| <b>DISTRIBUTION EXPENSE</b> |                  |                   |                    |                  |                        |                           |
| 870 Payroll-trended         | 56,612           | 14,483            | 71,095             | 75,361           | 79,882                 | 1                         |
| Other trended               | 5,624            | 7,566             | 13,190             | 14,082           | 15,004                 | 3                         |
| Other not trended           | 0                | 0                 | 0                  | 0                | 0                      |                           |
| Total                       | 62,236           | 22,049            | 84,285             | 89,442           | 94,886                 |                           |
| 871 Payroll-trended         | 782              | 44                | 826                | 876              | 928                    | 1                         |
| Other trended               | 339              | 191               | 530                | 566              | 603                    | 3                         |
| Other not trended           | 0                | 0                 | 0                  | 0                | 0                      |                           |
| Total                       | 1,121            | 235               | 1,356              | 1,441            | 1,531                  |                           |
| 874 Payroll-trended         | 49,152           | 11,330            | 60,482             | 64,111           | 67,958                 | 1                         |
| Other trended               | 15,603           | 1,903             | 17,506             | 18,689           | 19,914                 | 3                         |
| Other not trended           | 0                | 0                 | 0                  | 0                | 0                      |                           |
| Total                       | 64,755           | 13,233            | 77,988             | 82,801           | 87,872                 |                           |
| 875 Payroll-trended         | 206              | 0                 | 206                | 218              | 231                    | 1                         |
| Other trended               | 591              | (107)             | 484                | 506              | 528                    | 4                         |
| Other not trended           | 0                | 0                 | 0                  | 0                | 0                      |                           |
| Total                       | 797              | (107)             | 690                | 724              | 759                    |                           |
| 876 Payroll-trended         | 0                | 991               | 991                | 1,050            | 1,113                  | 1                         |
| Other trended               | 0                | (1,113)           | (1,113)            | (1,163)          | (1,213)                | 4                         |
| Other not trended           | 0                | 0                 | 0                  | 0                | 0                      |                           |
| Total                       | 0                | (122)             | (122)              | (113)            | (100)                  |                           |
| SUB-TOTAL                   | \$128,909        | \$35,288          | \$164,197          | \$174,296        | \$184,948              |                           |

500-U

CENTRAL FLORIDA & PLANT CITY  
 O&M FORECAST WORKSHEET - PROJECTED TEST YEAR CALCULATION

ATTACHMENT 2B  
 JUNE 7, 1990

| COMMISSION VOTE<br>TREND RATES: | BASE YEAR      | PROJECTED            |                              |
|---------------------------------|----------------|----------------------|------------------------------|
|                                 | + 1<br>6/30/90 | TEST YEAR<br>6/30/91 |                              |
| # 1 PAYROLL ONLY                | 6.00%          | 6.00%                |                              |
| # 2 CUST GRWTH X PAY            | 0.00%          | 0.00%                |                              |
| # 3 CUST GRWTH X INFL           | 6.76%          | 6.55%                |                              |
| # 4 INFLATION ONLY              | 4.50%          | 4.30%                |                              |
| CUSTOMER GROWTH                 | 2.1600%        | 2.1600%              | } FOR INFORMATIONAL PURPOSES |

| ACCOUNT                     | CFG<br>BASE YEAR | PCNG<br>BASE YEAR | TOTAL<br>BASE YEAR | BASE YEAR<br>+ 1 | PROJECTED<br>TEST YEAR | TREND<br>BASIS<br>APPLIED |
|-----------------------------|------------------|-------------------|--------------------|------------------|------------------------|---------------------------|
| <b>DISTRIBUTION EXPENSE</b> |                  |                   |                    |                  |                        |                           |
| 877 Payroll-trended         | 0                | 11                | 11                 | 12               | 12                     |                           |
| Other trended               | 360              | 1                 | 361                | 385              | 411                    |                           |
| Other not trended           | 0                | 0                 | 0                  | 0                | 0                      |                           |
| Total                       | 360              | 12                | 372                | 397              | 423                    |                           |
| 878 Payroll-trended         | 69,232           | 4,469             | 73,701             | 78,123           | 82,810                 | 1                         |
| Other trended               | 14,453           | 95                | 14,548             | 15,531           | 16,549                 | 3                         |
| Other not trended           | 0                | 0                 | 0                  | 0                | 0                      |                           |
| Total                       | 83,685           | 4,564             | 88,249             | 93,655           | 99,359                 |                           |
| 879 Payroll-trended         | 7,400            | 68                | 7,468              | 7,917            | 8,392                  | 1                         |
| Other trended               | 3,814            | 5                 | 3,819              | 4,077            | 4,345                  | 3                         |
| Other not trended           | 0                | 0                 | 0                  | 0                | 0                      |                           |
| Total                       | 11,215           | 73                | 11,288             | 11,994           | 12,736                 |                           |
| 880 Payroll-trended         | 16,937           | 1,323             | 18,260             | 19,356           | 20,517                 | 1                         |
| Other Trended               | 3,206            | 214               | 3,420              | 3,574            | 3,728                  | 4                         |
| Other not trended           | 0                | 0                 | 0                  | 0                | 0                      |                           |
| Total                       | 20,143           | 1,537             | 21,680             | 22,930           | 24,245                 |                           |
| 881 Payroll-trended         | 0                | 0                 | 0                  | 0                | 0                      |                           |
| Other trended               | 1,041            | 1,151             | 2,192              | 2,291            | 2,389                  |                           |
| Other not trended           | 0                | 0                 | 0                  | 0                | 0                      |                           |
| Total                       | 1,041            | 1,151             | 2,192              | 2,291            | 2,389                  |                           |
| <b>TOTAL DISTR EXPENSES</b> | <b>\$245,353</b> | <b>\$42,625</b>   | <b>\$287,978</b>   | <b>\$305,562</b> | <b>\$324,100</b>       |                           |



500-W

CENTRAL FLORIDA & PLANT CITY  
 O&M FORECAST WORKSHEET - PROJECTED TEST YEAR CALCULATION

ATTACHMENT 2B  
 JUNE 7, 1990

|                        | BASE YEAR<br>+ 1<br>6/30/90 | PROJECTED<br>TEST YEAR<br>6/30/91 |                              |
|------------------------|-----------------------------|-----------------------------------|------------------------------|
| <b>COMMISSION VOTE</b> |                             |                                   |                              |
| TREND RATES:           |                             |                                   |                              |
| # 1 PAYROLL ONLY       | 6.00%                       | 6.00%                             |                              |
| # 2 CUST GRWTH X PAY   | 0.00%                       | 0.00%                             |                              |
| # 3 CUST GRWTH X INFL  | 6.76%                       | 6.55%                             |                              |
| # 4 INFLATION ONLY     | 4.50%                       | 4.30%                             |                              |
| CUSTOMER GROWTH        | 2.1600%                     | 2.1600%                           | ) FOR INFORMATIONAL PURPOSES |

| ACCOUNT                    | CFG<br>BASE YEAR | PCNG<br>BASE YEAR | TOTAL<br>BASE YEAR | BASE YEAR<br>+ 1 | PROJECTED<br>TEST YEAR | TREND<br>BASIS<br>APPLIED |
|----------------------------|------------------|-------------------|--------------------|------------------|------------------------|---------------------------|
| <b>MAINTENANCE EXPENSE</b> |                  |                   |                    |                  |                        |                           |
| 885 Payroll-trended        | 0                | 6,009             | 6,009              | 6,370            | 6,752                  | 1                         |
| Other trended              | 0                | 7,207             | 7,207              | 7,694            | 8,198                  | 3                         |
| Other not trended          | 0                | 0                 | 0                  | 0                | 0                      |                           |
| Total                      | 0                | 13,216            | 13,216             | 14,064           | 14,950                 |                           |
| 886 Payroll-trended        | 23               | 0                 | 23                 | 24               | 26                     | 1                         |
| Other trended              | 4,714            | (54)              | 4,660              | 4,870            | 5,079                  | 4                         |
| Other not trended          | 0                | 0                 | 0                  | 0                | 0                      |                           |
| Total                      | 4,737            | (54)              | 4,683              | 4,894            | 5,105                  |                           |
| 887 Payroll-trended        | 17,279           | 9,469             | 26,748             | 28,353           | 30,054                 | 1                         |
| Other trended              | 21,548           | 10,891            | 32,439             | 34,632           | 36,900                 | 3                         |
| Other not trended          | 0                | 0                 | 0                  | 0                | 0                      |                           |
| Total                      | 38,827           | 20,360            | 59,187             | 62,985           | 66,954                 |                           |
| 889 Payroll-trended        | 553              | 162               | 715                | 758              | 803                    | 1                         |
| Other trended              | 1,645            | (17)              | 1,628              | 1,738            | 1,852                  | 3                         |
| Other not trended          | 0                | 0                 | 0                  | 0                | 0                      |                           |
| Total                      | 2,198            | 145               | 2,343              | 2,496            | 2,655                  |                           |
| 890 Payroll-trended        | 17,986           | 1,634             | 19,620             | 20,797           | 22,045                 | 1                         |
| Other trended              | 28,999           | 497               | 29,496             | 31,490           | 33,553                 | 3                         |
| Other not trended          | 0                | 0                 | 0                  | 0                | 0                      |                           |
| Total                      | 46,985           | 2,131             | 49,116             | 52,287           | 55,598                 |                           |
| SUB-TOTAL                  | \$92,747         | \$35,798          | \$128,545          | \$136,726        | \$145,262              |                           |

500-X

CENTRAL FLORIDA & PLANT CITY  
 O&M FORECAST WORKSHEET - PROJECTED TEST YEAR CALCULATION

ATTACHMENT 2B  
 JUNE 7, 1990

| COMMISSION VOTE<br>TREND RATES: | BASE YEAR      | PROJECTED            | } | FOR INFORMATIONAL PURPOSES |
|---------------------------------|----------------|----------------------|---|----------------------------|
|                                 | + 1<br>6/30/90 | TEST YEAR<br>6/30/91 |   |                            |
| # 1 PAYROLL ONLY                | 6.00%          | 6.00%                |   |                            |
| # 2 CUST GRWTH X PAY            | 0.00%          | 0.00%                |   |                            |
| # 3 CUST GRWTH X INFL           | 6.76%          | 6.55%                |   |                            |
| # 4 INFLATION ONLY              | 4.50%          | 4.30%                |   |                            |
| CUSTOMER GROWTH                 | 2.1600%        | 2.1600%              |   |                            |

| ACCOUNT                    | CFG<br>BASE YEAR | PCNG<br>BASE YEAR | TOTAL<br>BASE YEAR | BASE YEAR<br>+ 1 | PROJECTED<br>TEST YEAR | TREND<br>BASIS<br>APPLIED |
|----------------------------|------------------|-------------------|--------------------|------------------|------------------------|---------------------------|
| <b>MAINTENANCE EXPENSE</b> |                  |                   |                    |                  |                        |                           |
| 891 Payroll-trended        | 228              | 0                 | 228                | 242              | 256                    | 1                         |
| Other trended              | 383              | (1,278)           | (895)              | (956)            | (1,018)                | 3                         |
| Other not trended          | 0                | 0                 | 0                  | 0                | 0                      |                           |
| Total                      | 611              | (1,278)           | (667)              | (714)            | (762)                  |                           |
| 892 Payroll-trended        | 7,981            | 1,979             | 9,960              | 10,558           | 11,191                 | 1                         |
| Other trended              | 2,651            | 939               | 3,590              | 3,833            | 4,084                  | 3                         |
| Other not trended          | 0                | 0                 | 0                  | 0                | 0                      |                           |
| Total                      | 10,632           | 2,918             | 13,550             | 14,390           | 15,275                 |                           |
| 893 Payroll-trended        | 6,427            | 729               | 7,156              | 7,585            | 8,040                  | 1                         |
| Other trended              | 7,995            | 2,565             | 10,560             | 11,274           | 12,012                 | 3                         |
| Other not trended          | 0                | 0                 | 0                  | 0                | 0                      |                           |
| Total                      | 14,422           | 3,294             | 17,716             | 18,859           | 20,053                 |                           |
| 894 Payroll-trended        | 4,060            | 0                 | 4,060              | 4,304            | 4,562                  | 1                         |
| Other trended              | (4,017)          | 4,305             | 288                | 307              | 328                    | 3                         |
| Other not trended          | 0                | 0                 | 0                  | 0                | 0                      |                           |
| Total                      | 43               | 4,305             | 4,348              | 4,611            | 4,890                  |                           |
| <b>TOTAL MAINT EXP</b>     | <b>\$118,455</b> | <b>\$45,037</b>   | <b>\$163,492</b>   | <b>\$173,872</b> | <b>\$184,717</b>       |                           |

