

Writer's Direct Dial Number: (850) 521-1706  
Writer's E-Mail Address: bkeating@gunster.com

August 28, 2014

**BY E-PORTAL**

Ms. Carlotta Stauffer, Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

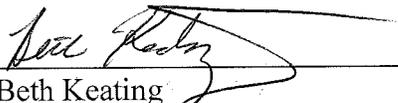
**Re: Docket No. 120036-GU - Joint petition for approval of Gas Reliability Infrastructure Program (GRIP) by Florida Public Utilities Company and the Florida Division of Chesapeake Utilities Corporation.**

Dear Ms. Stauffer:

Attached for filing, please find the Petition for Approval of GRIP Cost Recovery Factors submitted on behalf of Florida Public Utilities Company and the Florida Division of Chesapeake Utilities Corporation, along with the Direct Testimony and Exhibit CMM-1 of Ms. Cheryl Martin. Copies of the schedules included in this filing in native format have been forwarded separately to staff counsel.

Thank you for your assistance with this filing. As always, please don't hesitate to let me know if you have any questions whatsoever.

Sincerely,

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

MEK  
cc:/(Certificate of Service)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Joint Petition for Approval of Gas Reliability Infrastructure Program (GRIP) by Florida Public Utilities Company and the Florida Division of Chesapeake Utilities Corporation	DOCKET NO. 120036-GU DATED: August 28, 2014
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**PETITION FOR APPROVAL OF GRIP  
COST RECOVERY FACTORS BY FLORIDA PUBLIC UTILITIES COMPANY AND  
THE FLORIDA DIVISION OF CHESAPEAKE UTILITIES CORPORATION**

Florida Public Utilities Company, (herein “FPUC”), and the Florida Division of Chesapeake Utilities Corporation (“CFG”)(also referred to herein individually as “Company” and jointly as “Companies”), by and through their undersigned counsel, hereby file this Petition, pursuant to Section 366.06, Florida Statutes, and Order No. PSC-12-0490-TRF-GU, seeking approval from the Florida Public Service Commission (“FPSC” or “Commission”) of FPUC's and CFG’s GRIP cost recovery factors for the period January 2015 through December 2015. In support of this request, the Companies hereby state:

1) FPUC is a natural gas utility subject to the Commission's jurisdiction under Chapter 366, Florida Statutes.<sup>1</sup> Its principal business address is:

Florida Public Utilities Company  
1641 Worthington Road, Suite 220  
West Palm Beach, FL 33409

2) CFG is also a natural gas utility subject to the Commission’s jurisdiction under Chapter 366, Florida Statutes. Its principal business address is:

Florida Division of Chesapeake Utilities  
Corporation  
1015 Sixth Street, NW  
Winter Haven, FL 33881

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<sup>1</sup> FPUC’s Indiantown Division does not participate in a GRIP program.

- 3) The name and mailing address of the persons authorized to receive notices are:

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

Cheryl Martin  
Florida Public Utilities  
Company/Florida Division of  
Chesapeake Utilities Corporation  
911 South 8th Street  
Fernandina Beach, FL 32034

4) The Commission is vested with jurisdiction in this matter in accordance with Sections 366.04, 366.041, 366.05, and 366.06, Florida Statutes, pursuant to which the Commission is authorized to establish rates and charges for public utilities, including the relief requested herein, and to consider, among other things, the adequacy of facilities, as well as the utility's ability to improve such facilities. Likewise, in accordance with Section 368.05(2), Florida Statutes, the Commission has the authority to require improvements to natural gas distribution systems as may be necessary to promote the protection of the public.

5) Consistent with the requirements of Order No. PSC-12-0490-TRF-GU, issued September 24, 2012, the Company has included with this filing Schedules A-D, which support the Company's calculation of the yearly GRIP surcharge factors for the calendar year 2015 for both CFG and FPUC.

6) The Company is also submitting, contemporaneously with this Petition, the Direct Testimony and Exhibit CMM-1, which includes the referenced schedules, of Ms. Cheryl Martin in support of the Companies' request for approval of the requested factors.

7) As reflected on CMM-1, the final GRIP true-up amount for the period January 2013 through December 2013 was an over-recovery of \$439,206 for FPUC and an over-recovery of \$60,814 for CFG.

8) The Company projects total revenue requirements for the program of \$4,150,011 for FPUC and \$1,621,020 for CFG for the period January 2015 through December 2015. As set forth in the Testimony and Exhibit of Ms. Martin, the Company's total true-up amounts to be collected or refunded during the period January 2015 through December 2015 are a net under-recovery of \$973,361 for FPUC and a net under-recovery of \$225,373 for CFG. After adding the projected revenue requirements for the programs and the true-up amounts then dividing this total among the Companies' rate classes, the following are the GRIP Cost Recovery factors for which the Companies seek approval in this petition:

<u>CFG</u>	
	GRIP
RATE	FACTORS
CLASS	PER THERM
FTS-A	\$ 0.17680
FTS-B	\$ 0.07739
FTS-1	\$ 0.05713
FTS-2	\$ 0.05323
FTS-2.1	\$ 0.05552
FTS-3	\$ 0.02701
FTS-3.1	\$ 0.03332
FTS-4	\$ 0.04130
FTS-5	\$ 0.03826
FTS-6	\$ 0.02868
FTS-7	\$ 0.03938

FTS-8     \$ 0.03672  
 FTS-9     \$ 0.05122  
 FTS-10    \$ 0.05208  
 FTS-11    \$ 0.02408  
 FTS-12    \$ 0.03370  
 FTS-13    N/A

CLASS <u>Rate Schedule</u>	GRIP FACTORS PER THERM <u>Rate per bill</u>
FTS-A (Exp)	\$ 1.21
FTS-B (Exp)	\$ 0.89
FTS-1 (Exp)	\$ 0.97
FTS-2 (Exp)	\$ 3.31
FTS-2.1 (Exp)	\$ 6.80
FTS-3 (Exp)	\$ 9.48
FTS-3.1 (Exp)	\$ 19.32

<u>FPUC</u> RATE SCHEDULE	GRIP FACTORS PER THERM
RESIDENTIAL	\$0.10516
COMMERCIAL SMALL (General Service 1 & 2 & GS 1 & 2 Transportation)	\$0.08457
COMM. LRG VOLUME (Large Vol & LV Transportation)	\$0.03678
INTERRUPTIBLE SERVICE (Int Service & IS Transportation)	\$0.03820
GENERAL LIGHTING SERVICE	\$0.13288

9) The Companies attest that these factors have been calculated correctly and consistent with Commission requirements. Thus, the Companies ask that the Commission approve the proposed factors as set forth herein.

10) Attached to this Petition as Attachment A are proposed tariff pages, in clean and legislative format, reflecting the GRIP factors set forth herein.

WHEREFORE, FPUC and CFG respectfully request that the Commission approve the Company's proposed GRIP cost recovery factors to be effective for all meter readings for the period January 2015 through December 2015.

RESPECTFULLY SUBMITTED this 28th day of August, 2014.



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

*Attorneys for Florida Public Utilities Company*

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true and correct copy of the foregoing has been served upon the following by Electronic Mail this 28<sup>th</sup> day of August, 2014.

Jennifer Crawford Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, FL 32399-0850 <a href="mailto:jcrawfor@psc.state.fl.us">jcrawfor@psc.state.fl.us</a>	J.R. Kelly/P. Christensen Office of Public Counsel c/o The Florida Legislature 111 W. Madison Street, Room 812 Tallahassee, FL 32399-1400 <a href="mailto:Christensen.patty@leg.state.fl.us">Christensen.patty@leg.state.fl.us</a>
Cheryl Martin Florida Public Utilities Company 1641 Worthington Road, Suite 220 West Palm Beach, FL 33409 <a href="mailto:Cheryl_Martin@fpuc.com">Cheryl_Martin@fpuc.com</a>	

By:   
Beth Keating  
Gunster, Yoakley & Stewart, P.A.  
215 South Monroe St., Suite 601  
Tallahassee, FL 32301  
(850) 521-1706

Docket No. 120036-GU

**ATTACHMENT A**

Revised Tariff Sheets(*clean/legislative*)

CFG Second Revised Sheet No. 105.1  
CFG Third Revised Sheet No. 105.2  
FPUC NG Tenth Revised Sheet No. 35.4

RATE SCHEDULES  
MONTHLY RATE ADJUSTMENTS  
Rate Schedule MRA

7. GAS REPLACEMENT INFRASTRUCTURE PROGRAM (GRIP):

Applicability:

All Customers receiving Transportation Service from the Company and are assigned to or have selected rate schedules FTS-A, FTS-B, FTS-1, FTS-2, FTS-2.1, FTS-3, FTS-3.1, FTS-4, FTS-5, FTS-6, FTS-7, FTS-8, FTS-9, FTS-10, FTS-11, FTS-12, and FTS-13.

The Usage Rate for Transportation Service to each applicable rate classification shall be adjusted by the following recovery factors. The recovery factors for all meters read for the period January 1, 2015 through December 31, 2015 for each rate classification are as follows:

<u>Rate Schedule</u>	<u>Classification of Service</u>	<u>Rate per therm</u>
FTS A	< 130 therms	\$0.17680
FTS-B	> 130 therms up to 250 therms	\$0.07739
FTS-1	> 0 up to 500 therms	\$0.05713
FTS-2	> 500 therms up to 1,000 therms	\$0.05323
FTS-2.1	> 1,000 therms up to 2,500 therms	\$0.05552
FTS-3	> 2,500 therms up to 5,000 therms	\$0.02701
FTS-3.1	> 5,000 therms up to 10,000 therms	\$0.03332
FTS-4	> 10,000 therms up to 25,000 therms	\$0.04130
FTS-5	> 25,000 therms up to 50,000 therms	\$0.03826
FTS-6	> 50,000 therms up to 100,000 therms	\$0.02868
FTS-7	> 100,000 therms up to 200,000 therms	\$0.03938
FTS-8	> 200,000 therms up to 400,000 therms	\$0.03672
FTS-9	> 400,000 therms up to 700,000 therms	\$0.05122
FTS-10	> 700,000 therms up to 1,000,000 therms	\$0.05208
FTS-11	> 1,000,000 therms up to 2,500,000 therms	\$0.02408
FTS-12	> 2,500,000 therms up to 12,500,000 therms	\$0.03370
FTS-13	> 12,500,000 therms	N/A

(Continued to Sheet No. 105.2)

Issued by: Michael P. McMasters, President  
Chesapeake Utilities Corporation

Effective:

Florida Division of Chesapeake Utilities Corporation  
Original Volume No.4

Second ~~First~~ Revised Sheet No.  
105.1

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Cancels ~~First~~ Original Sheet No. 105.1

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RATE SCHEDULES  
MONTHLY RATE ADJUSTMENTS  
Rate Schedule MRA

7. GAS REPLACEMENT INFRASTRUCTURE PROGRAM (GRIP):

Applicability:

All Customers receiving Transportation Service from the Company and are assigned to or have selected rate schedules FTS-A, FTS-B, FTS-1, FTS-2, FTS-2.1, FTS-3, FTS-3.1, FTS-4, FTS-5, FTS-6, FTS-7, FTS-8, FTS-9, FTS-10, FTS-11, FTS-12, and FTS-13.

