

September 1, 2015

E-PORTAL FILING

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

Re: New Filing – Joint Petition for Approval to Implement GRIP for Florida Public Utilities Company-Fort Meade and for Approval of GRIP Cost Recovery Factors by Florida Public Utilities Company, Florida Public Utilities Company-Fort Meade, and Florida Division of Chesapeake Utilities Corporation.

Dear Ms. Stauffer:

Attached for filing, please find the Joint Petition for Approval to Implement GRIP for Florida Public Utilities Company-Fort Meade and for Approval of GRIP Cost Recovery Factors by Florida Public Utilities Company, Florida Public Utilities Company-Fort Meade, and Florida Division of Chesapeake Utilities Corporation, along with the Direct Testimony and Exhibit MC-1 of Mr. Mike Cassel. 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.

Kind regards,



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) True-Up by Florida Public Utilities Company and the Florida Division of Chesapeake Utilities Corporation and Request for Approval to Implement GRIP for Florida Public Utilities Company-Fort Meade	DOCKET NO. DATED: September 1, 2015
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JOINT PETITION FOR APPROVAL TO IMPLEMENT GRIP FOR FLORIDA PUBLIC UTILITIES COMPANY-FORT MEADE AND FOR APPROVAL OF GRIP COST RECOVERY FACTORS BY FLORIDA PUBLIC UTILITIES COMPANY, FLORIDA PUBLIC UTILITIES COMPANY-FORT MEADE AND THE FLORIDA DIVISION OF CHESAPEAKE UTILITIES CORPORATION

Florida Public Utilities Company, Florida Public Utilities Company-Fort Meade (“Fort Meade”) (herein jointly “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 2016 through December 2016. In addition, FPUC seeks approval to implement the GRIP program for its Fort Meade division, as well as approval of associated cost recovery amounts. 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.¹ Its principal business address is:

Florida Public Utilities Company
1750 S 14th Street, Suite 200
Fernandina Beach FL 32034

Florida Public Utilities Company – Fort Meade is a division of FPUC with its principal business address being the same as FPUC.

¹ FPUC's Indiantown Division does not participate in a GRIP program.

GRIP True-Up
And Request for Fort Meade

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
1750 S 14th Street, Suite 200
Fernandina Beach FL 32034

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

Beth Keating, Esq.
Gunster, Yoakley & Stewart, P.A.
215 South Monroe Street, Suite 601
Tallahassee, Florida 32301-1839
(850) 521-1706

Mike Cassel
Director, Regulatory and Governmental Affairs
Florida Public Utilities Company/Chesapeake
1750 S 14th Street, Suite 200
Fernandina Beach FL 32034
mcassel@fpuc.com

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 Companies have included with this filing Schedules A-D, which support the Companies' calculation of the yearly GRIP surcharge factors for the calendar year 2015 for both CFG and FPUC, as well as the establishment of such factors for Fort Meade.

6) The Companies are also submitting, contemporaneously with this Petition, the Direct Testimony and Exhibit MC-1, which includes the referenced schedules, of Mr. Mike

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Cassel in support of the Companies' request for approval of the requested factors. Therein, Mr. Cassel explains that, because FPUC acquired Fort Meade's system after the Companies' initial petition for approval of GRIP, there is currently no GRIP or similar program in place for Fort Meade. Steel tubing has, however, recently been found in the Fort Meade system. Consequently, FPUC is seeking approval to adopt the GRIP for its Fort Meade system as well in order to expedite replacement of these facilities consistent with the purpose of FPUC's and CFG's GRIP programs.

7) As reflected on MC-1, the final GRIP true-up amount for the period January 2014 through December 2014 was an under-recovery of \$1,292,420 for FPUC and an under-recovery of \$211,175 for CFG. Fort Meade did not have GRIP costs in 2014.