CENTRAL FLORIDA & PLANT CITY  
 O&M FORECAST WORKSHEET - PROJECTED TEST YEAR CALCULATION

ATTACHMENT 2B  
 JUNE 7, 1990

| COMMISSION VOTE<br>TREND RATES: | BASE YEAR | PROJECTED |
|---------------------------------|-----------|-----------|
|                                 | + 1       | TEST YEAR |
|                                 | 6/30/90   | 6/30/91   |
| # 1 PAYROLL ONLY                | 6.00%     | 6.00%     |
| # 2 CUST GRWTH X PAY            | 0.00%     | 0.00%     |
| # 3 CUST GRWTH X INFL           | 6.76%     | 6.55%     |
| # 4 INFLATION ONLY              | 4.50%     | 4.30%     |
| CUSTOMER GROWTH                 | 2.1600%   | 2.1600%   |

} FOR INFORMATIONAL PURPOSES

| ACCOUNT                            | CFG<br>BASE YEAR | PCNG<br>BASE YEAR | TOTAL<br>BASE YEAR | BASE YEAR<br>+ 1 | PROJECTED<br>TEST YEAR | TREND<br>BASIS<br>APPLIED |
|------------------------------------|------------------|-------------------|--------------------|------------------|------------------------|---------------------------|
| <b>CUSTOMER ACCT. &amp; COLLEC</b> |                  |                   |                    |                  |                        |                           |
| 901 Payroll-trended                | 1,930            | 309               | 2,239              | 2,373            | 2,516                  | 1                         |
| Other trended                      | 142              | 18                | 160                | 171              | 182                    | 3                         |
| Other not trended                  | 0                | 0                 | 0                  | 0                | 0                      |                           |
| Total                              | 2,072            | 327               | 2,399              | 2,544            | 2,698                  |                           |
| 902 Payroll-trended                | 26,019           | 7,103             | 33,122             | 35,109           | 37,216                 | 1                         |
| Other trended                      | 7,644            | 880               | 8,524              | 9,100            | 9,696                  | 3                         |
| Other not trended                  | 0                | 0                 | 0                  | 0                | 0                      |                           |
| Total                              | 33,663           | 7,983             | 41,646             | 44,210           | 46,912                 |                           |
| 903 Payroll-trended                | 110,102          | 24,213            | 134,315            | 142,374          | 150,916                | 1                         |
| Other trended                      | 42,153           | 18,210            | 60,363             | 64,444           | 70,665                 | 3                         |
| Other not trended                  | 0                | 0                 | 0                  | 0                | 0                      |                           |
| Total                              | 152,255          | 42,423            | 194,678            | 206,817          | 221,581                |                           |
| 904 Payroll-trended                | 0                | 73                | 73                 | 77               | 82                     | 1                         |
| Other trended                      | 22,018           | 3,203             | 25,221             | 26,926           | 28,690                 | 3                         |
| Other not trended                  | 0                | 0                 | 0                  | 0                | 0                      |                           |
| Total                              | 22,018           | 3,276             | 25,294             | 27,003           | 28,772                 |                           |
| 907 Payroll-trended                | 0                | 0                 | 0                  | 0                | 0                      |                           |
| Other trended                      | 0                | 28                | 28                 | 30               | 32                     | 3                         |
| Other not trended                  | 0                | 0                 | 0                  | 0                | 0                      |                           |
| Total                              | 0                | 28                | 28                 | 30               | 32                     |                           |
| 909 Payroll-trended                | 0                | 0                 | 0                  | 0                | 0                      |                           |
| Other trended                      | 1,743            | 960               | 2,703              | 2,825            | 2,946                  | 4                         |
| Other not trended                  | 0                | 0                 | 0                  | 0                | 0                      |                           |
| Total                              | 1,743            | 960               | 2,703              | 2,825            | 2,946                  |                           |
| TOTAL CUST SERV EXP                | \$211,751        | \$54,997          | \$266,748          | \$283,429        | \$302,940              |                           |

500 - Z

CENTRAL FLORIDA & PLANT CITY  
 O&M FORECAST WORKSHEET - PROJECTED TEST YEAR CALCULATION

ATTACHMENT 2B  
 JUNE 7, 1990

| <b>COMMISSION VOTE</b> |                   | <b>BASE YEAR</b> | <b>PROJECTED</b> |
|------------------------|-------------------|------------------|------------------|
| <b>TREND RATES:</b>    |                   | <b>+ 1</b>       | <b>TEST YEAR</b> |
|                        |                   | <b>6/30/90</b>   | <b>6/30/91</b>   |
| # 1                    | PAYROLL ONLY      | 6.00%            | 6.00%            |
| # 2                    | CUST GRWTH X PAY  | 0.00%            | 0.00%            |
| # 3                    | CUST GRWTH X INFL | 6.76%            | 6.55%            |
| # 4                    | INFLATION ONLY    | 4.50%            | 4.30%            |
|                        | CUSTOMER GROWTH   | 2.1600%          | 2.1600%          |

} FOR INFORMATIONAL PURPOSES

| <b>ACCOUNT</b>                 | <b>CFG</b>                    | <b>PCNG</b>      | <b>TOTAL</b>     | <b>BASE YEAR</b> | <b>PROJECTED</b> | <b>TREND</b>     |
|--------------------------------|-------------------------------|------------------|------------------|------------------|------------------|------------------|
|                                | <b>BASE YEAR</b>              | <b>BASE YEAR</b> | <b>BASE YEAR</b> | <b>+ 1</b>       | <b>TEST YEAR</b> | <b>BASIS</b>     |
|                                |                               |                  |                  |                  |                  | <b>APPLIED</b>   |
| <b>SALES PROMOTION EXPENSE</b> |                               |                  |                  |                  |                  |                  |
| 911                            | Payroll-trended               | 0                | 0                | 0                | 0                |                  |
|                                | Other trended                 | 0                | 0                | 0                | 0                |                  |
|                                | Other not trended             | 0                | 0                | 0                | 0                |                  |
|                                | Total                         | 0                | 0                | 0                | 0                |                  |
| 912                            | Payroll-trended               | 48,036           | 28,686           | 76,722           | 81,325           | 1                |
|                                | Other trended                 | 7,126            | 3,731            | 10,857           | 11,346           | 4                |
|                                | Other not trended             | 0                | 0                | 0                | 0                |                  |
|                                | Total                         | 55,162           | 32,417           | 87,579           | 92,671           |                  |
| 913                            | Payroll-trended               | 0                | 0                | 0                | 0                |                  |
|                                | Other trended                 | 0                | 1,836            | 1,836            | 1,919            | 4                |
|                                | Other not trended             | 0                | 0                | 0                | 0                |                  |
|                                | Total                         | 0                | 1,836            | 1,836            | 1,919            |                  |
| 916                            | Payroll-trended               | 782              | 0                | 782              | 829              | 1                |
|                                | Other trended                 | 277              | 0                | 277              | 296              | 3                |
|                                | Other not trended             | 0                | 0                | 0                | 0                |                  |
|                                | Total                         | 1,059            | 0                | 1,059            | 1,125            |                  |
|                                | <b>TOTAL SELLING EXPENSES</b> | <b>\$56,221</b>  | <b>\$34,253</b>  | <b>\$90,474</b>  | <b>\$95,714</b>  | <b>\$101,233</b> |

CENTRAL FLORIDA & PLANT CITY  
O&M FORECAST WORKSHEET - PROJECTED TEST YEAR CALCULATION

ATTACHMENT 2B  
JUNE 7, 1990

| COMMISSION VOTE<br>TREND RATES: | BASE YEAR      | PROJECTED            |                              |
|---------------------------------|----------------|----------------------|------------------------------|
|                                 | + 1<br>6/30/90 | TEST YEAR<br>6/30/91 |                              |
| # 1 PAYROLL ONLY                | 6.00%          | 6.00%                |                              |
| # 2 CUST GRWTH X PAY            | 0.00%          | 0.00%                |                              |
| # 3 CUST GRWTH X INFL           | 6.76%          | 6.55%                |                              |
| # 4 INFLATION ONLY              | 4.50%          | 4.30%                |                              |
| CUSTOMER GROWTH                 | 2.1600%        | 2.1600%              | ) FOR INFORMATIONAL PURPOSES |