The Usage Rate for Transportation Service to each applicable rate classification shall be adjusted by the following recovery factors. The recovery factors for all meters read for the period January 1, 2015 2014 through December 31, 2015 2014 for each rate classification are as follows:

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Rate Schedule Classification of Service

FTS\$0.17688000728  
FTS\$0.07763000077  
FTS\$0.05711000190  
FTS\$0.05350000000  
FTS\$0.05550000000  
FTS\$0.02705000000  
FTS\$0.03350000000  
FTS\$0.04100000000  
FTS\$0.03826000000  
FTS\$0.02860000000  
FTS\$0.03900000000  
FTS\$0.03670000000  
FTS\$0.05100000000  
FTS\$0.05270000000  
FTS\$0.02400000000  
FTS\$0.03370000000  
FTSN/A > 12,500,000 therms

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(Continued to Sheet No. 105.2)

Issued by: Michael P. McMasters, President  
Chesapeake Utilities Corporation

Effective:

RATE SCHEDULES  
MONTHLY RATE ADJUSTMENTS  
Rate Schedule MRA

(Continued from Sheet No. 105.1)

7. GAS RELIABILITY INFRASTRUCTURE PROGRAM (GRIP) (Experimental):

Applicability:

All Customers assigned to a TTS Shipper, receiving Transportation Service from the Company and are assigned to or have selected rate schedules FTS-A (Exp), FTS-B (Exp), FTS-1 (Exp), FTS-2 (Exp), FTS-2.1 (Exp), FTS-3 (Exp), and FTS-3.1 (Exp).

The Firm Transportation Charge for Transportation Service to each applicable rate classification shall be adjusted by the following recovery factors. The recovery factors for all meters read for the period January 1, 2015 through December 31, 2015 for each rate classification are as follows:

<u>Consumer</u> <u>Rate Schedule</u>	<u>Rate per bill</u>
FTS-A (Exp)	\$ 1.21
FTS-B (Exp)	\$ 0.89
FTS-1 (Exp)	\$ 0.97
FTS-2 (Exp)	\$ 3.31
FTS-2.1 (Exp)	\$ 6.80
FTS-3 (Exp)	\$ 9.48
FTS-3.1 (Exp)	\$ 19.32

(Continued to Sheet No. 105.3)

Issued by: Michael P. McMasters, President  
Chesapeake Utilities Corporation

Effective:

Florida Division of Chesapeake Utilities Corporation  
Original Volume No. 4

~~Third Second Revised Sheet No.~~  
105.2  
~~Second First Sheet No.~~  
105.2

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RATE SCHEDULES  
MONTHLY RATE ADJUSTMENTS  
Rate Schedule MRA  
(Continued from Sheet No. 105.1)

7. GAS RELIABILITY INFRASTRUCTURE PROGRAM (GRIP) (Experimental):

Applicability:

All Customers assigned to a TTS Shipper, receiving Transportation Service from the Company and are assigned to or have selected rate schedules FTS-A (Exp), FTS-B (Exp), FTS-1 (Exp), FTS-2 (Exp), FTS-2.1 (Exp), FTS-3 (Exp), and FTS-3.1 (Exp).

The Firm Transportation Charge for Transportation Service to each applicable rate classification shall be adjusted by the following recovery factors. The recovery factors for all meters read for the period January 1, ~~2015~~ 2014 through December 31, ~~2015~~ 2014 for each rate classification are as follows:

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Consumer Rate Schedule	Rate per bill
FTS-A (Exp)	\$ <del>1.21</del> 0.44
FTS-B (Exp)	\$ <del>0.89</del> 0.35
FTS-1 (Exp)	\$ <del>0.97</del> 0.38
FTS-2 (Exp)	\$ <del>3.31</del> 1.19
FTS-2.1 (Exp)	\$ <del>6.80</del> 2.86
FTS-3 (Exp)	\$ <del>9.48</del> 3.67
FTS-3.1 (Exp)	\$ <del>19.32</del> 7.49

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(Continued to Sheet No. 105.3)

Issued by: Michael P. McMasters, President  
Chesapeake Utilities Corporation

Effective:

BILLING ADJUSTMENTS  
(Continued from Sheet No. 35.3)

Gas Reliability Infrastructure Program (GRIP)

Applicability

The bill for gas or transportation service supplied to a Customer in any Billing Period shall be adjusted as follows:

The GRIP factors for the period from the first billing cycle for January 2015 through the last billing cycle for December 2015 are as follows:

<u>Rate Class</u>	<u>Rates Per Therm</u>
Rate Schedule RS	\$0.10516
Rate Schedule GS-1	\$0.08457
Rate Schedule GS-2	\$0.08457
Rate Schedule GSTS-1	\$0.08457
Rate Schedule GSTS-2	\$0.08457
Rate Schedule LVS	\$0.03678
Rate Schedule LVTS	\$0.03678
Rate Schedule IS	\$0.03820
Rate Schedule ITS	\$0.03820
Rate Schedule GLS	\$0.13288
Rate Schedule GLSTS	\$0.13288
Rate Schedule NGV	\$0.00000
Rate Schedule NGVTS	\$0.00000

(Continued to Sheet No. 35.5)

Florida Public Utilities Company  
F.P.S.C. Gas Tariff  
Third Revised Volume No. 1

Tenth Ninth Revised Sheet No. 35.4  
Cancels Ninth Eighth Revised Sheet No. 35.4

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BILLING ADJUSTMENTS  
(Continued from Sheet No. 35.3)

Gas Reliability Infrastructure Program (GRIP)

Applicability

The bill for gas or transportation service supplied to a Customer in any Billing Period shall be adjusted as follows:

The GRIP factors for the period from the first billing cycle for January 2015 2014 through the last billing cycle for December 2015 2014 are as follows:

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<u>Rate Class</u>	<u>Rates Per Therm</u>
Rate Schedule RS	\$0.10516 01598
Rate Schedule GS-1	\$0.08457 01450
Rate Schedule GS-2	\$0.08457 01450
Rate Schedule GSTS-1	\$0.08457 01450
Rate Schedule GSTS-2	\$0.08457 01450
Rate Schedule LVS	\$0.03678 00654
Rate Schedule LVTS	\$0.03678 00654
Rate Schedule IS	\$0.03820 00608
Rate Schedule ITS	\$0.03820 00608
Rate Schedule GLS	\$0.13288 04826
Rate Schedule GLSTS	\$0.13288 04826
Rate Schedule NGV	\$0.00000
Rate Schedule NGVTS	\$0.00000

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(Continued to Sheet No. 35.5)

Issued by: Jeffrey Householder, President

Effective:

1 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

2 In Re: Gas Reliability Infrastructure Program (GRIP)

3 DIRECT TESTIMONY OF CHERYL M. MARTIN

4 On behalf of

5 Florida Public Utilities Company (FPUC) and

6 Florida Division of Chesapeake Utilities Corporation (CFG)

7 DOCKET NO. 120036-GU

8 Q. Please state your name and business address.

9 A. My name is Cheryl Martin. I am the Director of Regulatory Affairs for Florida Public Utilities  
10 Company (FPU) including the Florida Division of Chesapeake Utilities (Central Florida Gas or  
11 CFG), Peninsula Pipeline, and Eight Flags Energy, LLC (Eight Flags). FPU has its administrative  
12 offices at 1641 Worthington Road, Suite 220, West Palm Beach, Florida 33409. I have been  
13 employed by FPU since 1985 and performed numerous accounting functions until I was promoted  
14 to Corporate Accounting Manager in 1995 with responsibilities for managing the Corporate  
15 Accounting Department including regulatory accounting (fuel, PGA, conservation, rate cases,  
16 surveillance reports, reporting), tax accounting, external reports, and special projects. In January  
17 2002, I was promoted to the position of Controller where my responsibilities included those above  
18 with additional responsibilities in the purchasing and general accounting areas and Security and  
19 Exchange Commission (SEC) filings. I was promoted to my current position in August 2011. My  
20 current responsibilities include directing the regulatory affairs for the Company in Florida  
21 including regulatory analysis, and reporting and filings before the Florida Public Service  
22 Commission (FPSC) for FPU, FPU-Indiantown, FPU-Fort Meade, Central Florida Gas, and  
23 Peninsula Pipeline Company. I graduated from Florida State University in 1984 with a B.S. in  
24 Accounting. I am also a Certified Public Accountant in Florida.

25 **Q. Have you filed testimony before the Florida Public Service Commission in prior cases?**

26 A. Yes, on several occasions. Among the dockets in which I have participated most recently, I  
27 provided testimony in the Company's 2014 rate case, Docket No. 140025-EI, as well as the 2007

1 rate case in Docket No. 070304-EI, the 2003 rate case in Docket No. 030438-EI, the 1993 rate  
2 case in Docket No. 930400-EI, and our 1988 rate case in Docket No. 881056-EI. I also provided  
3 testimony in the 2008 rate case for our Natural Gas Division in Docket No. 080366-GU, as well as  
4 the 2004 Natural Gas rate case in Docket No. 040216-GU and the 1990 and 1994 rate cases,  
5 addressed in Dockets Nos. 900151-GU, and 940620-GU, respectively. I have also filed testimony  
6 on numerous occasions in the Fuel and Purchased Power Cost Recovery proceeding, as well as in  
7 the Conservation Cost Recovery clause dockets and the annual Purchased Gas Adjustment  
8 proceedings. In addition, I have also been involved in the development of other regulatory filings  
9 in Florida on behalf of FPU and other Chesapeake companies.

10 Q. Are you familiar with the Gas Reliability Infrastructure Program (GRIP) of the Company  
11 and the associated projected and actual revenues and costs?

12 A. Yes.

13 Q. What is the purpose of your testimony in this docket?

14 A. My testimony will provide the actual true-up for January 1, 2013 to December 1, 2013 and  
15 the actual/estimated true-up based on 6 months actual 2014 data and 6 months projected  
16 2014 data. My testimony will describe the Company's forecast of GRIP investment for  
17 natural gas mains and services for 2015. Finally, I will summarize the computations that  
18 are contained in composite exhibit CMM-1 supporting the January through December  
19 2015 projected GRIP surcharge factors for the FPUC and CFG natural gas divisions.

20 Q. Were the schedules reviewed and completed under your direction?

21 A. Yes.

22 Q. Which set of schedules has your company completed and filed?

23 A. The Company has prepared and filed in composite Exhibit CMM-1, Schedules A, B, C,  
24 and D that support the calculation of the yearly GRIP surcharge factors for January  
25 through December 2015 for FPUC and CFG.

26 Q. What is the appropriate final GRIP true-up amount for the period January through

1 December 2013?

2 A. For FPUC, the final GRIP true-up amount as shown on Schedule B- 2 for the period  
3 January through December 2013 is an over-recovery of \$439,206 inclusive of interest and  
4 an over-recovery of \$60,814 for CFG.

5 Q. What is the projected GRIP true-up amount for the period January through December  
6 2014?

7 A. For FPUC, the projected GRIP true-up amount as shown on Schedule B-1 is an under-  
8 recovery of \$973,361 inclusive of interest, for the period January through December 2014.  
9 CFG has an under-recovery for the same period of \$225,373 inclusive of interest.

10 Q. What is the projection period for this filing?

11 A. The projection period is January through December 2015.

12 Q. What is the total projected GRIP true-up amount to be collected from or refunded to  
13 customers for the period January through December 2015?

14 A. As shown on Schedule B-1, page 2 of 10, the total net under-recovery to be collected for  
15 FPUC is \$973,361 and CFG, Schedule B-1 page 7 of 10, has a total net under-recovery of  
16 \$225,373 to be collected for the period January through December 2015.

17 Q. Please describe how the forecasts of the replacement of qualifying distribution mains and  
18 services were developed for the projection period.

19 A. In the initial joint petition for approval of GRIP (Order No. PSC-12-0490-TRF-GU),  
20 FPUC and CFG reviewed the remaining eligible infrastructure and developed a  
21 replacement plan, based on our Distribution Integrity Management Program (DIMP) and  
22 our best estimate of how quickly we could replace our bare steel and cast iron facilities,  
23 with an accelerated period of 10 years. Both companies prioritized the potential  
24 replacement projects focusing initially on areas of high consequence and areas more  
25 susceptible to corrosion. FPUC provides service to large metropolitan areas and the

1 replacement of eligible infrastructure in high-density (urban) areas typically cost more  
2 than areas that are primarily rural. The Company continues to aggressively replace  
3 eligible infrastructure.

