FLORIDA PUBLIC SERVICE COMMISSION

VOTE SHEET

December 15, 2009

Docket No. 090125-GU – Petition for increase in rates by Florida Division of Chesapeake Utilities Corporation.

Issue 1: Is Chesapeake's projected test period of the 12 months ending December 31, 2010, appropriate?
Recommendation: Yes. With the adjustments recommended by staff in the December 4, 2009, memorandum, the projected test year of 2010 is appropriate.

APPROVED

Issue 2: Are the projected bills and therms by rate class for the test year ending December 31, 2010, appropriate for use in this case?
Recommendation: Yes. The projected number of bills and therms by rate class as contained in Minimum Filing Requirements (MFR) Schedule G-2, pages 10-12 of staff's memorandum dated December 4, 2009, for test year 2010 are appropriate for this rate case.

APPROVED

COMMISSIONERS ASSIGNED: All Commissioners

COMMISSIONERS' SIGNATURES

MAJORITY	DISSENTING
David E Klement	
Nathan A. Skop	
Matthew M. Carter II	
Lisa P. Edgar	
N. Argenziano	

REMARKS/DISSENTING COMMENTS:

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Issue 3: Is the quality of gas service provided by Chesapeake adequate?
Recommendation: Staff recommends that the Commission find that the CUC quality of service is satisfactory.

APPROVED

Issue 4: Should Plant in Service be adjusted to remove unsupported 2010 Plant in Service based on Audit Finding No. 2?
Recommendation: No adjustment is necessary to the 2010 Plant in Service balance because additional documents were provided by Chesapeake in its response to the audit report.

APPROVED

Issue 5: Should Account 376.1, Mains-Steel, or Account 376.2 – Mains–Plastic, be adjusted due to a continuing property records discrepancy noted in Audit Finding No. 3?
Recommendation: No. Chesapeake's revised continuing property records reflect the appropriate account balances for Account 376.1 - Mains-Steel and Account 376.2 - Mains-Plastic of $14,444,603 as of December 31, 1999 and $12,638,540 as of December 31, 2003 and agree with the Federal Energy Regulatory Commission (FERC) Annual Report balances.

APPROVED

Issue 6: Should a sub-account entitled 397.1 AMR Communication Equipment be established?
Recommendation: No, Sub-Account 397.1 AMR Communication Equipment should not be established. Instead, staff recommends establishing Sub-Accounts 381.1, AMR Meters, and 382.1, AMR Meter Installations.

APPROVED

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Issue 7: What should be the average service life, net salvage and depreciation rate for sub-account 397.1?
Recommendation: No average service life, net salvage, or depreciation rate needs to be established for Sub-Account 397.1. However, new Sub-Accounts 381.1, AMR Meters, and 382.1, AMR Meter Installations, should have a twenty-year average service life, zero net salvage, resulting in a five percent depreciation rate.

APPROVED

Issue 8: Is Chesapeake's requested rate base in the amount of $46,683,296 for the 2010 projected test year appropriate?
Recommendation: Yes, $46,683,296 is the appropriate amount of rate base for the 2010 projected test year.

APPROVED

Issue 9: What is the appropriate amount of accumulated deferred taxes to include in the capital structure for the projected test year?
Recommendation: The appropriate amount of accumulated deferred taxes to include in the capital structure of Chesapeake Utilities Corporation for the 2010 projected test year is $7,454,209, as shown on Schedule 2 of staff's memorandum dated December 4, 2009.

APPROVED

Issue 10: What is the appropriate amount and cost rate of the unamortized investment tax credits to include in the capital structure for the projected test year?
Recommendation: The appropriate amount and cost rate of the unamortized investment tax credits to include in the capital structure for the 2010 projected year are $123,004 and zero percent, respectively, as shown on Schedule 2 of staff's memorandum dated December 4, 2009.

APPROVED

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Issue 11: Have rate base and capital structure been reconciled appropriately?
Recommendation: Yes. Rate base and capital structure have been reconciled appropriately.

APPROVED

Issue 12: What is the appropriate capital structure for the projected test year?
Recommendation: The appropriate capital structure for the purpose of setting rates in this proceeding reflects a projected equity ratio of approximately 54 percent as a percentage of investor-supplied capital. The appropriate capital structure for the projected 2010 test year is detailed on Schedule 2 of staff's memorandum dated December 4, 2009.

APPROVED

Issue 13: What is the appropriate cost rate for short-term debt for the projected test year?
Recommendation: The appropriate cost rate for short-term debt for the projected test year is 2.90 percent.