| ACCOUNT                             | CFG<br>BASE YEAR | PCNG<br>BASE YEAR | TOTAL<br>BASE YEAR | BASE YEAR<br>+ 1 | PROJECTED<br>TEST YEAR | TREND<br>BASIS<br>APPLIED |
|-------------------------------------|------------------|-------------------|--------------------|------------------|------------------------|---------------------------|
| <b>ADMINISTRATIVE &amp; GENERAL</b> |                  |                   |                    |                  |                        |                           |
| 920 Payroll-trended                 | 369,156          | 84,937            | 454,093            | 481,339          | 510,219                | 1                         |
| Other trended                       | 0                | 0                 | 0                  | 0                | 0                      |                           |
| Other not trended                   | 69,674           | 13,172            | 82,846             | 61,302           | 63,980                 |                           |
| Total                               | 438,830          | 98,109            | 536,939            | 542,641          | 574,199                |                           |
| 921 Payroll-trended                 | 0                | 0                 | 0                  | 0                | 0                      |                           |
| Other trended                       | 57,272           | 14,064            | 71,336             | 76,158           | 81,147                 | 3                         |
| Other trended                       | 115,366          | 16,027            | 131,393            | 137,306          | 143,210                | 4                         |
| Other not trended                   | 41,883           | 7,920             | 49,803             | 39,666           | 41,730                 |                           |
| Total                               | 214,521          | 38,011            | 252,532            | 253,130          | 266,087                |                           |
| 922 Payroll-trended                 | 0                | 0                 | 0                  | 0                | 0                      |                           |
| Other trended                       | (45,778)         | (4,266)           | (50,044)           | (53,427)         | (56,926)               | 3                         |
| Other not trended                   | 0                | 0                 | 0                  | 0                | 0                      |                           |
| Total                               | (45,778)         | (4,266)           | (50,044)           | (53,427)         | (56,926)               |                           |
| 923 Payroll-trended                 | 0                | 0                 | 0                  | 0                | 0                      |                           |
| Other trended                       | 117,540          | 25,359            | 142,899            | 149,329          | 155,751                | 4                         |
| Other not trended                   | 78,614           | 15,251            | 93,865             | 64,006           | 60,465                 |                           |
| Other not trended                   | 53,547           | 7,085             | 60,632             | 0                | 110,432                |                           |
| Total                               | 249,701          | 47,695            | 297,396            | 213,335          | 326,648                |                           |
| 924 Payroll-trended                 | 0                | 0                 | 0                  | 0                | 0                      |                           |
| Other not trended                   | 23               | 0                 | 23                 | 0                | 0                      |                           |
| Other not trended                   | 6,983            | 201               | 7,184              | 10,607           | 11,143                 |                           |
| Total                               | 7,006            | 201               | 7,207              | 10,607           | 11,143                 |                           |
| 925 Payroll-trended                 | (2,101)          | 65                | (2,036)            | (2,158)          | (2,288)                | 1                         |
| Other trended                       | 18,413           | 26                | 18,439             | 19,269           | 20,097                 | 4                         |
| Other not trended                   | 129,570          | 32,057            | 161,627            | 125,204          | 131,715                |                           |
| Total                               | 145,882          | 32,148            | 178,030            | 142,315          | 149,525                |                           |

500-80

CENTRAL FLORIDA & PLANT CITY  
 O&M FORECAST WORKSHEET - PROJECTED TEST YEAR CALCULATION

ATTACHMENT 20  
 JUNE 7, 1990

| COMMISSION VOTE       | BASE YEAR | PROJECTED |
|-----------------------|-----------|-----------|
|                       | + 1       | TEST YEAR |
| TREND RATES:          | 6/30/90   | 6/30/91   |
| # 1 PAYROLL ONLY      | 6.00%     | 6.00%     |
| # 2 CUST GRWTH X PAY  | 0.00%     | 0.00%     |
| # 3 CUST GRWTH X INFL | 6.76%     | 6.55%     |
| # 4 INFLATION ONLY    | 4.50%     | 4.30%     |
| CUSTOMER GROWTH       | 2.1600%   | 2.1600%   |

} FOR INFORMATIONAL PURPOSES

| ACCOUNT                             | CFG<br>BASE YEAR | PCNG<br>BASE YEAR | TOTAL<br>BASE YEAR | BASE YEAR<br>+ 1 | PROJECTED<br>TEST YEAR | TREND<br>BASIS<br>APPLIED |
|-------------------------------------|------------------|-------------------|--------------------|------------------|------------------------|---------------------------|
| <b>ADMINISTRATIVE &amp; GENERAL</b> |                  |                   |                    |                  |                        |                           |
| 926 Payroll-trended                 | 38,617           | 10,274            | 48,891             | 51,824           | 54,934                 |                           |
| Other trended                       | 0                | 0                 | 0                  | 0                | 0                      |                           |
| Other not trended                   | 174,854          | 44,694            | 219,548            | 306,259          | 323,874                |                           |
| Other not trended                   | 29,820           | 0                 | 29,820             | 0                | 3,800                  |                           |
| Total                               | 243,291          | 54,968            | 298,259            | 358,083          | 382,608                |                           |
| 928 Payroll-trended                 | 0                | 0                 | 0                  | 0                | 0                      |                           |
| Other trended                       | 29,629           | 0                 | 29,629             | 24,200           | 24,200                 |                           |
| Other not trended                   | 0                | 0                 | 0                  | 0                | 0                      |                           |
| Total                               | 29,629           | 0                 | 29,629             | 24,200           | 24,200                 |                           |
| 930 Payroll-trended                 | 0                | 0                 | 0                  | 0                | 0                      |                           |
| Other trended                       | 214              | 500               | 714                | 746              | 778                    |                           |
| Other not trended                   | 27,700           | 5,221             | 32,921             | 27,699           | 29,141                 |                           |
| Total                               | 27,914           | 5,721             | 33,635             | 28,445           | 29,919                 |                           |
| 931 Payroll-trended                 | 0                | 0                 | 0                  | 0                | 0                      |                           |
| Other not trended                   | 3,205            | 616               | 3,821              | 1,759            | 1,851                  |                           |
| Other not trended                   | 33,389           | 14,633            | 48,022             | 48,053           | 64,804                 |                           |
| Total                               | 36,594           | 15,249            | 51,843             | 49,812           | 66,655                 |                           |
| 932 Payroll-trended                 | 305              | 754               | 1,059              | 1,123            | 1,190                  |                           |
| Other trended                       | 6,376            | 1,876             | 8,252              | 8,623            | 8,994                  |                           |
| Other not trended                   | 0                | 0                 | 0                  | 0                | 0                      |                           |
| Total                               | 6,681            | 2,630             | 9,311              | 9,746            | 10,184                 |                           |
| TOTAL ADMIN & GEN EXP               | 1,354,271        | 290,466           | 1,644,737          | 1,578,887        | 1,784,240              |                           |
| TOTAL O&M EXPENSES                  | \$1,986,051      | \$467,378         | \$2,453,429        | \$2,437,464      | \$2,697,231            |                           |

CHESAPEAKE UTILITIES CORPORATION  
 FLORIDA DIVISION  
 COST OF CAPITAL - 13 MONTH AVERAGE  
 PROJECTED TEST YEAR ENDING 6-30-91  
 COMMISSION VOTE

| CAPITAL COMPONENT         | COMPANY FILING    | COMPANY RATIO | ADJUSTMENTS TO INVESTOR CAPITAL | RATE BASE ADJUSTMENTS |                 |                  | STAFF ADJUSTED    | RATIO         | % COST RATE | WTD COST      |
|---------------------------|-------------------|---------------|---------------------------------|-----------------------|-----------------|------------------|-------------------|---------------|-------------|---------------|
|                           |                   |               |                                 | ADJUSTED              | SPECIFIC        | PRORATA          |                   |               |             |               |
| DIVISION CAPITAL          | 6,249,984         | 0.5061        | (649,061)                       | 5,600,923             | (30,117)        | (307,172)        | 5,263,634         | 0.4524        | 13.00       | 5.8810        |
| LONG TERM DEBT - VARIABLE | 1,812,500         | 0.1468        | 308,822                         | 2,121,322             |                 | (116,969)        | 2,004,353         | 0.1723        | 8.29        | 1.4281        |
| LONG TERM DEBT - FIXED    | 1,813,799         | 0.1469        | 535,486                         | 2,349,285             |                 | (129,539)        | 2,219,746         | 0.1908        | 10.18       | 1.9421        |
| SHORT TERM DEBT           | 677,557           | 0.0549        | (195,247)                       | 482,310               |                 | (26,594)         | 455,716           | 0.0392        | 11.08       | 0.4340        |
| CUSTOMER DEPOSITS         | 358,342           | 0.0290        | 0                               | 358,342               |                 | (19,759)         | 338,583           | 0.0291        | 8.48        | 0.2468        |
| DEFERRED INCOME TAXES     | 925,921           | 0.0750        | 0                               | 925,921               | (5,996)         | (50,724)         | 869,201           | 0.0747        | 0.00        | 0.0000        |
| INVESTMENT TAX CREDITS    | 512,349           | 0.0415        | 0                               | 512,349               |                 | (28,251)         | 484,098           | 0.0416        | 0.00        | 0.0000        |
| <b>TOTAL</b>              | <b>12,350,452</b> | <b>1.0000</b> | <b>0</b>                        | <b>12,350,452</b>     | <b>(36,113)</b> | <b>(679,008)</b> | <b>11,635,331</b> | <b>1.0000</b> |             | <b>9.9320</b> |

500-DD

ORDER NO. 23166  
DOCKET NO. 891179-GU  
PAGE 40

CENTRAL FLORIDA & PLANT CITY  
DOCKET NO. 891179-GU  
NET OPERATING INCOME MULTIPLIER  
PTY 6/30/91

ATTACHMENT 4  
JUNE 7, 1990

| <u>DESCRIPTION</u>                   | <u>COMPANY<br/>%</u> | <u>COMMISSION<br/>VOTE<br/>%</u> |
|--------------------------------------|----------------------|----------------------------------|
| REVENUE REQUIREMENT                  | 100.0000%            | 100.0000%                        |
| GROSS RECEIPTS TAX RATE              | 1.5000%              | 1.5000%                          |
| REGULATORY ASSESSMENT FEE            | <u>0.4624%</u>       | <u>0.3750%</u>                   |
| NET BEFORE INCOME TAXES              | 98.0376%             | 98.1250%                         |
| STATE INCOME TAX RATE                | 5.5000%              | 5.5000%                          |
| STATE INCOME TAX                     | <u>5.3921%</u>       | <u>5.3969%</u>                   |
| NET BEFORE FEDERAL INCOME TAXES      | 92.6455%             | 92.7281%                         |
| FEDERAL INCOME TAX RATE              | 34.0000%             | 34.0000%                         |
| FEDERAL INCOME TAXES                 | <u>31.4995%</u>      | <u>31.5276%</u>                  |
| REVENUE EXPANSION FACTOR             | 61.1461%             | 61.2006%                         |
| S 23 NET OPERATING INCOME MULTIPLIER | <u>1.6354%</u>       | <u>1.6340%</u>                   |



CENTRAL FLORIDA & PLANT CITY  
 DOCKET NO. 891179-GU  
 PROJECTED TEST YEAR INCREASE  
 PTY 6/30/91

500-EE

|                                | COMPANY<br>PER MFR | COMMISSION<br>VOTE | COMPANY<br>PER BRIEF |
|--------------------------------|--------------------|--------------------|----------------------|
| RATE BASE (AVERAGE)            | 12,790,281         | 11,635,331         | 12,350,452           |
| RATE OF RETURN                 | X 10.7300%         | X 9.9300%          | X 10.5600%           |
| REQUIRED NOI                   | <u>\$1,372,397</u> | <u>\$1,155,388</u> | <u>\$1,304,208</u>   |
| Operating Revenues             | \$21,817,883 **    | \$4,513,775        | \$4,513,775          |
| Operating Expenses:            |                    |                    |                      |
| Operation & Maintenance        | 19,767,767 **      | 2,697,231          | 2,777,869            |
| Depreciation & Amortization    | 665,995            | 600,169            | 643,306              |
| Taxes Other Than Income Taxes  | 731,662            | 411,108            | 414,330              |
| Current Income Taxes - Federal | 113,146            | 162,243            | 134,882              |
| - State                        | 19,848             | 28,252             | 23,089               |
| Deferred Income Taxes          | (11,990)           | 19,168             | 20,233               |
| Interest Reconciliation        | (79,717)           | (82,369)           | (71,385)             |
| Total Operating Expenses       | <u>21,206,711</u>  | <u>3,835,802</u>   | <u>3,942,324</u>     |
| ACHIEVED NOI                   | <u>\$611,172</u>   | <u>\$677,973</u>   | <u>\$565,150</u>     |
| NOI DEFICIENCY                 | \$761,225          | \$477,415          | \$739,058            |
| NOI MULTIPLIER                 | X 1.6354           | X 1.6340           | X 1.6340             |
| 48 REVENUE INCREASE            | <u>\$1,244,930</u> | <u>\$780,097</u>   | <u>\$1,207,621</u>   |