4 Q. Please describe how the forecasts of the revenue requirements are developed for the  
5 projection period.

6 A. The projected revenue requirements includes several components: 1) the return on  
7 estimated qualified investments for the projection period as calculated using the equity  
8 and debt components of the weighted average cost of capital from each companies  
9 respective prior rate cases. 2) depreciation expense (respectively calculated using the  
10 currently approved depreciation rates) and 3) expenses for customer and general public  
11 notifications associated with GRIP and ad valorem taxes, grossed up for federal and state  
12 income taxes. Since FPUC has a bare steel replacement and recovery program, originally  
13 approved in the Company's 2004 rate case proceeding, the revenue requirements is net of  
14 the existing bare steel program, which equates to \$747,727 embedded in base rate  
15 revenues. CFG does not have any recovery amounts embedded in its base rates. The  
16 projected mains and services to be replaced each year are shown on Schedule A-1, Exhibit  
17 CMM-1 pages 1 and 6. FPU is expecting to invest \$4,806,141 in mains and \$1,333,037  
18 for services. CFG is expecting to invest \$2,764,823 in mains and \$147,436 in services.

19 Q. What are the resulting net total projected revenue requirements to be recovered during this  
20 projection period?

21 A. The total projected revenue requirements to be recovered are \$4,150,011 for FPUC,  
22 Schedule D page 5 of 10, and the \$1,621,020 for CFG, Schedule D page 10 of 10.

23 Q. Have you prepared a schedule that shows the calculation of the proposed GRIP surcharge  
24 factors for each rate class to be applied during the billing period January 1, 2015 through  
25 December 31, 2015?

- 1 A. Yes, For FPUC, please see Schedule D page 5 of 10 and Schedule D page 10 of 10 for  
2 CFG. For CFG, rate class FTS-13 is excluded from the GRIP surcharge factor calculation  
3 since this rate class pertains to special contract customers.
- 4 Q. Has the Company determined the O & M expense savings?
- 5 A. The Company is still in the process of determining whether there are fewer leak surveys  
6 since the inception of the program and quantifying the dollar effects of the reduction. The  
7 Company has determined the decrease in depreciation expense on qualifying mains and  
8 services to be replaced related to the program and have reduced the revenue required as  
9 shown on Schedules B-1 and B-2 for the depreciation savings.
- 10 Q. What should be the effective date of the GRIP surcharge factors for billing purposes?
- 11 A. The GRIP surcharge factors should be effective for all meter readings during the period of  
12 January 1, 2015 through December 31, 2015.
- 13 Q. Does this conclude your testimony?
- 14 A. Yes.

Docket No. 120036-GU

Exhibit \_\_\_\_\_ (CMM-1)

**GRIP SCHEDULES A – D**  
FOR

FLORIDA PUBLIC UTILITIES COMPANY NATURAL GAS DIVISION

AND

FLORIDA DIVISION OF CHESAPEAKE UTILITIES CORPORATION

**Florida Public Utilities Company**  
Gas Reliability Infrastructure Program (GRIP)  
Investment and Annual Recovery information

Schedule A-1  
Exhibit \_\_\_\_\_  
Cheryl M Martin (CMM-1)  
Page 1 of 10

Item	%	<u>Plant Amount</u>	<u>Quantity</u>		<u>Per Unit \$</u>
Bare Steel (Qualified) Remaining Replacement Investment, approved in Docket No. 080366-GU					
Mains		\$ 27,939,030	219.2	Miles	\$ 127,459
Services		9,447,335	11,602	Each	\$ 814
Total Bare Steel replacement Investment 1/1/2009		<u>\$ 37,386,365</u>			
Estimated Qualified Remaining Replacement Investment as of 6/30/2012					
Mains	74%	\$ 34,503,084	198	Miles	\$ 174,258
Services	26%	\$ 12,416,880	7,980	Each	\$ 1,556
Remaining Qualified Replacement Investment as of 06/30/2012		<u>\$ 46,919,964</u>			
Annual Qualified Replacement Investment, beginning 7/1/2012					
		<u>7/1/2012-6/30/2014</u>	10	Years	<u>7/1/2014-6/30/2022</u>
Mains		\$ 5,865,524			\$ 2,846,504
Services		\$ 2,110,870			\$ 1,024,393
Total Annual Qualified Replacement Investment		<u>\$ 7,976,394</u>			<u>\$ 3,870,897</u>
Estimated Qualified Remaining Replacement Investment as of 12/31/2014					
		<u>Amount</u>	<u>Quantity</u>		<u>Per Unit \$</u>
Mains		\$ 24,030,704	7.5 124	Years Miles	\$ 193,796
Services		\$ 6,665,186	3,707	Each	\$ 1,798
Total Annual Qualified Replacement Investment		<u>\$ 30,695,890</u>			
<u>1/1/2015-6/30/2022</u>					
				Mains Year	\$ 4,806,141
				Services Year	\$ 1,333,037
					<u>\$ 6,139,178</u>
Annual Amortization, 50 year period, approved in Docket No. 080366-GU, beginning 1/1/2009					
		<u>Net Amount</u>			
Mains		\$ 558,780			
Services		188,947			
Total Annual Amortization		<u>\$ 747,727</u>			
Accumulated Amortization as of 06/30/2012, 50 year amortization program					
Mains		\$ 1,955,730			
Services		661,315			
Accumulated Amortization as of 06/30/2012		<u>\$ 2,617,045</u>			
Earnings Surveillance Report - December 31, 2013					
Equity Cost Rate		10.85%		update from 2013 ROR	
Weighted Equity Cost Rate		5.06%		Sch 4 or 5	
Revenue Expansion Factor		1.6197			
Weighted Equity Cost Rate , times Revenue Expansion Factor		<u>8.196%</u>			
Weighted Debt Cost Rate		1.95%			
Overall Weighted Cost Rate		<u>7.01%</u>			

**Florida Public Utilities Company**  
 Gas Reliability Infrastructure Program (GRIP)  
 Calculation of the Actual Revenue Requirements  
 Six Months Actual January 2014 through June 2014  
 Estimated July 2014 through December 2014

Schedule B-1  
 Exhibit \_\_\_\_\_  
 Cheryl M Martin (CMM-1)  
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Item	Beginning Balance	Actual Jan	Actual Feb	Actual Mar	Actual Apr	Actual May	Actual Jun	Projected Jul	Projected Aug	Projected Sep	Projected Oct	Projected Nov	Projected Dec	Year End Total/Balance
<b>Qualified Investment</b>														
Qualified Investment - Mains - Current 1070 Activity		\$728,982	\$570,139	\$1,236,256	\$990,211	\$947,655	\$391,368	\$437,209	\$437,209	\$437,209	\$437,209	\$437,209	\$437,209	\$437,209
Qualified Investment - Mains - Closed 1070 Activity to Plant		\$0	\$0	(\$1,169,791)	(\$309,595)	(\$54,888)	(\$25,861)	(\$349,767)	(\$349,767)	(\$349,767)	(\$349,767)	(\$349,767)	(\$349,767)	(\$349,767)
Qualified Investment - Services - Current 1070 Activity		\$287,010	\$493,975	\$553,972	\$440,743	\$725,297	\$414,614	\$85,366	\$85,366	\$85,366	\$85,366	\$85,366	\$85,366	\$85,366
Qualified Investment - Services - Closed 1070 Activity to Plant		(\$287,010)	(\$124,637)	(\$642,457)	(\$440,743)	(\$725,297)	(\$414,614)	(\$85,366)	(\$85,366)	(\$85,366)	(\$85,366)	(\$85,366)	(\$85,366)	(\$85,366)
Qualified Investment - Mains - Current 1010 Activity		\$0	\$0	\$1,169,791	\$309,595	\$54,888	\$25,861	\$349,767	\$349,767	\$349,767	\$349,767	\$349,767	\$349,767	\$349,767
Qualified Investment - Services - Current 1010 Activity		\$287,010	\$124,637	\$642,457	\$440,743	\$725,297	\$414,614	\$85,366	\$85,366	\$85,366	\$85,366	\$85,366	\$85,366	\$85,366
<b>Total Qualified Investment - Mains 1070</b>	\$908,855	\$1,637,837	\$2,207,976	\$2,274,442	\$2,955,058	\$3,847,824	\$4,213,331	\$4,300,772	\$4,388,214	\$4,475,656	\$4,563,097	\$4,650,539	\$4,737,981	\$4,737,981
<b>Total Qualified Investment - Services 1070</b>	(\$0)	(\$0)	\$369,338	\$280,853	\$280,853	\$280,853	\$280,853	\$280,853	\$280,853	\$280,853	\$280,853	\$280,853	\$280,853	\$280,853
<b>Total Qualified Investment - Mains 1010</b>	\$9,586,167	\$9,586,167	\$9,586,167	\$10,755,958	\$11,065,553	\$11,120,441	\$11,146,303	\$11,496,070	\$11,845,836	\$12,195,603	\$12,545,370	\$12,895,137	\$13,244,904	\$13,244,904
<b>Total Qualified Investment - Services 1010</b>	\$3,787,744	\$4,074,754	\$4,199,391	\$4,841,848	\$5,282,591	\$6,007,888	\$6,422,501	\$6,507,867	\$6,593,233	\$6,678,599	\$6,763,966	\$6,849,332	\$6,934,698	\$6,934,698
<b>Total Qualified Investment</b>	\$14,282,766	\$15,298,758	\$16,362,872	\$18,153,100	\$19,584,054	\$21,257,007	\$22,062,988	\$22,585,563	\$23,108,137	\$23,630,712	\$24,153,287	\$24,675,862	\$25,198,436	\$25,198,436
Less: Accumulated Depreciation	(\$101,862)	(\$132,565)	(\$164,081)	(\$195,950)	(\$232,077)	(\$270,097)	(\$310,287)	(\$351,705)	(\$394,094)	(\$437,454)	(\$481,785)	(\$527,086)	(\$573,357)	(\$573,357)
<b>Net Book Value</b>	\$14,180,903	\$15,166,192	\$16,198,790	\$17,957,150	\$19,351,977	\$20,986,909	\$21,752,700	\$22,233,857	\$22,714,043	\$23,193,258	\$23,671,501	\$24,148,775	\$24,625,079	\$24,625,079
<b>Average Net Qualified Investment</b>	\$14,673,548	\$15,682,491	\$17,077,970	\$18,654,563	\$20,169,443	\$21,369,805	\$21,993,279	\$22,479,950	\$22,953,650	\$23,432,379	\$23,910,138	\$24,386,927		
<b>Depreciation Rates</b>														
Approved Depreciation Rate-Mains		2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Approved Depreciation Rate-Services		3.40%	3.40%	3.40%	3.40%	3.40%	3.40%	3.40%	3.40%	3.40%	3.40%	3.40%	3.40%	3.40%
<b>Return on Average Net Qualified Investment</b>														
Equity - Cost of Capital, inclusive of Income Tax Gross-up		8.1960%	8.1960%	8.1960%	8.1960%	8.1960%	8.1960%	8.1960%	8.1960%	8.1960%	8.1960%	8.1960%	8.1960%	8.1960%
Debt - Cost of Capital		1.9500%	1.9500%	1.9500%	1.9500%	1.9500%	1.9500%	1.9500%	1.9500%	1.9500%	1.9500%	1.9500%	1.9500%	1.9500%
Equity Component - inclusive of Income Tax Gross-up	\$100,220	\$107,111	\$116,643	\$127,411	\$137,757	\$145,956	\$150,214	\$153,497	\$156,773	\$160,043	\$163,306	\$166,563	\$169,819	\$168,549
Debt Component	\$23,845	\$25,484	\$27,752	\$30,314	\$32,775	\$34,726	\$35,739	\$36,520	\$37,300	\$38,078	\$38,854	\$39,629	\$40,401	\$40,106
Return Requirement	\$124,065	\$132,595	\$144,395	\$157,725	\$170,532	\$180,682	\$185,953	\$190,017	\$194,073	\$198,121	\$202,160	\$206,192	\$208,510	\$208,510
<b>Investment Expenses</b>														
Depreciation Expense - Mains		\$19,971	\$19,971	\$19,971	\$22,408	\$23,053	\$23,168	\$23,221	\$23,950	\$24,679	\$25,408	\$26,136	\$26,865	\$27,801
Depreciation Expense - Services		\$10,732	\$11,545	\$11,898	\$13,719	\$14,967	\$17,022	\$18,197	\$18,439	\$18,681	\$18,923	\$19,165	\$19,406	\$19,694
Property Taxes	2.00%	\$23,805	\$23,805	\$23,805	\$23,805	\$23,805	\$23,805	\$23,805	\$23,805	\$23,805	\$23,805	\$23,805	\$23,805	\$23,805
Customer Notice Expense - 709		\$6,923	\$0	\$0	\$0	\$8,110	\$0	\$1,803	\$1,803	\$1,803	\$1,803	\$1,803	\$1,803	\$2,580
General Public Notice Expense - Advertising 702		\$0	\$0	\$0	\$0	\$2,137	\$124	\$0	\$1,750	\$1,750	\$1,750	\$1,750	\$1,750	\$1,750
Depreciation Savings		(\$338)	(\$506)	(\$782)	(\$786)	(\$786)	(\$2,272)	(\$2,276)	(\$2,276)	(\$4,471)	(\$4,484)	(\$4,483)	(\$6,484)	(\$29,944)
<b>Total Expense</b>	\$61,093	\$54,815	\$54,892	\$59,146	\$71,285	\$61,847	\$64,750	\$67,471	\$66,247	\$67,205	\$68,176	\$67,145	\$76,072	\$76,072
<b>Total Revenue Requirements</b>	\$185,158	\$187,410	\$199,287	\$216,871	\$241,817	\$242,529	\$250,703	\$257,488	\$260,320	\$265,326	\$270,336	\$273,337	\$2,850,582	\$2,850,582
<b>Embedded Revenue for Bare Steel Replacement Investment</b>	\$62,311	\$62,311	\$62,311	\$62,311	\$62,311	\$62,311	\$62,311	\$62,311	\$62,311	\$62,311	\$62,311	\$62,311	\$62,311	\$747,727
<b>Net Revenue Requirements / (Surplus)</b>	\$122,847	\$125,099	\$136,976	\$154,560	\$179,506	\$180,218	\$188,392	\$195,177	\$198,009	\$203,015	\$208,025	\$211,031	\$2,102,855	\$2,102,855
<b>GRIP Surcharge Revenues Collected Month</b>	\$ 76,149	\$ 72,653	\$ 65,855	\$ 60,584	\$ 51,142	\$ 46,275	\$ 46,110	\$ 46,903	\$ 47,221	\$ 51,093	\$ 61,689	\$ 64,717	\$ 690,391	\$ 690,391
<b>Beginning True-Up (Over) and Under Recovery for the Month</b>	\$ 46,698	\$ 52,446	\$ 71,121	\$ 93,976	\$ 128,364	\$ 133,943	\$ 142,282	\$ 148,274	\$ 150,788	\$ 151,922	\$ 146,336	\$ 146,314	\$ 1,412,464	\$ 1,412,464
<b>Monthly Interest (Expense)/Income</b>	\$ (12)	\$ (15)	\$ (15)	\$ (11)	\$ (4)	\$ 1	\$ 8	\$ 15	\$ 23	\$ 30	\$ 38	\$ 45	\$ 103	\$ 103
<b>Ending (Over) and Under Recovery</b>	(\$439,206.00)	(\$392,520)	(\$340,090)	(\$268,983)	(\$175,019)	(\$46,658)	\$ 87,286	\$ 229,576	\$ 377,865	\$ 528,676	\$ 680,628	\$ 827,002	\$ 973,361	\$ 973,361
<b>Beg of Month Annual Interest Rate</b>	0.04%	0.04%	0.05%	0.06%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%
<b>End of Month Annual Interest Rate</b>	0.04%	0.05%	0.060%	0.05%	0.05%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%
<b>Average Monthly Interest Rate</b>	0.003%	0.004%	0.005%	0.005%	0.004%	0.005%	0.005%	0.005%	0.005%	0.005%	0.005%	0.005%	0.005%	0.005%