APPROVED

Issue 14: What is the appropriate cost rate for long-term debt for the projected test year?
Recommendation: The appropriate cost rate for long-term debt for the projected test year is 5.76 percent.

APPROVED

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Issue 15: What is the appropriate return on common equity for the projected test year?
Recommendation: The appropriate return on common equity for the projected test year is 10.8 percent with a range of plus or minus 100 basis points.

APPROVED

Issue 16: Should the Return on Equity be reduced for the failure to adequately preserve and maintain plant records required by Rule 25-7.014(5), F.A.C., Records and Reports in General?
Recommendation: Yes. As Chesapeake failed to adequately preserve and maintain plant records as required by Rule 25-7.014(5), its return on equity (ROE) should be reduced by 5 basis points. The 5 basis point ROE reduction is only for the purpose of calculating the appropriate amount of the revenue requirement. The recommended 10.80 percent ROE should be used for all other purposes. The effect of the 5 basis point reduction to staff's recommended ROE of 10.80 percent is an ROE of 10.75 percent, resulting in a $15,045 reduction in the revenue requirement.

APPROVED

Issue 17: What is the appropriate weighted average cost of capital including the proper components, amounts, and cost rates associated with the projected test year?
Recommendation: The appropriate weighted average cost of capital for the test year is 6.83 percent, as shown on Schedule 2 of staff's memorandum dated December 4, 2009.

APPROVED

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Issue 18: What are the appropriate trend factors for use in forecasting the test year budget?
Recommendation: The appropriate trend factors are listed as follows:

Table - 1
Appropriate Trend Factors for 2009 and 2010

Trend Factors	Historic Base Year +1 12/31/2009	Projected Test Year 12/31/2010
Payroll Only	3.50%	3.50%
Customer Growth & Inflation	0.75%	2.66%
Inflation Only	0.00%	1.90%
Customer Growth	0.75%	0.75%

The recommended inflation trend factors of 0 percent for 2009 and 1.90 percent for 2010, result in a decrease of $187,442 to Chesapeake's proposed 2010 operation and maintenance expenses.

APPROVED

Issue 19: Should the Commission approve Chesapeake's request (1) to defer amortization of a positive acquisition adjustment that resulted from the acquisition of Florida Public Utilities Company by Chesapeake Utilities Corporation and (2) to allow Chesapeake to start amortizing the acquisition adjustment should the Company experience overearnings?
Recommendation: Based on Chesapeake's agreement that it will ~~restate~~ adjust its books to reflect the Commission's future decision on the appropriate treatment of the acquisition adjustment, staff recommends that Chesapeake be permitted to defer amortization of the positive acquisition adjustment. However, Chesapeake should not be allowed to begin amortizing the acquisition adjustment for any reason, without prior Commission approval. Deferred amortization does not imply future rate recovery of these deferred costs.

APPROVED as modified at the Commission Conference.

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Issue 20: Should the Commission allow Chesapeake (1) to record transaction and transition costs related to the purchase of Florida Public Utilities by Chesapeake Utilities Corporation as Regulatory Assets, (2) to suspend the amortization of these costs until such time that the regulatory treatment of the transition and transaction costs has been determined by the Commission, and (3) to allow Chesapeake to begin amortizing the Regulatory Assets should the Company experience overearnings?
Recommendation: Based on Chesapeake's agreement that it will ~~restate~~ adjust its books to reflect the Commission's future decision on the appropriate treatment of the transition and transaction costs, staff recommends that Chesapeake be permitted to record the transaction and transition costs as Regulatory Assets and defer amortization of these costs. However, Chesapeake should not be allowed to begin amortizing the Regulatory Assets for any reason, without prior Commission approval. Deferred amortization does not imply future rate recovery of these deferred costs.

APPROVED as modified at the Commission Conference.

Issue 21: What is the appropriate amount of environmental clean-up costs, recovery period and recovery mechanism?
Recommendation: The appropriate amount of environmental clean-up costs is $956,257 with a recovery period of four years. The mechanism for recovery will be addressed in Issue 28.

APPROVED

Issue 22: Should an adjustment be made to Income Tax Expenses for the 2010 projected test year?
Recommendation: Yes. Total Income Tax Expense should be increased by $70,534 resulting in a total income tax expense of $387,702 for the 2010 projected test year.

APPROVED

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Issue 23: Is Chesapeake's projected Net Operating Income in the amount of $1,497,585 for the 2010 projected test year appropriate?
Recommendation: No. Chesapeake's Net Operating Income with staff's recommended adjustments is $1,614,492.