\*\* NOTE: COMPANY'S PER BOOK NUMBERS INCLUDE FUEL REVENUES AND COST OF GAS WHICH ARE RECOVERED THROUGH THE PURCHASED GAS ADJUSTMENT CLAUSE

500-PF

ORDER NO. 23166  
DOCKET NO. 891179-GU  
PAGE 42

ATTACHMENT 6  
COMMISSION VOTE

COST OF SERVICE SUMMARY

PROPOSED RATE DESIGN

CHESAPEAKE UTILITIES CORPORATION  
COMPANY NAME: FLORIDA DIVISION  
DOCKET NO. 891179-GU

|  | COMMERCIAL   |                    |                   |                   |                   |                  |
|--|--------------|--------------------|-------------------|-------------------|-------------------|------------------|
|  | <u>TOTAL</u> | <u>RESIDENTIAL</u> | <u>COMMERCIAL</u> | <u>LARGE VOL.</u> | <u>INDUSTRIAL</u> | <u>INTERRUPT</u> |
| <u>PRESENT RATES (projected test year)</u> |              |                    |                   |                   |                   |                  |
| GAS SALES (due to growth)                  | 4,472,493    | 988,839            | 806,993           | 146,906           | 331,677           | 2,198,078        |
| OTHER OPERATING REVENUE                    | 38,440       | 23,064             | 15,376            | 0                 | 0                 | 0                |
| TOTAL                                      | 4,510,933    | 1,011,903          | 822,369           | 146,906           | 331,677           | 2,198,078        |
| <br>                                       |              |                    |                   |                   |                   |                  |
| RATE OF RETURN                             | 5.82%        | -15.32%            | 23.40%            | 0.86%             | 2.91%             | 12.36%           |
| INDEX                                      | 1.00         | -2.63              | 4.02              | 0.15              | 0.50              | 2.12             |
| <br><u>PROPOSED RATES</u>                  |              |                    |                   |                   |                   |                  |
| GAS SALES                                  | 5,231,929    | 1,238,885          | 930,039           | 185,006           | 385,527           | 2,492,471        |
| OTHER OPERATING REVENUE                    | 59,092       | 35,455             | 23,637            | 0                 | 0                 | 0                |
| TOTAL                                      | 5,291,021    | 1,274,340          | 953,676           | 185,006           | 385,527           | 2,492,471        |
| <br>                                       |              |                    |                   |                   |                   |                  |
| TOTAL REVENUE INCREASE                     | 780,088      | 262,437            | 131,307           | 38,100            | 53,851            | 294,393          |
| PERCENT INCREASE                           | 17.29%       | 25.94%             | 15.97%            | 25.93%            | 16.24%            | 13.39%           |
| <br>                                       |              |                    |                   |                   |                   |                  |
| RATE OF RETURN                             | 9.93%        | -3.52%             | 25.41%            | 8.40%             | 6.56%             | 13.35%           |
| INDEX                                      | 1.00         | -0.35              | 2.56              | 0.85              | 0.66              | 1.34             |

| CHESAPEAKE UTILITIES CORPORATION<br>COMPANY NAME: FLORIDA DIVISION<br>DOCKET NO. 891179-GU | COST OF SERVICE SUMMARY<br>CALCULATION OF PROPOSED RATES |                |               |                 |            |            | ATTACHMENT 6<br><u>COMMISSION VOTE</u> |
|--|--|----------------|---------------|-----------------|------------|------------|--|
|  | COMMERCIAL   |                |               |                 |            |            |  |
|  | TOTAL  | RESIDENTIAL    | COMMERCIAL    | LARGE VOL.      | INDUSTRIAL | INTERURB   |  |
| PROPOSED TOTAL TARGET REVENUES   | 6,291,021  | 1,274,340      | 863,878       | 185,008         | 345,527    | 2,492,471  |  |
| LESS: OTHER OPERATING REVENUE  | 50,082   | 35,455         | 23,837        | 0               | 0          | 0          |  |
| LESS: CUSTOMER CHARGE REVENUES   |  |                |               |                 |            |            |  |
| PROPOSED CUSTOMER CHARGES  |  | \$6.50         | \$15.00       | \$20.00         | \$40.00    | \$350.00   |  |
| TIMES: NUMBER OF BILLS   | 87,648   | 78,403         | 9,893         | 263             | 265        | 312        |  |
| EQUALS: CUSTOMER CHARGE REVENUES   | 774,408  | 500,620        | 146,385       | 5,200           | 11,800     | 109,700    |  |
| LESS: OTHER NON-THERM-RATE REVENUES  |  |                |               |                 |            |            |  |
| EQUALS: PER-THERM TARGET REVENUES  | 4,457,522  | 729,286        | 781,644       | 179,748         | 373,727    | 2,383,271  |  |
| DIVIDED BY: NUMBER OF THERMS   | 71,217,587   | 1,691,028      | 4,001,885     | 1,334,904       | 5,086,295  | 59,103,477 |  |
| EQUALS: PER-THERM RATES (UNROUNDED)  |  | 0.431256       | 0.195319      | 0.134651        | 0.073477   | 0.040324   |  |
| PER-THERM RATES (ROUNDED)  |  | 0.43126        | 0.19532       | 0.13465         | 0.07348    | 0.04032    |  |
| PER-THERM-RATE REVENUES (ROUNDED RATES)  | 4,457,317  | 729,272        | 781,648       | 179,745         | 373,741    | 2,383,052  |  |
| <u>SUMMARY: PROPOSED TARIFF RATES</u>  |  |                |               |                 |            |            |  |
| CUSTOMER CHARGES   |  | \$6.50         | \$15.00       | \$20.00         | \$40.00    | \$350.00   |  |
| ENERGY CHARGES   |  |                |               |                 |            |            |  |
| NON-GAS (CENTS PER THERM)  |  | 43.126         | 19.532        | 13.465          | 7.348      | 4.032      |  |
| PURCHASED GAS ADJUSTMENT   |  | 0.000          | 0.000         | 0.000           | 0.000      | 0.000      |  |
| TOTAL (INCLUDING PGA)  |  | 43.126         | 19.532        | 13.465          | 7.348      | 4.032      |  |
| <u>SUMMARY: PRESENT TARIFF RATES</u>   |  |                |               |                 |            |            |  |
| <u>SEE RATE COMPARISON ATTACHED FOR CENTRAL FLORIDA AND PLANT CITY</u>                     |  |                |               |                 |            |            |  |
| CUSTOMER CHARGES   |  | \$0.00         | \$0.00        | \$0.00          | \$0.00     | \$0.00     |  |
| ENERGY CHARGES   |  |                |               |                 |            |            |  |
| NON-GAS (CENTS PER THERM)  |  | 0.00           | 0.00          | 0.00            | 0.00       | 0.00       |  |
| PURCHASED GAS ADJUSTMENT   |  | 0.000          | 0.000         | 0.000           | 0.000      | 0.000      |  |
| TOTAL (INCLUDING PGA)  |  | 0.000          | 0.000         | 0.000           | 0.000      | 0.000      |  |
| <u>SUMMARY: OTHER OPERATING REVENUES</u>   |  |                |               |                 |            |            |  |
|  |  | <u>PRESENT</u> |               | <u>PROPOSED</u> |            |            |  |
|  | <u>CHARGE</u>  | <u>REVENUE</u> | <u>CHARGE</u> | <u>REVENUE</u>  |            |            |  |
| INITIAL CONNECTION   | \$16.50  | \$4,613.00     | \$22.00       | \$6,233.00      |            |            |  |
| RECONNECTION   | \$10.50  | \$33,627.00    | \$22.00       | \$45,709.00     |            |            |  |
| CHANGE OF ACCOUNT  | \$0.00   | \$0.00         | \$10.00       | \$3,150.00      |            |            |  |
| BILL COLLECTION IN LIEU OF DISCONNECTION   | \$0.00   | \$0.00         | \$9.00        | \$4,000.00      |            |            |  |
| RETURNED CHECK CHARGE  | \$10.00  | \$1,613.00     | \$15.00       | \$1,613.00      |            |            |  |

500-HH

ORDER NO. 23166  
 DOCKET NO. 891179-GU  
 PAGE 44

CHESAPEAKE UTILITIES CORPORATION  
 COMPANY NAME: FLORIDA DIVISION  
 DOCKET NO. 891179-GU

SCHEDULE - A (COST OF SERVICE)  
 CLASSIFICATION OF RATE BASE  
 (Page 1 of 2:PLANT)

ATTACHMENT 6  
 COMMISSION VOTE

|                                   | TOTAL           | CUSTOMER       | CAPACITY        | COMMODITY | CLASSIFIER                 |
|-----------------------------------|-----------------|----------------|-----------------|-----------|----------------------------|
| LOCAL STORAGE PLANT               | 0               |                | 0               |           | 100% capacity              |
| INTANGIBLE PLANT:                 | 37452           |                | 37452           |           | "                          |
| PRODUCTION PLANT                  | 0               |                | 0               |           | "                          |
| DISTRIBUTION PLANT:               |                 |                |                 |           |                            |
| 374 Land and Land Rights          | 6283            |                | 6283            |           | "                          |
| 375 Structures and Improvements   | 175423          |                | 175423          |           | "                          |
| 376 Mains                         | 8202504         |                | 8202504         |           | "                          |
| 377 Comp.Sta.Eq.                  | 0               |                | 0               |           | "                          |
| 378 Meas.& Reg.Sta.Eq.-Gen        | 155533          |                | 155533          |           | "                          |
| 379 Meas.& Reg.Sta.Eq.-CG         | 230713          |                | 230713          |           | "                          |
| 380 Services                      | 1661191         | 1661191        |                 |           | 100% customer              |
| 381-382 Meters                    | 1008553         | 1008553        |                 |           | "                          |
| 383-384 House Regulators          | 372619          | 372619         |                 |           | "                          |
| 385 Industrial Meas.& Reg.Eq.     | 611325          |                | 611325          |           | 100% capacity              |
| 386 Property on Customer Premises | 0               | 0              | 0               | 0         | ac 374-385                 |
| 387 Other Equipment               | 106467          | 26071          | 80396           | 0         | ac 374-386                 |
| Total Distribution Plant          | 12530611        | 3068434        | 9462177         | 0         | 12530611                   |
| GENERAL PLANT:                    | 1232249         | 616125         | 616125          |           | 50% customer,50%. capacity |
| PLANT ACQUISITIONS:               | 123409          |                | 123409          |           | 100% capacity              |
| GAS PLANT FOR FUTURE USE:         | 0               |                | 0               |           | "                          |
| CWIP:                             | 0               | 0              | 0               | 0         | dist.plant                 |
| <b>TOTAL PLANT</b>                | <b>13923721</b> | <b>3684559</b> | <b>10239162</b> | <b>0</b>  | <b>13923721 checksum</b>   |