**Florida Public Utilities Company**  
 Gas Reliability Infrastructure Program (GRIP) Seg3 2605  
 Calculation of the Actual Revenue Requirements  
 Actual January 1, 2013 to December 31, 2013

Schedule B-2  
 Exhibit \_\_\_\_\_  
 Cheryl M Martin (CMM-1)  
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Item	Beginning Balance	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year End Total/Balance
<b>Qualified Investment</b>														
Qualified Investment - Mains - Current 1070 Activity		\$171,484	\$273,002	\$926,013	\$682,443	\$746,542	\$937,701	\$464,666	\$811,033	\$1,074,198	\$725,030	\$1,153,689	\$1,025,401	
Closed- 1070 Activity to Plant for Mains		\$0	(\$494,414)	(\$32,387)	\$46,014	\$0	(\$9,037)	(\$16,353)	(\$489,006)	(\$195,953)	(\$5,645,388)	(\$939,253)	(\$747,897)	
Qualified Investment - Services - Current 1070 Activity		\$4,093	\$59,066	\$89,086	\$114,347	\$101,936	\$192,636	\$172,639	\$274,138	\$768,099	\$443,935	\$497,675	\$916,408	
Closed- 1070 Activity to Plant for Service		(\$4,093)	(\$59,066)	(\$89,086)	(\$114,347)	(\$101,936)	(\$192,129)	(\$173,146)	(\$274,138)	(\$768,099)	(\$443,935)	(\$497,675)	(\$916,408)	
Qualified Investment - Mains - Current 1010 Activity		\$0	\$494,414	\$32,387	(\$46,014)	\$0	\$9,037	\$16,353	\$489,006	\$195,953	\$5,645,388	\$939,253	\$747,897	
Qualified Investment - Services - Current 1010 Activity		\$4,093	\$59,066	\$89,086	\$114,347	\$101,936	\$192,129	\$173,146	\$274,138	\$768,099	\$443,935	\$497,675	\$916,408	
<b>Total Qualified Investment - Mains 1070</b>	\$441,326	\$612,810	\$391,397	\$1,285,024	\$2,013,481	\$2,760,023	\$3,688,687	\$4,137,000	\$4,459,027	\$5,337,273	\$416,915	\$631,351	\$908,855	\$908,855
<b>Total Qualified Investment - Services 1070</b>	\$0	\$0	\$0	\$0	\$0	\$507	\$0	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)
<b>Total Qualified Investment - Mains 1010</b>	\$1,062,493	\$1,062,493	\$1,556,907	\$1,589,294	\$1,543,280	\$1,543,280	\$1,552,317	\$1,568,670	\$2,057,676	\$2,253,629	\$7,899,017	\$8,838,270	\$9,586,167	\$9,586,167
<b>Total Qualified Investment - Services 1010</b>	\$153,685	\$157,778	\$216,844	\$305,930	\$420,277	\$522,213	\$714,342	\$887,488	\$1,161,626	\$1,929,725	\$2,373,660	\$2,871,335	\$3,787,744	\$3,787,744
<b>Total Qualified Investment</b>	\$1,657,504	\$1,833,080	\$2,165,148	\$3,180,247	\$3,977,037	\$4,825,516	\$5,955,853	\$6,593,158	\$7,678,329	\$9,520,627	\$10,689,592	\$12,340,956	\$14,282,766	\$14,282,766
Less: Accumulated Depreciation	(\$905)	(\$3,554)	(\$6,215)	(\$10,072)	(\$14,250)	(\$18,656)	(\$23,351)	(\$28,609)	(\$34,392)	(\$41,970)	(\$52,132)	(\$75,314)	(\$101,862)	(\$101,862)
<b>Net Book Value</b>	\$1,656,599	\$1,829,527	\$2,158,933	\$3,170,175	\$3,962,787	\$4,806,860	\$5,932,502	\$6,564,549	\$7,643,938	\$9,478,657	\$10,637,459	\$12,265,642	\$14,180,903	\$14,180,903
<b>Average Net Qualified Investment</b>		\$1,743,063	\$1,994,230	\$2,664,554	\$3,566,481	\$4,384,823	\$5,369,681	\$6,248,525	\$7,104,244	\$8,561,297	\$10,058,058	\$11,451,551	\$13,223,272	
<b>Depreciation Rates</b>														
Approved Depreciation Rate-Mains		2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	
Approved Depreciation Rate-Services		3.40%	3.40%	3.40%	3.40%	3.40%	3.40%	3.40%	3.40%	3.40%	3.40%	3.40%	3.40%	
<b>Return on Average Net Qualified Investment</b>														
Equity - Cost of Capital, inclusive of Income Tax Gross-up		8.6980%	8.6980%	8.6980%	8.6980%	8.6980%	8.6980%	8.6980%	8.6980%	8.6980%	8.6980%	8.6980%	8.6980%	
Debt - Cost of Capital		2.3000%	2.3000%	2.3000%	2.3000%	2.3000%	2.3000%	2.3000%	2.3000%	2.3000%	2.3000%	2.3000%	2.3000%	
<b>Equity Component - inclusive of Income Tax Gross-up</b>	\$12,634	\$14,455	\$19,314	\$25,851	\$31,783	\$38,921	\$45,291	\$51,494	\$62,055	\$72,904	\$83,005	\$95,847	\$553,554	
<b>Debt Component</b>	\$3,341	\$3,822	\$5,107	\$6,836	\$8,404	\$10,292	\$11,976	\$13,616	\$16,409	\$19,278	\$21,949	\$25,345	\$146,375	
<b>Return Requirement</b>	\$15,975	\$18,277	\$24,421	\$32,687	\$40,187	\$49,213	\$57,268	\$65,110	\$78,464	\$92,182	\$104,953	\$121,191	\$699,929	
<b>Investment Expenses</b>														
Depreciation Expense - Mains		\$2,214	\$2,214	\$3,244	\$3,311	\$3,215	\$3,215	\$3,234	\$3,268	\$4,287	\$4,695	\$16,456	\$18,413	\$67,765
Depreciation Expense - Services		\$435	\$447	\$614	\$867	\$1,191	\$1,480	\$2,024	\$2,515	\$3,291	\$5,468	\$6,725	\$8,135	\$33,192
Property Taxes	2.00%	\$2,763	\$2,763	\$2,763	\$2,763	\$2,763	\$2,763	\$2,763	\$2,763	\$2,763	\$2,763	\$2,763	\$2,763	\$33,150
Customer Notice Expense - 709		\$0	\$0	\$500	\$0	\$650	\$0	\$0	\$491	\$0	\$0	\$0	\$0	\$1,641
General Public Notice Expense - Advertising 702		\$1,885	\$298	\$298	\$2,894	\$1,007	(\$1,000)	\$0	\$0	\$0	\$0	\$0	\$0	\$5,381
Depreciation Savings		(\$338)	(\$506)	(\$782)	(\$786)	(\$786)	(\$2,272)	(\$2,276)	(\$2,276)	(\$4,471)	(\$4,484)	(\$4,483)	(\$6,484)	(\$29,944)
<b>Total Expense</b>		\$6,958	\$5,215	\$6,636	\$9,048	\$8,039	\$4,185	\$5,744	\$6,760	\$5,870	\$8,441	\$21,461	\$22,827	\$111,185
<b>Total Revenue Requirements</b>	\$22,933	\$23,492	\$31,057	\$41,735	\$48,226	\$53,398	\$63,012	\$71,870	\$84,334	\$100,623	\$126,415	\$144,018	\$811,114	
<b>Embedded Revenue for Bare Steel Replacement Investment</b>	\$62,311	\$62,311	\$62,311	\$62,311	\$62,311	\$62,311	\$62,311	\$62,311	\$62,311	\$62,311	\$62,311	\$62,311	\$62,306	\$747,727
<b>Net Revenue Requirements</b>	(\$39,378)	(\$38,819)	(\$31,254)	(\$20,576)	(\$14,085)	(\$8,913)	\$701	\$9,559	\$22,023	\$38,312	\$64,104	\$81,712	\$63,387	
<b>GRIP Surcharge Revenues Collected Month</b>	\$ 26,990	\$ 26,179	\$ 26,878	\$ 24,716	\$ 21,141	\$ 18,796	\$ 16,738	\$ 16,984	\$ 16,840	\$ 18,322	\$ 20,638	\$ 24,714	\$258,936	
<b>Beginning True-Up</b>														(\$243,238.00)
(Over) and Under Recovery for the Month	(\$66,368.00)	(\$64,998.00)	(\$58,132.00)	(\$45,292.00)	(\$35,226.00)	(\$27,709.00)	(\$16,037.00)	\$ (7,425.00)	\$ 5,183.00	\$ 19,990.00	\$ 43,466.00	\$ 56,998.00	\$ (195,550.00)	
Monthly Interest Expense/(Income)	(\$28.00)	(\$34.00)	(\$40.00)	(\$46.00)	(\$50.00)	(\$53.00)	(\$55.00)	(\$28.00)	(\$28.00)	(\$22.00)	(\$21.00)	(\$19.00)	(\$418.00)	
<b>Ending (Over) and Under Recovery</b>	(\$243,238.00)	(\$309,634.00)	(\$374,666.00)	(\$432,838.00)	(\$478,176.00)	(\$513,452.00)	(\$541,214.00)	(\$557,306.00)	(\$564,759.00)	(\$559,598.00)	(\$539,630.00)	(\$496,185.00)	(\$439,206.00)	(\$439,206.00)
<b>Beg of Month Annual Interest Rate</b>	0.10%	0.15%	0.14%	0.09%	0.09%	0.07%	0.065%	0.065%	0.05%	0.04%	0.05%	0.06%		
<b>End of Month Annual Interest Rate</b>	0.15%	0.14%	0.09%	0.09%	0.07%	0.065%	0.065%	0.050%	0.040%	0.045%	0.055%	0.040%		
<b>Average Monthly Interest Rate</b>	0.010%	0.010%	0.010%	0.010%	0.010%	0.010%	0.010%	0.010%	0.005%	0.00%	0.00%	0.00%	0.00%	