8) The Companies' project total revenue requirements for the program of \$10,953,669 for FPUC, \$15,086 for Fort Meade, and \$2,560,974 for CFG for the period January 2016 through December 2016. As set forth in the Testimony and Exhibit of Mr. Cassel, the Company's total true-up amounts to be collected or refunded during the period January 2016 through December 2016 are a net under-recovery of \$2,781,010 for FPUC and a net under-recovery of \$128,124 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	\$ 0.32506
FTS-B	\$ 0.12205

GRIP True-Up
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FTS-1	\$ 0.08568
FTS-2	\$ 0.08486
FTS-2.1	\$ 0.08650
FTS-3	\$ 0.03443
FTS-3.1	\$ 0.05011
FTS-4	\$ 0.05935
FTS-5	\$ 0.05995
FTS-6	\$ 0.04591
FTS-7	\$ 0.06601
FTS-8	\$ 0.04960
FTS-9	\$ 0.07774
FTS-10	\$ 0.06889
FTS-11	\$ 0.06947
FTS-12	\$ 0.02580
FTS-13	N/A

<u>CLASS</u> <u>Rate Schedule</u>	<u>GRIP FACTORS</u> <u>PER THERM</u> <u>Rate per bill</u>
FTS-A (Exp)	\$ 2.16
FTS-B (Exp)	\$ 1.39
FTS-1 (Exp)	\$ 1.44
FTS-2 (Exp)	\$ 5.10
FTS-2.1 (Exp)	\$ 10.19
FTS-3 (Exp)	\$ 12.60
FTS-3.1 (Exp)	\$ 29.80

GRIP True-Up
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FPUC

<u>RATE</u> <u>SCHEDULE</u>	<u>GRIP FACTORS</u> <u>PER THERM</u>
RESIDENTIAL	\$0.26393
COMMERCIAL SMALL (General Service 1 & 2 & GS 1 & 2 Transportation)	\$0.18671
COMM. LRG VOLUME (Large Vol & LV Transportation)	\$0.09700
INTERRUPTIBLE SERVICE (Int Service & IS Transportation)	\$0.08621
GENERAL LIGHTING SERVICE	\$0.25625
Rate Schedule NGV	\$0.00000
Rate Schedule NGVTS	\$0.00000

Fort Meade

<u>RATE</u> <u>SCHEDULE</u>	<u>FACTORS</u> <u>PER THERM</u>
RESIDENTIAL	\$0.12065
COMMERCIAL SMALL (General Service & GS Transportation)	\$0.05754
COMM. LRG VOLUME (Large Vol & LV Transportation)	\$0.00000
INTERRUPTIBLE SERVICE (Int Service & IS Transportation)	\$0.00000
GENERAL LIGHTING SERVICE	\$0.00000

GRIP True-Up
And Request for Fort Meade

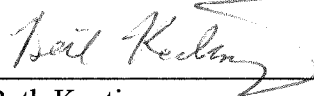
9) The Companies attest that these factors have been calculated correctly and consistent with Commission requirements. Thus, the Companies ask that the Commission approve the proposed factors as set forth herein.

10) Fort Meade further requests that it be allowed to implement the GRIP and the associated surcharge mechanism consistent with the Commission's approval of the program implementation for FPUC and CFG, as set forth in Order No. PSC-12-0490-TRF-GU.

11) 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, Fort Meade, 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 2016 through December 2016.

RESPECTFULLY SUBMITTED this 1st day of September, 2015.



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,
Florida Public Utilities Company-Fort Meade,
and Florida Division of Chesapeake Utilities
Corporation*

GRIP True-Up
And Request for Fort Meade

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 1st day of September, 2015.

Jennifer Crawford Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, FL 32399-0850 jcrawfor@psc.state.fl.us	J.R. Kelly/P. Christensen Office of Public Counsel c/o The Florida Legislature 111 W. Madison Street, Room 812 Tallahassee, FL 32399-1400 Kelly.JR@leg.state.fl.us
Mike Cassel 1750 S.W. 14th Street, Suite 200 Fernandina Beach, FL 32034-3052 Mcassel@fpuc.com	

By: _____



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

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

FPUC-FORT MEADE Second Revised Sheet No. 33

FPUC-FORT MEADE Original Sheet No. 64

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 2016 through the last billing cycle for December 2016 are as follows:

<u>Rate Class</u>	<u>Rates Per Therm</u>
Rate Schedule RS	\$0.26393
Rate Schedule GS-1	\$0.18671
Rate Schedule GS-2	\$0.18671
Rate Schedule GSTS-1	\$0.18671
Rate Schedule GSTS-2	\$0.18671
Rate Schedule LVS	\$0.09700
Rate Schedule LVTS	\$0.09700
Rate Schedule IS	\$0.08621
Rate Schedule ITS	\$0.08621
Rate Schedule GLS	\$0.25625
Rate Schedule GLSTS	\$0.25625
Rate Schedule NGV	\$0.00000
Rate Schedule NGVTS	\$0.00000

(Continued to Sheet No. 35.5)

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, 2016 through December 31, 2016 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	\$0.32506
FTS-B	> 130 therms up to 250 therms	\$0.12205
FTS-1	> 0 up to 500 therms	\$0.08568
FTS-2	> 500 therms up to 1,000 therms	\$0.08486
FTS-2.1	> 1,000 therms up to 2,500 therms	\$0.08650
FTS-3	> 2,500 therms up to 5,000 therms	\$0.03443
FTS-3.1	> 5,000 therms up to 10,000 therms	\$0.05011
FTS-4	> 10,000 therms up to 25,000- therms	\$0.05935
FTS-5	> 25,000 therms up to 50,000 therms	\$0.05995
FTS-6	> 50,000 therms up to 100,000 therms	\$0.04591
FTS-7	> 100,000 therms up to 200,000 therms	\$0.06601
FTS-8	> 200,000 therms up to 400,000 therms	\$0.04960
FTS-9	> 400,000 therms up to 700,000 therms	\$0.07774
FTS-10	> 700,000 therms up to 1,000,000 therms	\$0.06889
FTS-11	> 1,000,000 therms up to 2,500,000	\$0.06947
FTS-12	> 2,500,000 therms up to 12,500,000	\$0.02580
FTS-13	> 12,500,000 therms	N/A

(Continued to Sheet No. 105.2)

RATE SCHEDULES
MONTHLY RATE ADJUSTMENTS

Rate Schedule MRA
(Continued from Sheet No. 105.1)

7. GAS INFRASTRUCTURE REPLACEMENT 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, 2016 through December 31, 2016 for each rate classification are as follows:

Consumer	
Rate Schedule	Rate per bill
FTS-A (Exp)	\$ 2.16
FTS-B (Exp)	\$ 1.39
FTS-1 (Exp)	\$ 1.44
FTS-2 (Exp)	\$ 5.10
FTS-2.1 (Exp)	\$ 10.19
FTS-3 (Exp)	\$ 12.60
FTS-3.1 (Exp)	\$ 29.80

(Continued to Sheet No. 105.3)

INDEX OF RATE SCHEDULES

Rate Schedule RS	Residential Service	34
Rate Schedule GS-1	General Service - 1	35
Rate Schedule GSTS-1	General Service Transportation Service - 1	36 - 38
Rate Schedule-LVS	Large Volume Service	39
Rate Schedule-LVTS	Large Volume Transportation Service	40 - 44
Rate Schedule-NGV	Natural Gas Vehicle Service	45
Rate Schedule-NGVT	Natural Gas Vehicle Transportation Service	46 - 50
Area Expansion Program	Area Expansion Surcharge	51
Rate Schedule PM	Pool Manager Service	52 - 53
Rate Schedule-OSSS-1	Off Systems Sales Service	54 - 56
Rate Schedule FGS	Flexible Gas Service	57 - 57.2
Reserved for Future Use		58
Reserved for Future Use		59
Billing Adjustments:	Taxes and Other Adjustments	60
	Imbalance Adjustments - Pool Manager	60 - 61
	Purchased Gas Cost Recovery Factor	62
	Energy Cost Recovery Adjustment Clause	63
	Gas Reliability Infrastructure Program (GRIP)	64

BILLING ADJUSTMENTS

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 2016 through the last billing cycle for December 2016 are as follows:

<u>Rate Class</u>	<u>Rates Per Therm</u>
Rate Schedule RS	\$0.12065
Rate Schedule GS-1	\$0.05754
Rate Schedule GS-2	\$0.05754
Rate Schedule GSTS-1	\$0.05754
Rate Schedule GSTS-2	\$0.05754
Rate Schedule LVS	\$0.00000
Rate Schedule LVTS	\$0.00000
Rate Schedule IS	\$0.00000
Rate Schedule ITS	\$0.00000
Rate Schedule GLS	\$0.00000
Rate Schedule GLSTS	\$0.00000
Rate Schedule NGV	\$0.00000
Rate Schedule NGVTS	\$0.00000