ORDER NO. 23166  
 DOCKET NO. 891179-GU  
 PAGE 45

CHESAPEAKE UTILITIES CORPORATION  
 COMPANY NAME: FLORIDA DIVISION  
 DOCKET NO. 891179-GU

SCHEDULE - A (COST OF SERVICE)  
 CLASSIFICATION OF RATE BASE  
 (Page 2 of 2: ACCUMULATED DEPRECIATION)

ATTACHMENT 6  
 COMMISSION VOTE

|                                       | TOTAL           | CUSTOMER       | CAPACITY       | COMMODITY   | CLASSIFIER               |
|---------------------------------------|-----------------|----------------|----------------|-------------|--------------------------|
| LOCAL STORAGE PLANT:                  | 0               | 0              | 0              | 0           | related plant            |
| INTANGIBLE PLANT:                     | 20334           | 0              | 20334          | 0           | rel. plant account       |
| PRODUCTION PLANT                      | 0               |                | 0              |             | "                        |
| DISTRIBUTION PLANT:                   |                 |                |                |             |                          |
| 375 Structures and Improvements       | 50250           | 0              | 50250          | 0           | "                        |
| 376 Mains                             | 1667938         | 0              | 1667938        | 0           | "                        |
| 377 Compressor Sta. Eq.               | 0               | 0              | 0              | 0           | "                        |
| 378 Meas. & Reg. Sta. Eq.-Gen         | 15506           | 0              | 15506          | 0           | "                        |
| 379 Meas. & Reg. Sta. Eq.-CG          | 39329           | 0              | 39329          | 0           | "                        |
| 380 Services                          | 165222          | 165222         | 0              | 0           | "                        |
| 381-382 Meters                        | 229992          | 229992         | 0              | 0           | "                        |
| 383-384 House Regulators              | 56128           | 56128          | 0              | 0           | "                        |
| 385 Indust. Meas. & Reg. Sta. Eq.     | 26061           | 0              | 26061          | 0           | "                        |
| 386 Property on Customer Premises     | 0               | 0              | 0              | 0           | "                        |
| 387 Other Equipment                   | 13380           | 3276           | 10104          | 0           | "                        |
| Total A.D. on Dist. Plant             | 2263806         | 454618         | 1809188        | 0           | 2263806 checksum         |
| GENERAL PLANT:                        | 143583          | 71792          | 71792          | 0           | general plant            |
| PLANT ACQUISITIONS:                   | 82412           | 0              | 82412          | 0           | plant acquisitions       |
| RETIREMENT WORK IN PROGRESS:          | -653            | -160           | -493           | 0           | distribution plant       |
| <b>TOTAL ACCUMULATED DEPRECIATION</b> | <b>2509482</b>  | <b>526250</b>  | <b>1983231</b> | <b>0</b>    | <b>2509482 checksum</b>  |
| *****                                 |                 |                |                |             |                          |
| NET PLANT (Plant less Accum. Dep.)    | 11414239        | 3158309        | 8255930        | 0           | 11414239 checksum        |
| less: CUSTOMER ADVANCES               | -75728          | -37864         | -37864         |             | 50% cust 50% cap         |
| plus: WORKING CAPITAL                 | 296819          | 195423         | 92145          | 9251        | oper. and maint. exp.    |
| <b>equals: TOTAL RATE BASE</b>        | <b>11635330</b> | <b>3315867</b> | <b>8310212</b> | <b>9251</b> | <b>11635330 checksum</b> |
| *****                                 |                 |                |                |             |                          |

500-55

ORDER NO. 23166  
DOCKET NO. 891179-GU  
PAGE 46

SCHEDULE - B (COST OF SERVICE)  
CLASSIFICATION OF EXPENSES  
(Page 1 of 2)

ATTACHMENT 6  
COMMISSION VOTE

CHESAPEAKE UTILITIES CORPORATION  
COMPANY NAME: FLORIDA DIVISION  
DOCKET NO. 891179-GU

| OPERATIONS AND MAINTENANCE EXPENSES  | TOTAL          | CUSTOMER       | CAPACITY      | COMMODITY    | CLASSIFIER         |
|--------------------------------------|----------------|----------------|---------------|--------------|--------------------|
| LOCAL STORAGE PLANT:                 | 0              | 0              | 0             | 0            | ac 301-320         |
| PRODUCTION PLANT                     | 0              |                | 0             |              | 100% capacity      |
| DISTRIBUTION:                        |                |                |               |              |                    |
| 870 Operation Supervision & Eng.     | 94886          | 57057          | 37829         | 0            | ac 871-879         |
| 871 Dist.Load Dispatch               | 1531           |                | 1531          |              | 100% capacity      |
| 872 Compr.Sta.Lab. & Ex.             | 0              | 0              | 0             | 0            | ac 377             |
| 873 Compr.Sta.Fuel & Power           | 0              |                |               | 0            | 100% commodity     |
| 874 Mains and Services               | 87872          | 14799          | 73073         | 0            | ac376+ac380        |
| 875 Meas.& Reg. Sta.Eq.-Gen          | 759            | 0              | 759           | 0            | ac 378             |
| 876 Meas.& Reg. Sta.Eq.-Ind.         | -100           | 0              | -100          | 0            | ac 385             |
| 877 Meas.& Reg. Sta.Eq.-CG           | 423            | 0              | 423           | 0            | ac 379             |
| 878 Meter and House Reg.             | 99359          | 99359          | 0             | 0            | ac381+ac383        |
| 879 Customer Instal.                 | 0              | 0              | 0             | 0            | ac 386             |
| 880 Other Expenses                   | 36981          | 16521          | 20460         | 0            | ac 387             |
| 881 Rents                            | 2389           |                | 2389          |              | 100% capacity      |
| 885 Maintenance Supervision          | 14950          | 3203           | 11747         | 0            | ac886-894          |
| 886 Maint. of Struct. and Improv.    | 5105           | 0              | 5105          | 0            | ac375              |
| 887 Maintenance of Mains             | 66954          | 0              | 66954         | 0            | ac375              |
| 888 Maint. of Comp.Sta.Eq.           | 0              | 0              | 0             | 0            | ac 377             |
| 889 Maint. of Meas.& Reg. Sta.Eq.-G  | 2655           | 0              | 2655          | 0            | ac 378             |
| 890 Maint. of Meas.& Reg. Sta.Eq.-I  | 55598          | 0              | 55598         | 0            | ac 385             |
| 891 Maint. of Meas.& Reg.Sta.Eq.-CG  | -762           | 0              | -762          | 0            | ac 379             |
| 892 Maintenance of Services          | 15275          | 15275          | 0             | 0            | ac 380             |
| 893 Maint. of Meters and House Reg.  | 20053          | 20053          | 0             | 0            | ac381-383          |
| 894 Maint. of Other Equipment        | 4889           | 1048           | 3841          | 0            | ac387              |
| Total Distribution Expenses          | 508817         | 227315         | 281502        | 0            | 508817 che         |
| CUSTOMER ACCOUNTS:                   |                |                |               |              |                    |
| 901 Supervision                      | 2698           | 2698           |               |              | 100% customer      |
| 902 Meter-Reading Expense            | 46912          | 46912          |               |              | "                  |
| 903 Records and Collection Exp.      | 221581         | 221581         |               |              | "                  |
| 904 Uncollectible Accounts           | 28772          |                |               | 28772        | 100% commodity     |
| 905 Misc. Expenses                   | 0              | 0              |               |              | 100% customer      |
| Total Customer Accounts              | 299963         | 271191         | 0             | 28772        |                    |
| (907-910) CUSTOMER SERV.& INFO. EXP. | 2978           | 2978           |               |              | "                  |
| (911-916) SALES EXPENSE              | 101233         | 101233         |               |              | "                  |
| (932) MAINT. OF GEN. PLANT           | 10184          | 5092           | 5092          | 0            | general plant      |
| (920-931) ADMINISTRATION AND GENERAL | 1774056        | 1168021        | 550744        | 55291        | 0 O&M excl. A&G    |
| <b>TOTAL O&amp;M EXPENSE</b>         | <b>2697231</b> | <b>1775831</b> | <b>837337</b> | <b>84063</b> | <b>2697231 che</b> |

500-KK

ORDER NO. 23166  
DOCKET NO. 891179-GU  
PAGE 47

SCHEDULE - B (COST OF SERVICE)  
CLASSIFICATION OF EXPENSES  
(Page 2 of 2)

ATTACHMENT 6  
COMMISSION VOTE

CHESAPEAKE UTILITIES CORPORATION  
COMPANY NAME: FLORIDA DIVISION  
DOCKET NO. 891179-GU

| DEPRECIATION AND AMORTIZATION EXPENSE:  | TOTAL   | CUSTOMER | CAPACITY | COMMODITY | REVENUE | CLASSIFIER      |
|---|---------|----------|----------|-----------|---------|-----------------|
| Depreciation Expense                    | 524388  | 145098   | 379290   | 0         |         | net plant       |
| Amort. of Other Gas Plant               | 72277   |          | 72277    |           |         | 100% capacity   |
| Amort. of Property Loss                 | 0       |          | 0        |           |         | 100% capacity   |
| Amort. of Limited-term Inv.             | 0       | 0        | 0        | 0         |         | intangible plan |
| Amort. of Acquisition Adj.              | 3504    | 936      | 2568     | 0         |         | intan/dist/gen  |
| Amort. of Conversion Costs              | 0       |          |          | 0         |         | 100% commodity  |
| Total Deprec. and Amort. Expense        | 600169  | 146033   | 454136   | 0         | 0       | 600169 che      |
| TAXES OTHER THAN INCOME TAXES:          |         |          |          |           |         |                 |
| Revenue Related                         | 98035   |          |          |           | 98035   | 100% revenue    |
| Other                                   | 324858  | 89888    | 234970   | 0         |         | net plant       |
| Total Taxes other than Income Taxes     | 422893  | 89888    | 234970   | 0         | 98035   |                 |
| REV. CRDT TO COS(NEG. OF DTHR OPR. REV) | -59092  | -59092   |          |           |         | 100% customer   |
| RETURN (REQUIRED NOI)                   | 1155388 | 329266   | 825204   | 919       |         | rate base       |
| INCOME TAXES                            | 415340  | 118365   | 296645   | 330       | 0       | return{noi}     |
| <hr/>                                   |         |          |          |           |         |                 |
| TOTAL OVERALL COST OF SERVICE           | 5231929 | 2400290  | 2648292  | 85312     | 98035   | 5231929 che     |

500-LL

ORDER NO. 23166  
 DOCKET NO. 891179-GU  
 PAGE 48

SCHEDULE - C (COST OF SERVICE)