**Florida Public Utilities Company**  
 Gas Reliability Infrastructure Program (GRIP)  
 Calculation of the Projected Revenue Requirements  
 January 1, 2015 through December 31, 2015

Schedule C-1  
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 Cheryl M Martin (CMM-1)  
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Item	Beginning													Year End
	Balance	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total/Balance
<b>Qualified Investment</b>														
Qualified Investment - Mains - Current Year 1070 Activity	\$400,512	\$400,512	\$400,512	\$400,512	\$400,512	\$400,512	\$400,512	\$400,512	\$400,512	\$400,512	\$400,512	\$400,512	\$400,512	\$4,806,141
Qualified Investment - Mains - Closed 1070 Activity to Plant	(\$316,404)	(\$316,404)	(\$316,404)	(\$316,404)	(\$316,404)	(\$316,404)	(\$316,404)	(\$316,404)	(\$316,404)	(\$316,404)	(\$316,404)	(\$316,404)	(\$316,404)	(\$3,796,848)
Qualified Investment - Services - Current Year 1070 Activity	\$111,086	\$111,086	\$111,086	\$111,086	\$111,086	\$111,086	\$111,086	\$111,086	\$111,086	\$111,086	\$111,086	\$111,086	\$111,086	\$1,333,037
Qualified Investment - Services - Closed 1070 Activity to Plant	(\$111,086)	(\$111,086)	(\$111,086)	(\$111,086)	(\$111,086)	(\$111,086)	(\$111,086)	(\$111,086)	(\$111,086)	(\$111,086)	(\$111,086)	(\$111,086)	(\$111,086)	(\$1,333,037)
Qualified Investment - Mains - Current 1010 Activity	\$316,404	\$316,404	\$316,404	\$316,404	\$316,404	\$316,404	\$316,404	\$316,404	\$316,404	\$316,404	\$316,404	\$316,404	\$316,404	\$3,796,848
Qualified Investment - Services - Current 1010 Activity	\$111,086	\$111,086	\$111,086	\$111,086	\$111,086	\$111,086	\$111,086	\$111,086	\$111,086	\$111,086	\$111,086	\$111,086	\$111,086	\$1,333,037
<b>Total Qualified Investment - Mains 1070</b>	\$4,737,981	\$4,822,089	\$4,906,196	\$4,990,304	\$5,074,412	\$5,158,520	\$5,242,627	\$5,326,735	\$5,410,843	\$5,494,951	\$5,579,058	\$5,663,166	\$5,747,274	\$5,747,274
<b>Total Qualified Investment - Service 1070</b>	\$280,853	\$280,853	\$280,853	\$280,853	\$280,853	\$280,853	\$280,853	\$280,853	\$280,853	\$280,853	\$280,853	\$280,853	\$280,853	\$280,853
<b>Total Qualified Investment - Mains 1010</b>	\$13,244,904	\$13,561,308	\$13,877,712	\$14,194,116	\$14,510,520	\$14,826,924	\$15,143,328	\$15,459,732	\$15,776,136	\$16,092,540	\$16,408,944	\$16,725,348	\$17,041,752	\$17,041,752
<b>Total Qualified Investment - Service 1010</b>	\$6,934,698	\$7,045,784	\$7,156,871	\$7,267,957	\$7,379,043	\$7,490,130	\$7,601,216	\$7,712,303	\$7,823,389	\$7,934,476	\$8,045,562	\$8,156,649	\$8,267,735	\$8,267,735
<b>Total Qualified Investment</b>	\$25,198,436	\$25,710,034	\$26,221,633	\$26,733,231	\$27,244,829	\$27,756,427	\$28,268,025	\$28,779,623	\$29,291,222	\$29,802,820	\$30,314,418	\$30,826,016	\$31,337,614	\$31,337,614
Less: Accumulated Depreciation	(\$573,357)	(\$620,599)	(\$668,815)	(\$718,005)	(\$768,168)	(\$819,306)	(\$871,417)	(\$924,503)	(\$978,562)	(\$1,033,595)	(\$1,089,602)	(\$1,146,584)	(\$1,204,539)	(\$1,204,539)
<b>Net Book Value</b>	\$24,625,079	\$25,089,435	\$25,552,818	\$26,015,226	\$26,476,661	\$26,937,121	\$27,396,608	\$27,855,121	\$28,312,660	\$28,769,224	\$29,224,815	\$29,679,433	\$30,133,076	\$30,133,076
<b>Average Net Qualified Investment</b>	\$24,857,257	\$25,321,126	\$25,784,022	\$26,245,943	\$26,706,891	\$27,166,865	\$27,625,864	\$28,083,890	\$28,540,942	\$28,997,020	\$29,452,124	\$29,906,254		
<b>Depreciation Rates</b>														
Approved Depreciation Rate-Mains	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Approved Depreciation Rate-Services	3.40%	3.40%	3.40%	3.40%	3.40%	3.40%	3.40%	3.40%	3.40%	3.40%	3.40%	3.40%	3.40%	3.40%
<b>Return on Average Net Qualified Investment</b>														
Equity - Cost of Capital, inclusive of Income Tax Gross-up	8.1960%	8.1960%	8.1960%	8.1960%	8.1960%	8.1960%	8.1960%	8.1960%	8.1960%	8.1960%	8.1960%	8.1960%	8.1960%	8.1960%
Debt - Cost of Capital	1.9500%	1.9500%	1.9500%	1.9500%	1.9500%	1.9500%	1.9500%	1.9500%	1.9500%	1.9500%	1.9500%	1.9500%	1.9500%	1.9500%
<b>Equity Component - inclusive of Income Tax Gross-up</b>	\$169,775	\$172,943	\$176,105	\$179,260	\$182,408	\$185,550	\$188,685	\$191,813	\$194,935	\$198,050	\$201,158	\$204,260	\$204,260	\$2,244,940
<b>Debt Component</b>	\$40,393	\$41,147	\$41,899	\$42,650	\$43,399	\$44,146	\$44,892	\$45,636	\$46,379	\$47,120	\$47,860	\$48,598	\$48,598	\$534,118
<b>Return Requirement</b>	\$210,168	\$214,090	\$218,004	\$221,909	\$225,807	\$229,696	\$233,577	\$237,449	\$241,314	\$245,170	\$249,018	\$252,857	\$252,857	\$2,779,059
<b>Investment Expenses</b>														
Depreciation Expense - Mains	\$27,594	\$28,253	\$28,912	\$29,571	\$30,230	\$30,889	\$31,549	\$32,208	\$32,867	\$33,526	\$34,185	\$34,844	\$34,844	\$374,628
Depreciation Expense - Services	\$19,648	\$19,963	\$20,278	\$20,593	\$20,907	\$21,222	\$21,537	\$21,852	\$22,166	\$22,481	\$22,796	\$23,111	\$23,111	\$256,553
Property Taxes	\$41,042	\$41,042	\$41,042	\$41,042	\$41,042	\$41,042	\$41,042	\$41,042	\$41,042	\$41,042	\$41,042	\$41,042	\$41,042	\$492,502
General Public Notice Expense & Customer Notice Expense	\$1,803	\$1,803	\$1,803	\$1,803	\$1,803	\$1,803	\$1,803	\$1,803	\$1,803	\$1,803	\$1,803	\$1,803	\$1,803	\$21,636
<b>Total Expense</b>	\$90,087	\$91,061	\$92,034	\$93,008	\$93,982	\$94,956	\$95,930	\$96,904	\$97,878	\$98,852	\$99,826	\$100,800	\$100,800	\$1,145,319
<b>Total Revenue Requirements</b>	\$300,255	\$305,151	\$310,038	\$314,918	\$319,789	\$324,652	\$329,507	\$334,353	\$339,192	\$344,022	\$348,844	\$353,657	\$353,657	\$3,924,377
<b>Annual Revenue Requirement for Bare Steel Replacement Investment</b>	\$62,310	\$62,310	\$62,310	\$62,310	\$62,310	\$62,310	\$62,310	\$62,310	\$62,310	\$62,310	\$62,310	\$62,310	\$62,310	\$747,727
<b>Net Annual Revenue Requirements</b>	\$237,945	\$242,841	\$247,728	\$252,608	\$257,479	\$262,342	\$267,197	\$272,043	\$276,882	\$281,712	\$286,534	\$291,340	\$291,340	\$3,176,650

