

State of Florida



# Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD  
TALLAHASSEE, FLORIDA 32399-0850

**-M-E-M-O-R-A-N-D-U-M-**

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13 JAN 28 PM 4:15  
COMMISSION  
CLERK  
ALM

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**DATE:** January 28, 2013  
**TO:** Ann Cole, Commission Clerk, Office of Commission Clerk  
**FROM:** Andrew L. Maurey, Chief of Surveillance & Rate Filings, Division of Accounting & Finance  
**RE:** Docket No. 120311-GU - Petition for approval of positive acquisition adjustment to reflect the acquisition of Indiantown Gas Company by Florida Public Utilities Company.

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Please include the attached letters in the docket file referenced above.

DOCUMENT NUMBER-DATE

00544 JAN 28 2013

FPSC-COMMISSION CLERK



Writer's E-Mail Address: [bkeating@gunster.com](mailto:bkeating@gunster.com)

September 28, 2012

**VIA E-MAIL - AMAUREY@PSC.STATE.FL.US**

Mr. Andrew Maurey, Bureau Chief/Surveillance and Rates  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

Re: Florida Public Utilities Company - Indiantown Division (Updated)

Dear Mr. Maurey:

By Order No. PSC-12-0010-PAA-GU, issued in Docket No. 110133-GU, the Commission approved an acquisition adjustment for the purchase of Florida Public Utilities Company by Chesapeake Utilities Corporation. In that same Order, the Commission acknowledged that Florida Public Utilities Company had recently acquired Indiantown Natural Gas on August 10, 2010, but that the purchase premium associated with that transaction was not included in the request that was the subject of Docket No. 110133-GU.

The Company does, however, anticipate seeking approval of an acquisition adjustment associated with the acquisition of Indiantown Gas, which is now referred to as Florida Public Utilities Company - Indiantown Division. The Company will be providing information addressing the Commission's five-part test for approval of an acquisition adjustment, which will demonstrate, among other things, that the acquisition of Indiantown has produced cost savings and synergies that inure to the benefit of the customers, as well as the Company.

Subject to the Company's stated intent to request recognition of an acquisition adjustment, as well as other provisions of this Letter, Florida Public Utilities Company - Indiantown Division hereby acknowledges and agrees that the Commission does have jurisdiction, pursuant to the Commission's authority under Chapter 366, Florida Statutes, to calculate and dispose of prospective overearnings, if any, that may be found at the conclusion of Commission proceedings to address the Company's forthcoming request for approval of an acquisition adjustment.

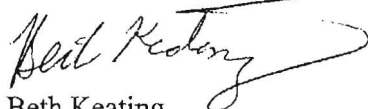
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Mr. Andrew Maurey, Bureau Chief  
September 28, 2012  
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To the extent that the most recent ESR suggests that there may be prospective overearnings, FPUC-Indiantown believes that such amounts are entirely attributable to savings associated with FPUC's purchase and assimilation of Indiantown; therefore, the Company asks that those amounts be addressed in the context of FPUC's request for an acquisition adjustment. While the Company hopes to be able to file its request sooner, at a minimum, FPUC commits to file such request before the end of the year.

FPUC-Indiantown commits to provide all pertinent financial information and back-up data as may be necessary for the Commission to consider the Company's request for approval of an acquisition adjustment and to determine the appropriate application of prospective excess earnings, if any. As always, FPUC- Indiantown, will maintain an ongoing dialogue with both PSC Staff and the Office of Public Counsel. As such, we offer this letter to negate any perceived need to open a docket at this time and, likewise, respectfully request that the parties be given sufficient time to prepare and review the pertinent financial information. To that end, FPUC-Indiantown agrees that the Commission has the authority to determine and dispose of overearnings, if any, for the period ending December 31, 2012, occurring on or after October 1, 2012. This letter does not, however, constitute a waiver by the company of any of its positions in connection with the determination of its earned ROE for the calendar year 2012 or the disposition of overearnings, if any, resulting from such determination.

Sincerely,



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

cc:// Office of Public Counsel (Kelly)

Gunster, Yoakley & Stewart, P.A.  
ATTORNEYS AT LAW

WPB\_ACTIVE 5264869.1



**GUNSTER**  
FLORIDA'S LAW FIRM FOR BUSINESS

Writer's E-Mail Address: [bkeating@gunster.com](mailto:bkeating@gunster.com)

January 25, 2013

**VIA E-MAIL - AMAUREY@PSC.STATE.FL.US**

Mr. Andrew Maurey, Bureau Chief/Surveillance and Rates  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

Re: Florida Public Utilities Company - Indiantown Division (Updated)

Dear Mr. Maurey:

As follow up to my letter to you of September 28, 2012, the Company has since filed a request for approval of an acquisition adjustment associated with the acquisition of Indiantown Gas, which is now referred to as Florida Public Utilities Company – Indiantown Division. The matter has been assigned Docket No. 120311-GU. Therein, the Company has provided information addressing the Commission's five-part test for approval of an acquisition adjustment, which the Company believes demonstrates, among other things, that the acquisition of Indiantown has produced cost savings and synergies that inure to the benefit of the customers, as well as the Company. In the event that the requested acquisition adjustment is approved by the Commission, it is the Company's position that no overearnings exist. FPUC-Indiantown believes that any savings that have been achieved are associated with FPUC's purchase and assimilation of Indiantown; therefore, the Company asks that any earned amounts perceived to exceed the Company's approved ROE be addressed in the context of FPUC's request in Docket No. 120311-GU.

Consistent with my prior letter of September 28, 2012, as well as related provisions of this Letter, Florida Public Utilities Company - Indiantown Division hereby acknowledges and agrees that the Commission does have jurisdiction, pursuant to the Commission's authority under Chapter 366, Florida Statutes, to calculate and dispose of prospective overearnings, if any, that may be found at the conclusion of Commission proceedings in Docket No. 120311-GU.

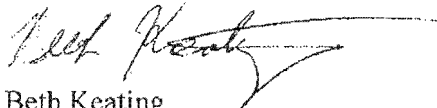
FPUC-Indiantown commits to provide all pertinent financial information and back-up data as may be necessary for the Commission to consider the Company's request for approval of an

Mr. Andrew Maurey, Bureau Chief  
January 25, 2013  
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acquisition adjustment and to determine the appropriate application of prospective excess earnings, if any. Thus, the Company asks that these items be addressed solely in the context of Docket No. 120311-GU. As always, FPUC- Indiantown, will maintain an ongoing dialogue with both PSC Staff and the Office of Public Counsel.

Consistent with the representation in my letter of September 28, 2012, FPUC-Indiantown agrees that the Commission has the authority to determine and dispose of overearnings, if any, for the period ending December 31, 2013, occurring on or after October 1, 2012. This letter does not, however, constitute a waiver by the Company of any of its positions in connection with the determination of its earned ROE for the calendar years 2012 or 2013, or the disposition of overearnings, if any, resulting from such determination.

Sincerely,



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

cc:// Office of Public Counsel (Kelly)