ATTACHMENT 6  
 COMMISSION VOTE

CHESAPEAKE UTILITIES CORPORATION  
 COMPANY NAME: FLORIDA DIVISION  
 DOCKET NO. 891179-GU

| CUSTOMER COSTS                       | TOTAL    | RESIDENTIAL | COMMERCIAL | COMMERCIAL<br>LARGE VOL. | INDUSTRIAL | INTERRUPT |
|--------------------------------------|----------|-------------|------------|--------------------------|------------|-----------|
| No. of Customers                     | 7304     | 6407        | 824        | 22                       | 25         | 26        |
| Weighting                            | NA       | 1           | 2          | 19                       | 19         | 44        |
| Weighted No. of Customers            | 10083    | 6407        | 1649       | 416                      | 467        | 1144      |
| Allocation Factors                   | 1        | 0.635407971 | 0.16351930 | 0.041297179              | 0.04632193 | 0.113453  |
| <b>CAPACITY COSTS</b>                |          |             |            |                          |            |           |
| Peak & Avg. Month Sales Vol.(therms) | 6911352  | 258118      | 405188     | 132192                   | 456365     | 5659489   |
| Allocation Factors                   | 1        | 0.037346961 | 0.05862644 | 0.019126793              | 0.06603121 | 0.818868  |
| MAIN ALLOCATION DOLLARS              | 6534566  | 460928      | 723554     | 236058                   | 814942     | 4299084   |
| Allocation Factors                   | 1        | 0.070536826 | 0.11072716 | 0.036124579              | 0.12471249 | 0.657898  |
| <b>COMMODITY COSTS</b>               |          |             |            |                          |            |           |
| Annual Sales Vol.(therms)            | 71217587 | 1691026     | 4001885    | 1334904                  | 5086295    | 59103477  |
| Allocation Factors                   | 1        | 0.023744500 | 0.05619237 | 0.018744021              | 0.07141908 | 0.829900  |
| <b>REVENUE-RELATED COSTS</b>         |          |             |            |                          |            |           |
| Tax on Cust,Cap,& Commod.            | 83426    | 27858       | 10439      | 3084                     | 6949       | 35096     |
| Allocation Factors                   | 1        | 0.333928893 | 0.12512910 | 0.036965615              | 0.08329646 | 0.420679  |



ORDER NO. 23166  
DOCKET NO. 891179-GU  
PAGE 49

CHESAPEAKE UTILITIES CORPORATION  
COMPANY NAME: FLORIDA DIVISION  
DOCKET NO. 891179-GU

SCHEDULE - D (COST OF SERVICE)  
ALLOCATION OF RATE BASE TO CUSTOMER CLASSES

ATTACHMENT 6  
COMMISSION VOTE

| RATE BASE BY CUSTOMER CLASS            | TOTAL           | RESIDENTIAL    | COMMERCIAL     | COMMERCIAL<br>LARGE VOL. | INDUSTRIAL     | INTERRUPT      |
|--|-----------------|----------------|----------------|--------------------------|----------------|----------------|
| <b>DIRECT AND SPECIAL ASSIGNMENTS:</b> |                 |                |                |                          |                |                |
| Customer                               |                 |                |                |                          |                |                |
| Meters                                 | 778561          | 494704         | 127310         | 32152                    | 36064          | 88331          |
| House Regulators                       | 316491          | 316491         | 0              | 0                        | 0              | 0              |
| Services                               | 1495969         | 950551         | 244620         | 61779                    | 69296          | 169723         |
| All Other                              | 724846          | 460573         | 118526         | 29934                    | 33576          | 82236          |
| Total                                  | 3315867         | 2222319        | 490456         | 123866                   | 138937         | 340290         |
| Capacity                               |                 |                |                |                          |                |                |
| Industrial Meas. & Reg. Sta. Eq.       | 585264          | 0              | 0              | 12383                    | 42748          | 530133         |
| Meas. & Reg. Sta. Eq. - Gen.           | 140027          | 5230           | 8209           | 2678                     | 9246           | 114664         |
| Mains                                  | 6534566         | 460928         | 723554         | 236058                   | 814942         | 4299084        |
| All Other                              | 1050355         | 39228          | 61579          | 20090                    | 69356          | 860103         |
| Total                                  | 8310212         | 505385         | 793342         | 271209                   | 936293         | 5803983        |
| Commodity                              |                 |                |                |                          |                |                |
| Account #                              | 0               | 0              | 0              | 0                        | 0              | 0              |
| Account #                              | 0               | 0              | 0              | 0                        | 0              | 0              |
| Account #                              | 0               | 0              | 0              | 0                        | 0              | 0              |
| All Other                              | 9251            | 220            | 520            | 173                      | 661            | 7677           |
| Total                                  | 9251            | 220            | 520            | 173                      | 661            | 7677           |
| <b>TOTAL</b>                           | <b>11635330</b> | <b>2727923</b> | <b>1284318</b> | <b>395248</b>            | <b>1075890</b> | <b>6151951</b> |

500-NN

ORDER NO. 23166  
DOCKET NO. .891179-GU  
PAGE 50

CHESAPEAKE UTILITIES CORPORATION  
COMPANY NAME: FLORIDA DIVISION  
DOCKET NO. 891179-GU

SCHEDULE - E (COST OF SERVICE)  
ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSES  
(Page 1 of 2)

ATTACHMENT 6  
COMMISSION VOTE

|                                       | TOTAL   | RESIDENTIAL | COMMERCIAL | COMMERCIAL<br>LARGE VOL. | INDUSTRIAL | INTERRUPT |
|---------------------------------------|---------|-------------|------------|--------------------------|------------|-----------|
| Customer                              | 0       | 0           | 0          | 0                        | 0          | 0         |
| Capacity                              | 0       | 0           | 0          | 0                        | 0          | 0         |
| Commodity                             | 0       | 0           | 0          | 0                        | 0          | 0         |
| Revenue                               | 0       | 0           | 0          | 0                        | 0          | 0         |
| Total                                 | 0       | 0           | 0          | 0                        | 0          | 0         |
| OPERATIONS AND MAINTENANCE EXPENSE:   |         |             |            |                          |            |           |
| DIRECT AND SPECIAL ASSIGNMENTS:       |         |             |            |                          |            |           |
| Customer                              |         |             |            |                          |            |           |
| 878 Meters and House Regulators       | 99359   | 63134       | 16247      | 4103                     | 4603       | 11273     |
| 893 Maint. of Meters & House Reg.     | 20053   | 12742       | 3279       | 828                      | 929        | 2275      |
| 874 Mains & Services                  | 14799   | 9403        | 2420       | 611                      | 686        | 1679      |
| 892 Maint. of Services                | 15275   | 9706        | 2498       | 631                      | 706        | 1733      |
| All Other                             | 1626345 | 1033392     | 265939     | 67163                    | 75335      | 184515    |
| Total                                 | 1775831 | 1128377     | 290383     | 73337                    | 82260      | 201474    |
| Capacity                              |         |             |            |                          |            |           |
| 876 Measuring & Reg. Sta. Eq.- I      | -100    | 0           | 0          | -100                     | 0          | 0         |
| 890 Maint. of Meas. & Reg. Sta. Eq.-I | 55598   | 0           | 0          | 0                        | 4149       | 51449     |
| 874 Mains and Services                | 73073   | 5154        | 8091       | 2640                     | 9113       | 48075     |
| 887 Maint. of Mains                   | 66954   | 4723        | 7414       | 2419                     | 8350       | 44049     |
| All Other                             | 641812  | 45271       | 71066      | 23185                    | 80042      | 422248    |
| Total                                 | 837337  | 55148       | 86571      | 28144                    | 101654     | 565821    |
| Commodity                             |         |             |            |                          |            |           |
| Account #                             | 0       | 0           | 0          | 0                        | 0          | 0         |
| Account #                             | 0       | 0           | 0          | 0                        | 0          | 0         |
| Account #                             | 0       | 0           | 0          | 0                        | 0          | 0         |
| All Other                             | 84063   | 1996        | 4724       | 1576                     | 6004       | 69764     |
| Total                                 | 84063   | 1996        | 4724       | 1576                     | 6004       | 69764     |
| TOTAL O&M                             | 2697231 | 1185522     | 381677     | 103056                   | 189917     | 837059    |
| DEPRECIATION EXPENSE:                 |         |             |            |                          |            |           |
| Customer                              | 145098  | 92196       | 23726      | 5992                     | 6721       | 16462     |
| Capacity                              | 379290  | 26754       | 41998      | 13702                    | 47302      | 249535    |
| Total                                 | 524388  | 118950      | 65724      | 19694                    | 54023      | 265997    |
| AMORT. OF GAS PLANT:                  |         |             |            |                          |            |           |
| Capacity                              | 72277   | 2699        | 4237       | 1382                     | 4773       | 59185     |
| AMORT. OF PROPERTY LOSS:              |         |             |            |                          |            |           |
| Capacity                              | 0       | 0           | 0          | 0                        | 0          | 0         |
| AMORT OF LIMITED TERM INVEST.         |         |             |            |                          |            |           |
| Capacity                              | 0       | 0           | 0          | 0                        | 0          | 0         |
| AMORT. OF ACQUISITION ADJ.:           |         |             |            |                          |            |           |
| Customer                              | 936     | 594         | 153        | 39                       | 43         | 106       |
| Capacity                              | 2568    | 96          | 151        | 49                       | 170        | 2103      |
| Total                                 | 3504    | 690         | 304        | 88                       | 213        | 2209      |
| AMORT. OF CONVERSION COSTS:           |         |             |            |                          |            |           |
| Commodity                             | 0       | 0           | 0          | 0                        | 0          | 0         |

500-00

ORDER NO. 23166  
DOCKET NO. 891179-GU  
PAGE 51

CHESAPEAKE UTILITIES CORPORATION  
COMPANY NAME: FLORIDA DIVISION  
DOCKET NO. 891179-GU

SCHEDULE - E (COST OF SERVICE)  
ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSES  
(Page 2 of 2)

ATTACHMENT 6  
COMMISSION VOTE

|                                       | TOTAL   | RESIDENTIAL | COMMERCIAL | COMMERCIAL<br>LARGE VOL. | INDUSTRIAL | INTERRUPT |
|---------------------------------------|---------|-------------|------------|--------------------------|------------|-----------|
| <b>TAXES OTHER THAN INCOME TAXES:</b> |         |             |            |                          |            |           |
| Customer                              | 89888   | 57115       | 14698      | 3712                     | 4164       | 10198     |
| Capacity                              | 234970  | 16574       | 26018      | 8488                     | 29304      | 154587    |
| Subtotal                              | 324858  | 73690       | 40716      | 12200                    | 33467      | 164785    |
| Revenue                               | 98035   | 32737       | 12267      | 3624                     | 8166       | 41241     |
| Total                                 | 422893  | 106426      | 52983      | 15824                    | 41633      | 206026    |
| <b>RETURN (NOI)</b>                   |         |             |            |                          |            |           |
| Customer                              | 329266  | 220676      | 48702      | 12300                    | 13796      | 33791     |
| Capacity                              | 825204  | 50185       | 78779      | 26931                    | 92974      | 576335    |
| Commodity                             | 919     | 22          | 52         | 17                       | 66         | 762       |
| Total                                 | 1155388 | 270883      | 127533     | 39248                    | 106836     | 610889    |
| <b>INCOME TAXES</b>                   |         |             |            |                          |            |           |
| Customer                              | 118365  | 79329       | 17508      | 4422                     | 4960       | 12147     |
| Capacity                              | 296645  | 18040       | 28319      | 9681                     | 33422      | 207182    |
| Commodity                             | 330     | 8           | 19         | 6                        | 24         | 274       |
| Total                                 | 415340  | 97377       | 45846      | 14109                    | 38405      | 219603    |
| <b>REVENUE CREDITED TO COS:</b>       |         |             |            |                          |            |           |
| Customer                              | -59092  | -35455      | -23637     | 0                        | 0          | 0         |
| <b>TOTAL COST OF SERVICE:</b>         |         |             |            |                          |            |           |
| Customer                              | 2400290 | 1542833     | 371533     | 99801                    | 111944     | 274178    |
| Capacity                              | 2648292 | 169497      | 266072     | 88377                    | 309598     | 1814748   |
| Commodity                             | 85312   | 2026        | 4794       | 1599                     | 6093       | 70800     |
| Subtotal                              | 5133894 | 1714356     | 642400     | 189778                   | 427635     | 2159726   |
| Revenue                               | 98035   | 32737       | 12267      | 3624                     | 8166       | 41241     |
| Total                                 | 5231929 | 1747092     | 654667     | 193401                   | 435801     | 2200967   |