Estimated GRIP Revenues  
July 2014 to December 2014

FPUC:	GRIP Rate	Therms		Dollars		Therms		Dollars		Therms		Dollars		Therms		Dollars	
		July	August	September	October	November	December										
Residential	0.015980	629,228	\$ 10,055	620,209	\$ 9,911	698,032	\$ 11,155	751,272	\$ 12,005	1,151,594	\$ 18,402	1,328,596	\$ 21,231				
Commercial Small	0.014500	623,381	\$ 9,039	644,733	\$ 9,349	506,937	\$ 7,351	549,128	\$ 7,962	699,300	\$ 10,140	715,998	\$ 10,382				
Commercial Large	0.006540	3,534,743	\$ 23,117	3,598,696	\$ 23,535	3,764,537	\$ 24,620	4,092,402	\$ 26,764	4,384,612	\$ 28,675	4,393,682	\$ 28,735				
Interruptible	0.006080	582,910	\$ 3,544	618,122	\$ 3,758	615,124	\$ 3,740	649,281	\$ 3,948	677,108	\$ 4,117	660,148	\$ 4,014				
General Lighting Service	0.018260	19,428	\$ 355	19,172	\$ 350	19,461	\$ 355	22,658	\$ 414	19,428	\$ 355	19,428	\$ 355				
<b>Total</b>		<b>5,389,690</b>	<b>\$ 46,110</b>	<b>5,500,933</b>	<b>\$ 46,903</b>	<b>5,604,090</b>	<b>\$ 47,221</b>	<b>6,064,741</b>	<b>\$ 51,093</b>	<b>6,932,042</b>	<b>\$ 61,689</b>	<b>7,117,852</b>	<b>\$ 64,717</b>				

CFG:													
FTS-A	0.02652	8,191	\$ 217	8,191	\$ 217	8,962	\$ 238	9,993	\$ 265	10,553	\$ 280	12,823	\$ 340
FTS-B	0.01438	17,897	\$ 257	17,897	\$ 257	19,910	\$ 286	21,716	\$ 312	22,489	\$ 323	26,776	\$ 385
FTS-1	0.01610	102,293	\$ 1,647	102,293	\$ 1,647	106,111	\$ 1,708	121,840	\$ 1,962	137,616	\$ 2,216	169,595	\$ 2,730
FTS-2	0.01307	24,366	\$ 318	24,366	\$ 318	30,332	\$ 396	29,240	\$ 382	40,511	\$ 529	45,193	\$ 591
FTS-2.1	0.01751	43,261	\$ 758	43,261	\$ 758	41,120	\$ 720	55,073	\$ 964	68,855	\$ 1,206	68,783	\$ 1,204
FTS-3	0.01023	65,107	\$ 666	65,107	\$ 666	57,220	\$ 585	60,930	\$ 623	82,242	\$ 841	62,284	\$ 637
FTS-3.1	0.01152	142,842	\$ 1,646	142,842	\$ 1,646	141,115	\$ 1,626	148,874	\$ 1,715	145,084	\$ 1,671	168,614	\$ 1,942
FTS-4	0.01204	143,705	\$ 1,730	143,705	\$ 1,730	147,860	\$ 1,780	156,144	\$ 1,880	165,878	\$ 1,997	180,579	\$ 2,174
FTS-5	0.01517	76,342	\$ 1,158	76,342	\$ 1,158	74,666	\$ 1,133	88,913	\$ 1,349	157,887	\$ 2,395	142,729	\$ 2,165
FTS-6	0.00838	190,740	\$ 1,598	190,740	\$ 1,598	159,957	\$ 1,340	258,040	\$ 2,162	105,210	\$ 882	211,454	\$ 1,772
FTS-7	0.01029	210,441	\$ 2,165	210,441	\$ 2,165	245,334	\$ 2,524	261,499	\$ 2,691	236,312	\$ 2,432	256,183	\$ 2,636
FTS-8	0.01642	548,404	\$ 9,005	548,404	\$ 9,005	532,521	\$ 8,744	590,601	\$ 9,698	575,719	\$ 9,453	727,323	\$ 11,943
FTS-9	0.01326	294,900	\$ 3,910	294,900	\$ 3,910	220,911	\$ 2,929	260,675	\$ 3,457	271,520	\$ 3,600	338,567	\$ 4,489
FTS-10	0.01729	233,621	\$ 4,039	233,621	\$ 4,039	158,720	\$ 2,744	227,366	\$ 3,931	252,852	\$ 4,372	280,947	\$ 4,858
FTS-11	0.01180	451,224	\$ 5,324	451,224	\$ 5,324	694,120	\$ 8,191	784,681	\$ 9,259	611,601	\$ 7,217	879,142	\$ 10,374
FTS-12	0.01231	460,379	\$ 5,667	460,379	\$ 5,667	442,228	\$ 5,444	492,522	\$ 6,063	489,026	\$ 6,020	505,428	\$ 6,222
FTS-13	N/A	839,665		839,665		867,048		850,113		967,590		975,792	
<b>Total</b>		<b>3,853,378</b>	<b>\$ 40,105</b>	<b>3,853,378</b>	<b>\$ 40,105</b>	<b>3,948,135</b>	<b>\$ 40,388</b>	<b>4,418,220</b>	<b>\$ 46,713</b>	<b>4,340,945</b>	<b>\$ 45,434</b>	<b>5,052,212</b>	<b>\$ 54,462</b>

FTS-A	0.24	1610	\$ 386	1610	\$ 386	1610	\$ 386	1610	\$ 386	1610	\$ 386	1610	\$ 386
FTS-B	0.26	2121	\$ 551	2121	\$ 551	2121	\$ 551	2121	\$ 551	2121	\$ 551	2121	\$ 551
FTS-1	0.37	8951	\$ 3,312	8951	\$ 3,312	9009	\$ 3,333	9034	\$ 3,343	9095	\$ 3,365	9277	\$ 3,432
FTS-2	0.95	837	\$ 795	837	\$ 795	837	\$ 795	837	\$ 795	837	\$ 795	837	\$ 795
FTS-2.1	2.29	583	\$ 1,335	583	\$ 1,335	583	\$ 1,335	583	\$ 1,335	583	\$ 1,335	583	\$ 1,335
FTS-3	3.4	218	\$ 741	218	\$ 741	218	\$ 741	218	\$ 741	218	\$ 741	218	\$ 741
FTS-3.1	7.14	268	\$ 1,914	268	\$ 1,914	268	\$ 1,914	268	\$ 1,914	268	\$ 1,914	268	\$ 1,914
<b>Total</b>		<b>14588</b>	<b>\$ 9,034</b>	<b>14588</b>	<b>\$ 9,034</b>	<b>14646</b>	<b>\$ 9,055</b>	<b>14671</b>	<b>\$ 9,065</b>	<b>14732</b>	<b>\$ 9,087</b>	<b>14914</b>	<b>\$ 9,154</b>
<b>Total</b>		<b>\$ 49,139</b>	<b>\$ 49,139</b>	<b>\$ 49,443</b>	<b>\$ 55,778</b>	<b>\$ 54,521</b>	<b>\$ 63,616</b>						

**Florida Public Utilities Company**  
 Gas Reliability Infrastructure Program (GRIP)  
 Projection of Qualified Mains & Services Revenue Requirements  
 Surcharge Calculation - January 1, 2015 through December 31, 2015  
 Per Therm Rate

Schedule D-1  
 Exhibit \_\_\_\_\_  
 Cheryl M Martin (CMM-1)  
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1. 1/1/15-12/31/15 Qualified Mains & Services Replacement Revenue Requirements		\$ 3,176,650
Mains	74%	\$2,350,721
Services	26%	\$825,929
Net		<u>\$3,176,650</u>
2. TRUE-UP from Prior Period (Over)/Under Recovery Estimated thru 12/2014		\$ 973,361
3. 2015 Qualified Mains & Services Replacement Revenue Requirements		\$ 4,150,011
Mains	74%	\$3,071,008
Services	26%	\$1,079,003
Net		<u>\$4,150,011</u>

RATE SCHEDULE	2015 THERMS	SERVICES COS %	MAINS COS %	SERVICES REV REQ	MAINS REV REQ	GRIP REV REQ	DOLLARS PER THERM	TAX FACTOR	GRIP FACTORS PER THERM	TYPICAL ANNUAL THERMS	ANNUAL COST	AVERAGE MONTHLY COST
RESIDENTIAL	12,438,246	58.00%	22.00%	\$625,822	\$675,622	\$1,301,444	\$0.10463	1.00503	\$0.10516	250	\$26.29	\$2.19
COMMERCIAL SMALL (General Service & GS Transportation)	10,574,448	17.00%	23.00%	\$183,431	\$706,332	\$889,762	\$0.08414	1.00503	\$0.08457	2,500	\$211.41	\$17.62
COMM. LRG VOLUME (Large Vol & LV Transportation)	45,972,870	25.00%	46.00%	\$269,751	\$1,412,664	\$1,682,414	\$0.03660	1.00503	\$0.03678	25,000	\$919.50	\$76.62
INTERRUPTIBLE SERVICE (Int Service & IS Transportation)	6,463,459	0.00%	8.00%	\$0	\$245,681	\$245,681	\$0.03801	1.00503	\$0.03820	50,000	\$1,910.10	\$159.17
GENERAL LIGHTING SERVICE	232,279	0.00%	1.00%	\$0	\$30,710	\$30,710	\$0.13221	1.00503	\$0.13288	500	\$66.44	\$5.54
TOTAL	<u>75,681,302</u>	<u>100.00%</u>	<u>100.00%</u>	<u>\$1,079,003</u>	<u>\$3,071,008</u>	<u>\$4,150,011</u>						

# Florida Division of Chesapeake Utilities Corporation

Gas Reliability Infrastructure Program (GRIP)  
Investment and Annual Recovery information

Schedule A-1  
Exhibit \_\_\_\_\_  
Cheryl M Martin (CMM-1)  
Page 6 of 10

Item	%	<u>Plant Amount</u>	<u>Quantity</u>		<u>Per Unit \$</u>
Estimated Qualified Remaining Replacement Investment as of 6/30/2012					
Mains	96%	\$ 26,487,216	152	Miles	\$ 174,258
Services	4%	\$ 1,185,672	762	Each	\$ 1,556
Remaining Qualified Replacement Investment as of 06/30/2012		<u>\$ 27,672,888</u>			
Annual Qualified Replacement Investment, beginning 7/1/2012					
Mains		\$ 2,648,722		10 Years	
Services		\$ 118,567			
Total Annual Qualified Replacement Investment		<u>\$ 2,767,289</u>			
Estimated Qualified Remaining Replacement Investment as of 12/31/2014					
Mains		\$ 20,736,172	107	Miles	\$ 193,796
Services		\$ 1,105,770	615	Each	\$ 1,798
Remaining Qualified Replacement Investment as of 12/31/2014		<u>\$ 21,841,942</u>			
Mains					<u>2015</u> \$ 2,764,823
Services					\$ 147,436
					<u>\$ 2,912,259</u>
Earnings Surveillance Report - December 31, 2013					
Equity Cost Rate		10.80%			
Weighted Equity Cost Rate		5.16%			
Revenue Expansion Factor		1.6114			
Weighted Equity Cost Rate , times Revenue Expansion Factor		<u>8.315%</u>			
Weighted Debt Cost Rate		1.36%			
Overall Weighted Cost Rate		<u>6.52%</u>			

**Florida Division of Chesapeake Utilities Corporation**

Gas Reliability Infrastructure Program (GRIP)  
 Calculation of the Actual Revenue Requirements  
 Six Months Actual January 2014 through June 2014  
 Estimated July 2014 through December 2014