APPROVED

Issue 24: What is the appropriate 2010 projected test year net operating income multiplier for Chesapeake?
Recommendation: The appropriate Revenue Expansion Factor is 62.0582 percent and the appropriate Net Income Multiplier is 1.6114, as shown on Schedule 4 of staff's memorandum dated December 4, 2009.

APPROVED

Issue 25: Is Chesapeake's requested annual operating revenue increase of $2,965,398 for the 2010 projected test year appropriate?
Recommendation: No. The appropriate annual operating revenue increase is $2,536,307 for the 2010 projected test year.

APPROVED

Issue 26: What is the appropriate cost of service methodology to be used in allocating costs to the various rate classes?
Recommendation: The appropriate cost of service methodology to be used in allocating costs to the various rate classes is reflected in staff's cost of service study contained in Schedule 6, pages 1-26, of staff's memorandum dated December 4, 2009.

APPROVED

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Issue 27: Should the Commission approve the proposed new Solar Water-heating Administrative and Billing Service tariff?
Recommendation: Yes, the tariff initiating the pilot project should be approved, but any costs associated with the pilot should not be approved at this time. Any costs Chesapeake seeks to recover through the Natural Gas Conservation Cost Recovery Clause should be filed in the 2010 clause proceedings.

APPROVED

Issue 28: Should the Commission approve the new temporary environmental surcharge to recover costs related to environmental remediation of the Company's former manufactured gas plant (MGP) site in Winter Haven?
Recommendation: Yes. The Commission should approve the temporary environmental surcharge to recover costs related to environmental remediation of the Company's former MGP site in Winter Haven, over a four-year period, and any over/under- recovery be included in the Company's true-up at the conclusion of the four-year period.

APPROVED

Issue 29: Should Chesapeake be allowed to recover 100 percent of the revenue shortfall associated with Contract Firm Transportation Service discounts offered to industrial customers as opposed to the 50 percent allowed currently?
Recommendation: Yes. Chesapeake should be allowed to recover 100 percent of the revenue shortfall associated with Contract Firm Transportation Service (CFTS) discounts offered to industrial customers as opposed to the 50 percent allowed currently.

APPROVED

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Issue 30: Are the utility's proposed miscellaneous service charges appropriate?
Recommendation: The appropriate miscellaneous service charges are as follows:

Service Charge	Staff Recommendation
Connection Charge	
FTS-A through FTS-3.1	$52.00
FTS-4 through FTS-6	$75.00
FTS-7 and above	$200.00
Change of Account Charge	$13.00
Return Check Charge	Greater of $25 or 5% of check
Collection in Lieu of Discontinuance Charge	$40.00

APPROVED

Issue 31: Is the proposed new Failed Trip Charge appropriate?
Recommendation: Yes. The new failed trip charge of $20.00 is appropriate.

APPROVED

Issue 32: Is the proposed new Meter Re-Read at Consumer Request Charge appropriate?
Recommendation: Yes. Staff recommends approving the new meter re-read at consumer request charge of $28.00.

APPROVED

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Issue 33: Is the proposed new Temporary Disconnect Charge appropriate?
Recommendation: Yes. The new service charge for temporary disconnect of $21.00 is appropriate.

APPROVED

Issue 34: Should Chesapeake be allowed to eliminate cash as a payment option for initial deposit or bills, and require customers to use check, credit or debit cards?
Recommendation: Chesapeake should be allowed to eliminate cash as a payment option for initial deposits since no customers are using this option any more. However, Chesapeake should continue to accept cash as a bill payment method since customers are still using this option. Chesapeake should also make arrangements for a minimum of two payment locations which accept cash payments without requiring a fee to process the utility payment. The Company also currently accepts money orders even though the tariff does not specify this, so the Company should include the acceptance of money orders in its tariff.

APPROVED

Issue 35: Are the Company's revisions to its deposit charges appropriate?
Recommendation: Yes, the Company's revisions to its deposit charges are appropriate. The FTS-2 class deposit is changing from $170 to $175, while the FTS-3 class deposit is changing from $465 to $300. The FTS-2.1 and FTS-3.1 classes are new, and the proposed initial deposit for those classes is $150 and $500, respectively.

APPROVED

Issue 36: Should the Commission approve the Company's proposal to divide the existing FTS-2 and FTS-3 rate classes into four rate classes to better match costs and rates?
Recommendation: Yes.