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500-00

ORDER NO. 23166  
DOCKET NO. 891179-GU  
PAGE 53

CHESAPEAKE UTILITIES CORPORATION  
COMPANY NAME: FLORIDA DIVISION  
DOCKET NO. 891179-GU

SCHEDULE - G (COST OF SERVICE)  
RATE OF RETURN BY CUSTOMER CLASS  
(Page 1 of 2:PRESENT RATES)

ATTACHMENT 6  
COMMISSION VOTE

|  | TOTAL RESIDENTIAL | COMMERCIAL | COMMERCIAL<br>LARGE VOL. | INDUSTRIAL | INTERRUPT |
|--|-------------------|------------|--------------------------|------------|-----------|
| <b>REVENUES: (projected test year)</b> |                   |            |                          |            |           |
| Gas Sales (due to growth)              | 4,472,493         | 988,839    | 806,993                  | 146,906    | 2,198,078 |
| Other Operating Revenue                | 38,440            | 23,064     | 15,376                   | 0          | 0         |
| Total                                  | 4,510,933         | 1,011,903  | 822,369                  | 146,906    | 2,198,078 |
| <b>EXPENSES:</b>                       |                   |            |                          |            |           |
| Purchased Gas Cost                     | 0                 | 0          | 0                        | 0          | 0         |
| O&M Expenses                           | 2,697,231         | 1,185,522  | 381,677                  | 103,056    | 837,059   |
| Depreciation Expenses                  | 524,388           | 118,950    | 65,724                   | 19,694     | 265,997   |
| Amortization Expenses                  | 75,781            | 3,390      | 4,541                    | 1,470      | 61,395    |
| Taxes Other Than Income--Fixed         | 324,858           | 73,690     | 40,716                   | 12,200     | 164,785   |
| Taxes Other Than Income--Revenue       | 83,859            | 18,541     | 15,131                   | 2,754      | 41,214    |
| Total Expeses excl. Income Taxes       | 3,706,117         | 1,400,092  | 507,789                  | 139,175    | 1,370,449 |
| <b>INCOME TAXES:</b>                   | 127,118           | 29,803     | 14,031                   | 4,318      | 67,211    |
| <b>NET OPERATING INCOME:</b>           | 677,698           | (417,992)  | 300,549                  | 3,413      | 760,418   |
| *****                                  |                   |            |                          |            |           |
| <b>RATE BASE:</b>                      | 11,635,330        | 2,727,923  | 1,284,318                | 395,248    | 6,151,951 |
| <b>RATE OF RETURN</b>                  | 0.058245          | -0.153227  | 0.234014                 | 0.008635   | 0.123606  |
| *****                                  |                   |            |                          |            |           |

ORDER NO. 23166  
DOCKET NO. 891179-GU  
PAGE 54

| CHESAPEAKE UTILITIES CORPORATION<br>COMPANY NAME: FLORIDA DIVISION<br>DOCKET NO. 891179-GU | SCHEDULE - G (COST OF SERVICE)<br>RATE OF RETURN BY CUSTOMER CLASS<br>(Page 2 of 2: PROPOSED RATES) |             |            |                          |            | ATTACHMENT 6<br>COMMISSION VOTE |  |
|--|---|-------------|------------|--------------------------|------------|---------------------------------|--|
|  | TOTAL   | RESIDENTIAL | COMMERCIAL | COMMERCIAL<br>LARGE VOL. | INDUSTRIAL | INTERRUPT                       |  |
| <b>REVENUES:</b>   |   |             |            |                          |            |                                 |  |
| Gas Sales  | 5,231,929   | 1,238,885   | 930,039    | 185,006                  | 385,527    | 2,492,471                       |  |
| Other Operating Revenue  | 59,092  | 35,455      | 23,637     | 0                        | 0          | 0                               |  |
| Total  | 5,291,021   | 1,274,340   | 953,676    | 185,006                  | 385,527    | 2,492,471                       |  |
| <b>EXPENSES:</b>   |   |             |            |                          |            |                                 |  |
| Purchased Gas Cost   | 0   | 0           | 0          | 0                        | 0          | 0                               |  |
| O&M Expenses   | 2,697,231   | 1,185,522   | 381,677    | 103,056                  | 189,917    | 837,059                         |  |
| Depreciation Expenses  | 524,388   | 118,950     | 65,724     | 19,694                   | 54,023     | 265,997                         |  |
| Amortization Expenses  | 75,781  | 3,390       | 4,541      | 1,470                    | 4,985      | 61,395                          |  |
| Taxes Other Than Income--Fixed   | 324,858   | 73,690      | 40,716     | 12,200                   | 33,467     | 164,785                         |  |
| Taxes Other Than Income--Revenue   | 98,035  | 23,229      | 17,438     | 3,469                    | 7,229      | 46,734                          |  |
| Total Expeses excl. Income Taxes   | 3,720,293   | 1,404,780   | 510,096    | 139,889                  | 289,623    | 1,375,969                       |  |
| PRE TAX NOI:   | 1,570,728   | (130,440)   | 443,580    | 45,117                   | 95,905     | 1,116,502                       |  |
| INCOME TAXES:  | 415,340   | (34,492)    | 117,294    | 11,930                   | 25,360     | 295,231                         |  |
| NET OPERATING INCOME:  | 1,155,388   | (95,948)    | 326,286    | 33,187                   | 70,545     | 821,271                         |  |
| *****  |   |             |            |                          |            |                                 |  |
| RATE BASE:   | 11,635,330  | 2,727,923   | 1,284,318  | 395,248                  | 1,075,890  | 6,151,951                       |  |
| RATE OF RETURN   | 0.099300  | -0.035173   | 0.254054   | 0.083964                 | 0.065569   | 0.133498                        |  |
| *****  |   |             |            |                          |            |                                 |  |

ATTACHMENT 7

**DEVELOPMENT OF STEP RATES FOR  
 CENTRAL FLORIDA and PLANT CITY  
 DOCKET NO. 891179-GU**

**COMMISSION VOTE**

**TOTAL COST OF SERVICE IN THE PROJECTED TEST YEAR**  
**REVENUE DUE TO CUSTOMER GROWTH DEVOID OF RATE INCREASE**

|              | <u>TOTAL</u> | <u>RESIDENTIAL</u> | <u>COMMERCIAL</u> | <u>COMMERCIAL<br/>LARGE VOLUME</u> | <u>INDUSTRIAL</u> | <u>INTERRUPTIBLE</u> |
|--------------|--------------|--------------------|-------------------|------------------------------------|-------------------|----------------------|
| COST         | \$5,231,929  | \$1,747,092        | \$654,667         | \$193,401                          | \$435,801         | \$2,200,967          |
| REVENUE      | \$4,472,493  | \$988,839          | \$806,993         | \$146,906                          | \$331,677         | \$2,198,078          |
| INCREASE     | \$759,436    | \$758,253          | (\$152,326)       | \$46,495                           | \$104,124         | \$2,889              |
| REVENUE (CF) | \$3,721,329  | \$908,374          | \$705,611         | \$115,514                          | \$222,514         | \$1,769,315          |
| REVENUE (PC) | \$751,164    | \$80,479           | \$101,397         | \$31,396                           | \$109,147         | \$428,746            |
| TOTAL        | \$4,472,493  | \$988,853          | \$807,008         | \$146,910                          | \$331,661         | \$2,198,061          |

**PERCENTAGE OF REVENUE TO TOTAL**

|              |       |       |       |       |       |       |
|--------------|-------|-------|-------|-------|-------|-------|
| REVENUE (CF) | 83.20 | 91.86 | 87.44 | 78.63 | 67.09 | 80.49 |
| REVENUE (PC) | 16.80 | 8.14  | 12.56 | 21.37 | 32.91 | 19.51 |

**RE-ALLOCATION OF REVENUE INCREASE FOR STEP RATES BASED ON COST**

|               |           |           |             |          |           |         |
|---------------|-----------|-----------|-------------|----------|-----------|---------|
| INCREASE (CF) | \$631,887 | \$696,542 | (\$133,187) | \$36,559 | \$69,858  | \$2,325 |
| INCREASE (PC) | \$127,549 | \$61,711  | (\$19,139)  | \$9,936  | \$34,266  | \$564   |
| TOTAL         | \$759,436 | \$758,253 | (\$152,326) | \$46,495 | \$104,124 | \$2,889 |

**TOTAL REVENUES FOR RATE DESIGN (FIRST YEAR) BASED ON COST**

|                    |             |             |           |           |           |             |
|--------------------|-------------|-------------|-----------|-----------|-----------|-------------|
| TOTAL REVENUE (CF) | \$4,353,216 | \$1,604,916 | \$572,424 | \$152,073 | \$292,372 | \$1,771,640 |
| TOTAL REVENUE (PC) | \$878,713   | \$142,190   | \$82,258  | \$41,332  | \$143,413 | \$428,310   |
| TOTAL              | \$5,231,929 | \$1,747,106 | \$654,682 | \$193,405 | \$435,785 | \$2,200,950 |

**PERCENT INCREASE BASED ON COST**

|                 |       |       |        |       |       |      |
|-----------------|-------|-------|--------|-------|-------|------|
|                 | 25.47 |       |        |       |       |      |
| CENTRAL FLORIDA | 16.98 | 76.68 | -18.88 | 31.65 | 31.39 | 0.13 |
| PLANT CITY      | 16.98 | 76.68 | -18.88 | 31.65 | 31.39 | 0.13 |

500-77

ORDER NO. 23166  
 DOCKET NO. 891179-GU  
 PAGE 56

**ATTACHMENT 7  
 COMMISSION VOTE**

| <u>ADJUSTED</u> | <u>TOTAL</u> | <u>RESIDENTIAL</u> | <u>COMMERCIAL</u> | <u>COMMERCIAL<br/>LARGE VOLUME</u> | <u>INDUSTRIAL</u> | <u>INTERRUPTIBLE</u> |
|-----------------|--------------|--------------------|-------------------|------------------------------------|-------------------|----------------------|
| INCREASE (CF)   | \$631,887    | \$136,629          | \$222,742         | \$36,464                           | \$70,242          | \$165,810            |
| INCREASE (PC)   | \$127,549    | \$30,970           | \$39,019          | \$12,082                           | \$42,001          | \$3,477              |
| TOTAL           | \$768,704    | \$167,599          | \$261,761         | \$48,545                           | \$112,243         | \$169,287            |