Schedule B-1  
 Exhibit \_\_\_\_\_  
 Cheryl M Martin (CMM-1)  
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Item	Beginning Balance	Actual Jan	Actual Feb	Actual Mar	Actual Apr	Actual May	Actual Jun	Projected Jul	Projected Aug	Projected Sep	Projected Oct	Projected Nov	Projected Dec	Year End Total/Balance
<b>Qualified Investment</b>														
Qualified Investment - Mains - Current 1070 Activity		\$127,984	\$83,848	\$469,967	\$278,969	\$158,422	\$553,042	\$220,727	\$220,727	\$220,727	\$220,727	\$220,727	\$220,727	\$220,727
Qualified Investment - Mains - Closed 1070 Activity to Plant		\$935	(\$167,045)	\$0	(\$819,009)	(\$144,315)	(\$34,888)	(\$220,727)	(\$220,727)	(\$220,727)	(\$220,727)	(\$220,727)	(\$220,727)	(\$220,727)
Qualified Investment - Services - Current 1070 Activity		\$4,481	\$12,574	\$5,582	\$13,506	\$18,957	\$7,056	\$9,881	\$9,881	\$9,881	\$9,881	\$9,881	\$9,881	\$9,881
Qualified Investment - Services - Closed 1070 Activity to Plant		(\$4,217)	(\$11,536)	(\$6,884)	(\$13,506)	(\$18,957)	(\$7,056)	(\$9,881)	(\$9,881)	(\$9,881)	(\$9,881)	(\$9,881)	(\$9,881)	(\$9,881)
Qualified Investment - Mains - Current 1010 Activity		(\$935)	\$167,045	\$0	\$819,009	\$144,315	\$34,888	\$220,727	\$220,727	\$220,727	\$220,727	\$220,727	\$220,727	\$220,727
Qualified Investment - Services - Current 1010 Activity		\$4,217	\$11,536	\$6,884	\$13,506	\$18,957	\$7,056	\$9,881	\$9,881	\$9,881	\$9,881	\$9,881	\$9,881	\$9,881
<b>Total Qualified Investment - Mains 1070</b>	\$318,477	\$447,396	\$364,198	\$834,166	\$294,126	\$308,233	\$826,387	\$826,387	\$826,387	\$826,387	\$826,387	\$826,387	\$826,387	\$826,387
<b>Total Qualified Investment - Services 1070</b>	\$1,778	\$2,042	\$3,080	\$1,778	\$1,778	\$1,778	\$1,778	\$1,778	\$1,778	\$1,778	\$1,778	\$1,778	\$1,778	\$1,778
<b>Total Qualified Investment - Mains 1010</b>	\$4,794,530	\$4,793,594	\$4,960,639	\$4,960,639	\$5,779,648	\$5,923,963	\$5,958,851	\$6,179,578	\$6,400,305	\$6,621,032	\$6,841,759	\$7,062,486	\$7,283,213	\$7,283,213
<b>Total Qualified Investment - Services 1010</b>	\$288,236	\$292,452	\$303,988	\$310,872	\$324,378	\$343,335	\$350,391	\$360,272	\$370,152	\$380,033	\$389,914	\$399,794	\$409,675	\$409,675
<b>Total Qualified Investment</b>	\$5,403,020	\$5,535,485	\$5,631,906	\$6,107,455	\$6,399,930	\$6,577,310	\$7,137,407	\$7,368,015	\$7,598,623	\$7,829,230	\$8,059,838	\$8,290,445	\$8,521,053	\$8,521,053
Less: Accumulated Depreciation 1080	(\$132,323)	(\$143,050)	(\$152,921)	(\$163,309)	(\$173,545)	(\$191,531)	(\$209,207)	(\$226,963)	(\$245,356)	(\$264,385)	(\$284,051)	(\$304,354)	(\$325,293)	(\$325,293)
<b>Net Book Value</b>	\$5,270,697	\$5,392,435	\$5,478,985	\$5,944,146	\$6,226,385	\$6,385,778	\$6,928,200	\$7,141,052	\$7,353,266	\$7,564,845	\$7,775,786	\$7,986,091	\$8,195,760	\$8,195,760
<b>Average Net Qualified Investment</b>	\$5,331,566	\$5,435,710	\$5,711,566	\$6,085,266	\$6,306,082	\$6,656,989	\$7,034,626	\$7,247,159	\$7,459,055	\$7,670,316	\$7,880,939	\$8,090,925		
<b>Depreciation Rates</b>														
Approved Depreciation Rate-Mains		3.30%	3.30%	3.30%	3.30%	3.30%	3.30%	3.30%	3.30%	3.30%	3.30%	3.30%	3.30%	3.30%
Approved Depreciation Rate-Services		3.60%	3.60%	3.60%	3.60%	3.60%	3.60%	3.60%	3.60%	3.60%	3.60%	3.60%	3.60%	3.60%
<b>Return on Average Net Qualified Investment</b>														
Equity - Cost of Capital, inclusive of Income Tax Gross-up		8.3150%	8.3150%	8.3150%	8.3150%	8.3150%	8.3150%	8.3150%	8.3150%	8.3150%	8.3150%	8.3150%	8.3150%	8.3150%
Debt - Cost of Capital		1.3600%	1.3600%	1.3600%	1.3600%	1.3600%	1.3600%	1.3600%	1.3600%	1.3600%	1.3600%	1.3600%	1.3600%	1.3600%
<b>Equity Component - Inclusive of Income Tax Gross-up</b>	\$36,943	\$37,665	\$39,576	\$42,166	\$43,696	\$46,127	\$48,744	\$50,217	\$51,685	\$53,149	\$54,608	\$56,063	\$56,063	\$560,639
<b>Debt Component</b>	\$6,042	\$6,160	\$6,473	\$6,897	\$7,147	\$7,545	\$7,973	\$8,213	\$8,454	\$8,693	\$8,932	\$9,170	\$9,170	\$91,699
<b>Return Requirement</b>	\$42,985	\$43,825	\$46,049	\$49,063	\$50,843	\$53,672	\$56,717	\$58,430	\$60,139	\$61,842	\$63,540	\$65,233	\$65,233	\$652,338
<b>Investment Expenses</b>														
Depreciation Expense - Mains		\$10,089	\$9,227	\$9,710	\$9,549	\$17,020	\$16,489	\$16,690	\$17,297	\$17,904	\$18,511	\$19,118	\$19,725	\$181,330
Depreciation Expense - Services		\$638	\$644	\$678	\$688	\$966	\$1,187	\$1,066	\$1,096	\$1,125	\$1,155	\$1,185	\$1,214	\$11,641
Property Taxes	2.00%	\$9,005	\$9,005	\$9,005	\$9,005	\$9,005	\$9,005	\$9,005	\$9,005	\$9,005	\$9,005	\$9,005	\$9,005	\$108,060
Customer Notice Expense - 709		\$1,953	\$0	\$0	\$0	\$1,953	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,905
General Public Notice Expense - 702		\$0	\$0	\$0	\$0	\$530	\$530	\$0	\$833	\$833	\$833	\$833	\$833	\$5,225
Depreciation Savings		(\$25)	(\$50)	(\$75)	(\$58)	(\$64)	(\$1,070)	(\$1,064)	(\$1,066)	(\$2,347)	(\$2,333)	(\$2,338)	(\$2,772)	(\$13,262)
<b>Total Expense</b>	\$21,659	\$18,826	\$19,318	\$19,184	\$29,409	\$26,141	\$25,697	\$27,165	\$27,165	\$26,520	\$27,171	\$27,803	\$28,005	\$296,898
<b>Net Revenue Requirements</b>	\$64,644	\$62,651	\$65,367	\$68,247	\$80,252	\$79,813	\$82,414	\$85,595	\$86,659	\$89,013	\$91,343	\$93,238	\$94,236	\$949,236
<b>GRIP Surcharge Revenues Collected Month</b>	\$ 65,754	\$ 56,022	\$ 61,449	\$ 58,009	\$ 53,172	\$ 47,026	\$ 49,139	\$ 49,139	\$ 49,443	\$ 55,778	\$ 54,521	\$ 63,616	\$ 663,069	
<b>Beginning True-Up</b>														\$ (60,814)
(Over) and Under Recovery for the Month	\$ (1,110)	\$ 6,629	\$ 3,918	\$ 10,237	\$ 27,080	\$ 32,787	\$ 33,275	\$ 36,456	\$ 37,216	\$ 33,235	\$ 36,822	\$ 29,622	\$ 286,167	
Monthly Interest (Expense)/Income	\$ (2)	\$ (2)	\$ (3)	\$ (2)	\$ (1)	\$ -	\$ 2	\$ 3.00	\$ 4.00	\$ 6.00	\$ 7.00	\$ 8.00	\$ 20	\$ 20
<b>Ending (Over) and Under Recovery</b>	(60,814)	(\$61,926)	(\$55,299)	(\$51,384)	(\$41,149)	(\$14,070)	\$ 18,717	\$ 51,994	\$ 88,453	\$ 125,673	\$ 158,914	\$ 195,743	\$ 225,373	\$ 225,373
<b>Begin of Month Annual Interest Rate</b>		0.03%	0.05%	0.05%	0.06%	0.05%	0.05%	0.06%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%
<b>End of Month Annual Interest Rate</b>		0.05%	0.05%	0.06%	0.05%	0.05%	0.06%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%
<b>Average Monthly Interest Rate</b>		0.00%	0.00%	0.01%	0.01%	0.00%	0.01%	0.005%	0.004%	0.004%	0.004%	0.004%	0.004%	0.004%



**Florida Division of Chesapeake Utilities Corporation**

Gas Reliability Infrastructure Program (GRIP)  
 Calculation of the Projected Revenue Requirements  
 January 1, 2015 through December 31, 2015