APPROVED

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Issue 37: Should existing customers taking service under rate schedule FTS-A, who qualify for FTS-B, be allowed to return to FTS-A if their usage declines in the future?
Recommendation: No, existing customers taking service under rate schedule FTS-A, who qualify for FTS-B, should not be allowed to return to FTS-A if their usage declines in the future.

APPROVED

Issue 38: What are the appropriate Firm Transportation charges?
Recommendation: Staff's recommended Firm Transportation charges are as follows:

Rate Class	Staff Recommended Firm Transportation Charge
FTS - A	$13
FTS - A Experimental	$17
FTS - B	$15.50
FTS - B Experimental	$23
FTS - 1	$19
FTS - 1 Experimental	$29
FTS - 2	$34
FTS - 2 Experimental	$48
FTS – 2.1	$40
FTS – 2.1 Experimental	$87
FTS – 3	$108
FTS – 3 Experimental	$162
FTS – 3.1	$134
FTS – 3.1 Experimental	$263
FTS – 4	$210
FTS – 5	$380
FTS – 6	$600
FTS – 7	$700
FTS – 8	$1,200
FTS – 9	$2,000
FTS – 10	$3,000
FTS – 11	$5,500
FTS – 12	$9,000
FTS - 13	$16,692.25

APPROVED

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Issue 39: What are the appropriate per therm Usage charges?
Recommendation: Staff's recommended per therm Usage charges are as follows:

Rate Class	Staff Recommended Usage Charges (dollar per therm)
FTS - A	0.46358
FTS - B	0.49286
FTS - 1	0.46310
FTS - 2	0.31960
FTS – 2.1	0.30827
FTS – 3	0.24102
FTS – 3.1	0.20383
FTS – 4	0.18900
FTS – 5	0.16580
FTS – 6	0.15137
FTS – 7	0.12300
FTS – 8	0.11024
FTS – 9	0.09133
FTS – 10	0.08318
FTS – 11	0.06977
FTS – 12	0.06123
FTS - 13	0.00000

APPROVED

Issue 40: What are the appropriate charges for the SABS and SAS shipper rate classes?
Recommendation: The appropriate charges are shown below:

Rate Schedule	SABS	SAS
Monthly Shipper Administration Charge	$300	$300
Consumer Charge (per consumer in shipper pool)	$5.50	$7.50

APPROVED

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Issue 41: What is the appropriate effective date for any new rates and charges approved by the Commission?
Recommendation: The revised rates and charges should become effective for meter readings on or after 30 days following the date of the Commission vote approving the rates and charges. If the Commission vote is protested by anyone other than the utility, the rates may go into effect subject to refund pending resolution of the protest. Customers who take service under the optional experimental fixed rate design should be allowed to retain their current Firm Transportation Charge until the open enrollment period in April 2010 and Chesapeake should absorb any resulting revenue shortfall. Chesapeake should file revised tariffs to reflect the Commission-approved final rates and charges for administrative approval within five (5) business days of issuance of the PAA order. Pursuant to Rule 25-22.0406(8), F.A.C., customers should be notified of the revised rates in their first bill containing the new rates. A copy of the notice should be submitted to staff for approval prior to its use.

APPROVED

Issue 42: Should any of the $417,555 interim rate increase granted by Order No. PSC-09-0606-PCO-GU be refunded to the ratepayers?
Recommendation: No. Further, the corporate undertaking should be released upon issuance of the Consummating Order in this docket.

APPROVED

Issue 43: Should Chesapeake be required to file, within 90 days after the date of the final order in this docket, a description of all entries or adjustments to its annual report, rate of return reports, and books and records that will be required as a result of the Commission's findings in this rate case?
Recommendation: Yes. Chesapeake should be required to file, within 90 days after the date of the final order in this docket, a description of all entries or adjustments to its annual report, rate of return reports, and books and records which will be required as a result of the Commission's findings in this rate case.

APPROVED

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Issue 44: What, if any, filings should be required from the Florida Division of Chesapeake Utilities and Florida Public Utilities Company as a result of a corporate transaction whereby Florida Public Utilities Company became a wholly-owned subsidiary of Chesapeake Utilities Corporation?
Recommendation: Florida Public Utilities (FPUC) and Florida Division of Chesapeake Utilities (Chesapeake) should be required to submit data to the Commission no later than April 29, 2011 (18 months of the merger date of October 2009) that details all known benefits, synergies, and cost savings that have resulted from the merger. If costs have risen from the merger, those increases should also be identified.

APPROVED

Issue 45: Should this docket be closed?
Recommendation: If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the order, this docket should be closed upon the issuance of a consummating order.

APPROVED