RE-ALLOCATION OF REVENUE INCREASE FOR STEP RATES

|                    |             |             |             |           |           |             |
|--------------------|-------------|-------------|-------------|-----------|-----------|-------------|
| TOTAL REVENUE (CF) | \$4,353,216 | \$1,045,003 | \$928,353   | \$151,978 | \$292,756 | \$1,935,125 |
| TOTAL REVENUE (PC) | \$878,713   | \$111,449   | \$140,416   | \$43,478  | \$151,148 | \$432,223   |
| TOTAL              | \$5,231,929 | \$1,156,452 | \$1,068,769 | \$195,455 | \$443,904 | \$2,367,348 |

PERCENT INCREASE

|                 |       |       |       |       |       |      |
|-----------------|-------|-------|-------|-------|-------|------|
| CENTRAL FLORIDA | 16.98 | 15.04 | 31.57 | 31.57 | 31.57 | 9.37 |
| PLANT CITY      | 16.98 | 38.48 | 38.48 | 38.48 | 38.48 | 0.81 |

STEP RATES (FIRST YEAR)

CENTRAL FLORIDA

|                         |             |             |           |           |           |             |
|-------------------------|-------------|-------------|-----------|-----------|-----------|-------------|
| TARGET REVENUE          | \$4,353,216 | \$1,045,003 | \$928,353 | \$151,978 | \$292,756 | \$1,935,125 |
| NUMBER OF BILLS         |             | 68,893      | 8,392     | 203       | 223       | 216         |
| <u>CUSTOMER CHARGE</u>  |             | \$6.50      | \$15.00   | \$20.00   | \$40.00   | \$350.00    |
| CUSTOMER CHARGE REVENUE |             | \$447,805   | \$125,880 | \$4,060   | \$8,920   | \$75,600    |
| ENERGY CHARGE REVENUE   |             | \$597,198   | \$802,473 | \$147,918 | \$283,836 | \$1,859,525 |
| NUMBER OF THERMS        |             | 1,514,647   | 3,438,952 | 1,084,930 | 4,196,025 | 49,629,312  |
| <u>ENERGY CHARGE</u>    |             | \$9.428     | \$23.335  | \$13.634  | \$6.764   | \$3.747     |

PLANT CITY

STEP RATES (FIRST YEAR)

|                         |           |           |           |          |           |           |
|-------------------------|-----------|-----------|-----------|----------|-----------|-----------|
| TARGET REVENUE          | \$878,713 | \$111,449 | \$140,416 | \$43,478 | \$151,148 | \$432,223 |
| NUMBER OF BILLS         |           | 9,510     | 1,501     | 48       | 60        | 84        |
| <u>CUSTOMER CHARGE</u>  |           | \$5.00    | \$10.00   | \$10.00  | \$22.00   | \$35.00   |
| CUSTOMER CHARGE REVENUE |           | \$47,550  | \$15,010  | \$480    | \$1,320   | \$2,940   |
| ENERGY CHARGE REVENUE   |           | \$63,899  | \$125,406 | \$42,998 | \$149,828 | \$429,283 |
| NUMBER OF THERMS        |           | 176,379   | 562,933   | 249,974  | 890,270   | 9,474,165 |
| <u>ENERGY CHARGE</u>    |           | \$36.228  | \$22.277  | \$17.201 | \$16.829  | \$4.531   |

FLORIDA DIVISION

FINAL RATES

|                         |             |             |           |           |           |             |
|-------------------------|-------------|-------------|-----------|-----------|-----------|-------------|
| TARGET REVENUE          | \$5,291,021 | \$1,238,885 | \$930,039 | \$185,006 | \$385,527 | \$2,497,471 |
| NUMBER OF BILLS         |             | 78,403      | 9,893     | 263       | 295       | 312         |
| <u>CUSTOMER CHARGE</u>  |             | \$6.50      | \$15.00   | \$20.00   | \$40.00   | \$350.00    |
| CUSTOMER CHARGE REVENUE |             | \$509,620   | \$148,395 | \$5,260   | \$11,800  | \$109,200   |
| ENERGY CHARGE REVENUE   |             | \$729,266   | \$781,644 | \$179,746 | \$373,727 | \$2,383,270 |
| NUMBER OF THERMS        |             | 1,691,026   | 4,001,885 | 1,334,904 | 5,086,295 | 59,103,477  |
| <u>ENERGY CHARGE</u>    |             | \$43.126    | \$19.532  | \$13.465  | \$7.348   | \$4.032     |

NOTE:

OTHER CHARGES TO REMAIN THE SAME AS PROPOSED (Initial Connection, Reconnect, Change of Name, etc.)



**CENTRAL FLORIDA GAS COMPANY**

| <u>RATE SCHEDULE</u>        | <u>PRESENT</u><br><u>RATES</u> | <u>COMBINED</u><br><u>RATE</u><br><u>INCREASE</u> | <u>COMMISSION VOTE</u> |              | <u>STEP</u><br><u>RATE</u><br><u>INCREASE</u> | <u>DIFFERENCE</u><br><u>BETWEEN</u><br><u>COMBINED AND</u><br><u>STEP</u> |
|-----------------------------|--------------------------------|---|------------------------|--------------|---|---|
|                             |                                |   | <u>COMBINED</u>        | <u>STEP</u>  |   |   |
|                             |                                |   | <u>RATES</u>           | <u>RATES</u> |   |   |
| <u>RESIDENTIAL</u>          |                                |   |                        |              |   |   |
| CUSTOMER CHARGE             | \$5.00                         | \$1.50  | \$6.50                 | \$6.50       | \$1.50  | \$0.00  |
| ENERGY CHARGE (cents/therm) | 37.3800                        | 5.7460  | 43.1260                | 40.0800      | 2.7000  | 3.0460  |
| <u>RESIDENTIAL ANNUAL</u>   |                                |   |                        |              |   |   |
| CUSTOMER CHARGE             | \$2.06 (1)                     | \$4.42  | \$6.50 (2)             | \$6.50 (2)   | \$4.42  | \$0.00  |
| ENERGY CHARGE (cents/therm) | 37.3800                        | 5.7460  | 43.1260                | 4.0800       | -33.3000                                      | 39.0460   |
| <u>COMMERCIAL</u>           |                                |   |                        |              |   |   |
| CUSTOMER CHARGE             | \$10.00                        | \$5.00  | \$15.00                | \$15.00      | \$5.00  | \$0.00  |
| ENERGY CHARGE (cents/therm) | 18.0200                        | 1.5120  | 19.5320                | 23.3350      | 5.3150  | -3.8030   |
| <u>COMMERCIAL I.G. VOL.</u> |                                |   |                        |              |   |   |
| CUSTOMER CHARGE             | \$10.00                        | \$10.00   | \$20.00                | \$20.00      | \$10.00                                       | \$0.00  |
| ENERGY CHARGE (cents/therm) | 10.4300                        | 3.0350  | 13.4650                | 13.6340      | 3.2040  | -0.1690   |
| <u>INDUSTRIAL</u>           |                                |   |                        |              |   |   |
| CUSTOMER CHARGE             | \$20.00                        | \$20.00   | \$40.00                | \$40.00      | \$20.00                                       | \$0.00  |
| ENERGY CHARGE (cents/therm) | 5.1900                         | 2.1580  | 7.3480                 | 6.7640       | 1.5740  | 0.5840  |
| <u>INTERRUPTIBLE</u>        |                                |   |                        |              |   |   |
| CUSTOMER CHARGE             | \$300.00                       | \$50.00   | \$350.00               | \$350.00     | \$50.00                                       | \$0.00  |
| ENERGY CHARGE (cents/therm) | 3.4300                         | 0.6020  | 4.0320                 | 3.7470       | 0.3170  | 0.2850  |

**PLANT CITY NATURAL GAS**

| <u>RATE SCHEDULE</u>        | <u>PRESENT</u><br><u>RATES</u> | <u>COMBINED</u><br><u>RATE</u><br><u>INCREASE</u> | <u>COMMISSION VOTE</u> |              | <u>STEP</u><br><u>RATE</u><br><u>INCREASE</u> | <u>DIFFERENCE</u><br><u>BETWEEN</u><br><u>COMBINED AND</u><br><u>STEP</u> |
|-----------------------------|--------------------------------|---|------------------------|--------------|---|---|
|                             |                                |   | <u>COMBINED</u>        | <u>STEP</u>  |   |   |
|                             |                                |   | <u>RATES</u>           | <u>RATES</u> |   |   |
| <u>RESIDENTIAL</u>          |                                |   |                        |              |   |   |
| CUSTOMER CHARGE             | \$3.00                         | \$3.50  | \$6.50                 | \$5.00       | \$2.00  | \$1.50  |
| ENERGY CHARGE (cents/therm) | 29.3200                        | 13.8060   | 43.1260                | 36.2280      | 6.9080  | 6.8980  |
| <u>RESIDENTIAL ANNUAL</u>   |                                |   |                        |              |   |   |
| CUSTOMER CHARGE             | \$0.00                         | \$6.50  | \$6.50                 | \$5.00       | \$5.00  | \$1.50  |
| ENERGY CHARGE (cents/therm) | 0.0000                         | 43.1260   | 43.1260                | 36.2280      | 36.2280                                       | 6.8980  |
| <u>COMMERCIAL</u>           |                                |   |                        |              |   |   |
| CUSTOMER CHARGE             | \$8.00                         | \$7.00  | \$15.00                | \$10.00      | \$2.00  | \$5.00  |
| ENERGY CHARGE (cents/therm) | 16.1500                        | 3.3430  | 19.5320                | 22.7770      | 6.1270  | -2.7450   |
| <u>COMMERCIAL I.G. VOL.</u> |                                |   |                        |              |   |   |
| CUSTOMER CHARGE             | \$8.00                         | \$12.00   | \$20.00                | \$10.00      | \$2.00  | \$10.00   |
| ENERGY CHARGE (cents/therm) | 16.1500                        | -2.4450   | 13.4650                | 17.2010      | 1.0510  | -3.7360   |
| <u>INDUSTRIAL</u>           |                                |   |                        |              |   |   |
| CUSTOMER CHARGE             | \$22.00                        | \$18.00   | \$40.00                | \$22.00      | \$0.00  | \$18.00   |
| ENERGY CHARGE (cents/therm) | 12.1000                        | -4.7520   | 7.3480                 | 16.8290      | 4.7290  | -9.4810   |
| <u>INTERRUPTIBLE</u>        |                                |   |                        |              |   |   |
| CUSTOMER CHARGE             | \$35.00                        | \$315.00  | \$350.00               | \$35.00      | \$0.00  | \$315.00  |
| ENERGY CHARGE (cents/therm) | 4.4900                         | -0.4580   | 4.0320                 | 4.5310       | 0.0410  | -0.4990   |

(1) PER MONTH CHARGE. \$25.00 PER YEAR PAID ONE TIME

(2) PER MONTH CHARGE. \$78.00 PER YEAR PAID ONE TIME