Schedule C-1  
 Exhibit \_\_\_\_\_  
 Cheryl M Martin (CMM-1)  
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Item	Beginning Balance	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year End Total
<b>Qualified Investment</b>														
Qualified Investment - Mains - Current 1070 Activity		\$230,402	\$230,402	\$230,402	\$230,402	\$230,402	\$230,402	\$230,402	\$230,402	\$230,402	\$230,402	\$230,402	\$230,402	\$2,764,824
Qualified Investment - Mains - Closed 1070 Activity to Plant		(\$220,727)	(\$220,727)	(\$220,727)	(\$220,727)	(\$220,727)	(\$220,727)	(\$220,727)	(\$220,727)	(\$220,727)	(\$220,727)	(\$220,727)	(\$220,727)	(\$2,648,724)
Qualified Investment - Services - Current 1070 Activity		\$12,286	\$12,286	\$12,286	\$12,286	\$12,286	\$12,286	\$12,286	\$12,286	\$12,286	\$12,286	\$12,286	\$12,286	\$147,436
Qualified Investment - Services - Closed 1070 Activity to Plant		(\$12,286)	(\$12,286)	(\$12,286)	(\$12,286)	(\$12,286)	(\$12,286)	(\$12,286)	(\$12,286)	(\$12,286)	(\$12,286)	(\$12,286)	(\$12,286)	(\$147,436)
Qualified Investment - Mains - Current 1010 Activity		\$220,727	\$220,727	\$220,727	\$220,727	\$220,727	\$220,727	\$220,727	\$220,727	\$220,727	\$220,727	\$220,727	\$220,727	\$2,648,724
Qualified Investment - Services - Current 1010 Activity		\$12,286	\$12,286	\$12,286	\$12,286	\$12,286	\$12,286	\$12,286	\$12,286	\$12,286	\$12,286	\$12,286	\$12,286	\$147,436
<b>Total Qualified Investment - Mains 1070</b>	\$826,387	\$836,062	\$845,737	\$855,412	\$865,087	\$874,762	\$884,437	\$894,112	\$903,787	\$913,462	\$923,137	\$932,812	\$942,487	\$942,487
<b>Total Qualified Investment - Services 1070</b>	\$1,778	\$1,778	\$1,778	\$1,778	\$1,778	\$1,778	\$1,778	\$1,778	\$1,778	\$1,778	\$1,778	\$1,778	\$1,778	\$1,778
<b>Total Qualified Investment - Mains 1010</b>	\$7,283,213	\$7,503,940	\$7,724,667	\$7,945,394	\$8,166,121	\$8,386,848	\$8,607,575	\$8,828,302	\$9,049,029	\$9,269,756	\$9,490,483	\$9,711,210	\$9,931,937	\$9,931,937
<b>Total Qualified Investment - Services 1010</b>	\$409,675	\$421,961	\$434,247	\$446,534	\$458,820	\$471,106	\$483,393	\$495,679	\$507,965	\$520,252	\$532,538	\$544,824	\$557,111	\$557,111
<b>Total Qualified Investment</b>	<b>\$8,521,053</b>	<b>\$8,763,741</b>	<b>\$9,006,430</b>	<b>\$9,249,118</b>	<b>\$9,491,806</b>	<b>\$9,734,495</b>	<b>\$9,977,183</b>	<b>\$10,219,871</b>	<b>\$10,462,560</b>	<b>\$10,705,248</b>	<b>\$10,947,936</b>	<b>\$11,190,625</b>	<b>\$11,433,313</b>	<b>\$11,433,313</b>
Less: Accumulated Depreciation	(\$325,293)	(\$346,872)	(\$369,095)	(\$391,962)	(\$415,473)	(\$439,628)	(\$464,427)	(\$489,870)	(\$515,956)	(\$542,686)	(\$570,060)	(\$598,078)	(\$626,740)	(\$626,740)
<b>Net Book Value</b>	<b>\$8,195,760</b>	<b>\$8,416,869</b>	<b>\$8,637,334</b>	<b>\$8,857,156</b>	<b>\$9,076,333</b>	<b>\$9,294,866</b>	<b>\$9,512,756</b>	<b>\$9,730,001</b>	<b>\$9,946,603</b>	<b>\$10,162,562</b>	<b>\$10,377,876</b>	<b>\$10,592,546</b>	<b>\$10,806,573</b>	<b>\$10,806,573</b>
<b>Average Net Qualified Investment</b>		<b>\$8,306,314</b>	<b>\$8,527,102</b>	<b>\$8,747,245</b>	<b>\$8,966,744</b>	<b>\$9,185,600</b>	<b>\$9,403,811</b>	<b>\$9,621,378</b>	<b>\$9,838,302</b>	<b>\$10,054,582</b>	<b>\$10,270,219</b>	<b>\$10,485,211</b>	<b>\$10,699,559</b>	
<b>Depreciation Rates</b>														
Approved Depreciation Rate-Mains		3.30%	3.30%	3.30%	3.30%	3.30%	3.30%	3.30%	3.30%	3.30%	3.30%	3.30%	3.30%	3.30%
Approved Depreciation Rate-Services		3.60%	3.60%	3.60%	3.60%	3.60%	3.60%	3.60%	3.60%	3.60%	3.60%	3.60%	3.60%	3.60%
<b>Return on Average Net Qualified Investment</b>														
Equity - Cost of Capital, Inclusive of Income Tax Gross-up		8.3150%	8.3150%	8.3150%	8.3150%	8.3150%	8.3150%	8.3150%	8.3150%	8.3150%	8.3150%	8.3150%	8.3150%	8.3150%
Debt - Cost of Capital		1.3600%	1.3600%	1.3600%	1.3600%	1.3600%	1.3600%	1.3600%	1.3600%	1.3600%	1.3600%	1.3600%	1.3600%	1.3600%
<b>Equity Component - Inclusive of Income Tax Gross-up</b>	\$57,556	\$59,086	\$60,611	\$62,132	\$63,649	\$65,161	\$66,668	\$68,171	\$69,670	\$71,164	\$72,654	\$74,139	\$75,619	\$790,660
<b>Debt Component</b>	\$9,414	\$9,664	\$9,914	\$10,162	\$10,410	\$10,658	\$10,904	\$11,150	\$11,395	\$11,640	\$11,883	\$12,126	\$12,369	\$129,320
<b>Return Requirement</b>	<b>\$66,970</b>	<b>\$68,750</b>	<b>\$70,525</b>	<b>\$72,294</b>	<b>\$74,059</b>	<b>\$75,818</b>	<b>\$77,572</b>	<b>\$79,321</b>	<b>\$81,065</b>	<b>\$82,804</b>	<b>\$84,537</b>	<b>\$86,265</b>	<b>\$87,988</b>	<b>\$919,980</b>
<b>Investment Expenses</b>														
Depreciation Expense - Mains		\$20,332	\$20,939	\$21,546	\$22,153	\$22,760	\$23,367	\$23,974	\$24,581	\$25,188	\$25,795	\$26,402	\$27,009	\$284,046
Depreciation Expense - Services		\$1,247	\$1,284	\$1,321	\$1,358	\$1,395	\$1,432	\$1,469	\$1,505	\$1,542	\$1,579	\$1,616	\$1,653	\$17,401
Property Taxes		\$13,660	\$13,660	\$13,660	\$13,660	\$13,660	\$13,660	\$13,660	\$13,660	\$13,660	\$13,660	\$13,660	\$13,660	\$163,920
General Public Notice Expense and Customer Notice Expense		\$858	\$858	\$858	\$858	\$858	\$858	\$858	\$858	\$858	\$858	\$858	\$858	\$10,300
<b>Total Expense</b>	<b>\$36,097</b>	<b>\$36,741</b>	<b>\$37,385</b>	<b>\$38,029</b>	<b>\$38,673</b>	<b>\$39,317</b>	<b>\$39,961</b>	<b>\$40,604</b>	<b>\$41,248</b>	<b>\$41,892</b>	<b>\$42,536</b>	<b>\$43,180</b>	<b>\$43,824</b>	<b>\$475,667</b>
<b>Total Revenue Requirements</b>		<b>\$103,067</b>	<b>\$105,491</b>	<b>\$107,910</b>	<b>\$110,323</b>	<b>\$112,732</b>	<b>\$115,135</b>	<b>\$117,533</b>	<b>\$119,925</b>	<b>\$122,313</b>	<b>\$124,696</b>	<b>\$127,073</b>	<b>\$129,449</b>	<b>\$1,395,641</b>

**Florida Division of Chesapeake Utilities Corporation**

Gas Reliability Infrastructure Program (GRIP)

Projection of Qualified Mains & Services Revenue Requirements

Surcharge Computation January 1, 2015 through December 31, 2015

Per Therm/Bill Rate

Schedule D-1

Exhibit \_\_\_\_\_

Cheryl M Martin (CMM-1)

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1.	1/1/15-12/31/15 Qualified Mains & Services Replacement Revenue Requirements		\$	1,395,647
	Mains	96%	\$1,339,821	
	Services	4%	\$55,826	
	Net		<u>\$1,395,647</u>	
2.	TRUE-UP from Prior Period (Over)/Under Recovery Estimated thru 12/2014		\$	225,373
3.	2015 Qualified Mains & Services Replacement Revenue Requirements		\$	1,621,020
	Mains	96%	\$1,556,179	
	Services	4%	\$64,841	
	Net		<u>\$1,621,020</u>	

RATE CLASS	2015 BILLS	2015 THERMS	SERVICES COS %	MAINS COS %	SERVICES REV REQ	MAINS REV REQ	GRIP REV REQ	DOLLARS PER THERM	EXPANSION FACTOR	GRIP FACTORS PER THERM	\$ PER BILL	EXPANSION FACTOR	GRIP FACTORS PER BILL	ANNUAL COST PER BILL	TYPICAL ANNUAL THERMS	ANNUAL COST	AVERAGE MONTHLY COST
FTS-A	19,971	136,982	14.34%	0.951%	\$ 9,298	\$ 14,799	\$24,097	\$0.17591	1.00503	\$ 0.17680	\$ 1.21	1.00503	\$ 1.21	\$ 14.55	110	\$19.45	\$1.62
FTS-B	27,256	312,836	9.74%	1.142%	\$ 6,316	\$ 17,772	\$24,088	\$0.07700	1.00503	\$ 0.07739	\$ 0.88	1.00503	\$ 0.89	\$ 10.66	215	\$16.64	\$1.39
FTS-1	116,660	1,990,725	33.87%	5.861%	\$ 21,962	\$ 91,208	\$113,170	\$0.05685	1.00503	\$ 0.05713	\$ 0.97	1.00503	\$ 0.97	\$ 11.70	275	\$15.71	\$1.31
FTS-2	10,105	628,714	12.69%	1.611%	\$ 8,228	\$ 25,070	\$33,298	\$0.05296	1.00503	\$ 0.05323	\$ 3.30	1.00503	\$ 3.31	\$ 39.74	875	\$46.57	\$3.88
FTS-2.1	8,100	991,378	7.83%	3.193%	\$ 5,077	\$ 49,689	\$54,766	\$0.05524	1.00503	\$ 0.05552	\$ 6.76	1.00503	\$ 6.80	\$ 81.54	1,575	\$87.44	\$7.29
FTS-3	2,854	1,002,256	3.93%	1.567%	\$ 2,548	\$ 24,385	\$26,933	\$0.02687	1.00503	\$ 0.02701	\$ 9.44	1.00503	\$ 9.48	\$ 113.81	4,000	\$108.03	\$9.00
FTS-3.1	3,608	2,091,894	3.91%	4.294%	\$ 2,535	\$ 66,822	\$69,357	\$0.03316	1.00503	\$ 0.03332	\$ 19.22	1.00503	\$ 19.32	\$ 231.84	7,300	\$243.25	\$20.27
FTS-4		2,402,571	4.37%	6.162%	\$ 2,834	\$ 95,892	\$98,726	\$0.04109	1.00503	\$ 0.04130					12,500	\$516.23	\$43.02
FTS-5		1,071,630	1.24%	2.570%	\$ 804	\$ 39,994	\$40,798	\$0.03807	1.00503	\$ 0.03826					37,500	\$1,434.84	\$119.57
FTS-6		1,527,946	1.25%	2.750%	\$ 811	\$ 42,795	\$43,606	\$0.02854	1.00503	\$ 0.02868					75,000	\$2,151.19	\$179.27
FTS-7		3,060,684	2.20%	7.615%	\$ 1,427	\$ 118,503	\$119,930	\$0.03918	1.00503	\$ 0.03938					150,000	\$5,907.17	\$492.26
FTS-8		4,589,035	1.62%	10.708%	\$ 1,050	\$ 166,636	\$167,686	\$0.03654	1.00503	\$ 0.03672					300,000	\$11,017.31	\$918.11
FTS-9		4,651,342	1.48%	15.171%	\$ 960	\$ 236,088	\$237,048	\$0.05096	1.00503	\$ 0.05122					550,000	\$28,170.84	\$2,347.57
FTS-10		1,969,507	0.45%	6.539%	\$ 292	\$ 101,759	\$102,051	\$0.05182	1.00503	\$ 0.05208					850,000	\$44,264.72	\$3,688.73
FTS-11		8,819,750	0.61%	13.551%	\$ 396	\$ 210,878	\$211,274	\$0.02395	1.00503	\$ 0.02408					1,750,000	\$42,131.49	\$3,510.96
FTS-12		7,581,531	0.47%	16.315%	\$ 305	\$ 253,891	\$254,196	\$0.03353	1.00503	\$ 0.03370					3,000,000	\$101,090.90	\$8,424.24
FTS-13		N/A	N/A	0.000%	\$ -	\$ -	\$0 N/A			N/A					-	N/A	
TOTAL	<u>188,554</u>	<u>42,828,781</u>	<u>100.00%</u>	<u>100.000%</u>	<u>\$ 64,841</u>	<u>\$ 1,556,179</u>	<u>\$ 1,621,024</u>										