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 2016 ~~2015~~ through the last billing cycle for December 2016 ~~2015~~ are as follows:

<u>Rate Class</u>	<u>Rates Per Therm</u>
Rate Schedule RS	<u>\$0.26393</u> 0.10516
Rate Schedule GS-1	<u>\$0.18671</u> 0.08457
Rate Schedule GS-2	<u>\$0.18671</u> 0.08457
Rate Schedule GSTS-1	<u>\$0.18671</u> 0.08457
Rate Schedule GSTS-2	<u>\$0.18671</u> 0.08457
Rate Schedule LVS	<u>\$0.09700</u> 0.03678
Rate Schedule LVTS	<u>\$0.09700</u> 0.03678
Rate Schedule IS	<u>\$0.08621</u> 0.03820
Rate Schedule ITS	<u>\$0.08621</u> 0.03820
Rate Schedule GLS	<u>\$0.25625</u> 0.13288
Rate Schedule GLSTS	<u>\$0.25625</u> 0.13288
Rate Schedule NGV	\$0.00000
Rate Schedule NGVTS	\$0.00000

(Continued to Sheet No. 35.5)

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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, ~~2016~~ 2015 through December 31, ~~2016~~ 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	\$0.325060 17680
FTS-B	> 130 therms up to 250 therms	\$0.122050 07739
FTS-1	> 0 up to 500 therms	\$0.085680 05713
FTS-2	> 500 therms up to 1,000 therms	\$0.084860 05323
FTS-2.1	> 1,000 therms up to 2,500 therms	\$0.086500 05552
FTS-3	> 2,500 therms up to 5,000 therms	\$0.034430 02701
FTS-3.1	> 5,000 therms up to 10,000 therms	\$0.050110 03332
FTS-4	> 10,000 therms up to 25,000 therms	\$0.059350 04130
FTS-5	> 25,000 therms up to 50,000 therms	\$0.059950 03826
FTS-6	> 50,000 therms up to 100,000 therms	\$0.045910 02868
FTS-7	> 100,000 therms up to 200,000 therms	\$0.066010 03938
FTS-8	> 200,000 therms up to 400,000 therms	\$0.049600 03672
FTS-9	> 400,000 therms up to 700,000 therms	\$0.077740 05122
FTS-10	> 700,000 therms up to 1,000,000 therms	\$0.068890 05208
FTS-11	> 1,000,000 therms up to 2,500,000	\$0.069470 02408
FTS-12	> 2,500,000 therms up to 12,500,000	\$0.025800 03370
FTS-13	> 12,500,000 therms	N/A

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(Continued to Sheet No. 105.2)

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

7. GAS INFRASTRUCTURE REPLACEMENT 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, ~~2016~~ ~~2015~~ through December 31, ~~2016~~ ~~2015~~ for each rate classification are as follows:

Consumer Rate Schedule	Rate per bill
FTS-A (Exp)	\$ 2.16 4.21
FTS-B (Exp)	\$ 1.39 0.89
FTS-1 (Exp)	\$ 1.44 0.97
FTS-2 (Exp)	\$ 5.10 3.31
FTS-2.1 (Exp)	\$ 10.19 6.80
FTS-3 (Exp)	\$ 12.60 9.48
FTS-3.1 (Exp)	\$ 29.80 19.32

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(Continued to Sheet No. 105.3)

INDEX OF RATE SCHEDULE

Rate Schedule RS	Residential Service	34
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Rate Schedule GSTS-1	General Service Transportation Service - 1	36 – 38
Rate Schedule-LVS	Large Volume Service	39
Rate Schedule-LVTS	Large Volume Transportation Service	40 - 44
Rate Schedule-NGV	Natural Gas Vehicle Service	45
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Area Expansion Program	Area Expansion Surcharge	51
Rate Schedule PM	Pool Manager Service	52 - 53
Rate Schedule-OSSS-1	Off Systems Sales Service	54 - 56
Rate Schedule FGS	Flexible Gas Service	57 - 57.2
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	Purchased Gas Cost Recovery Factor	62
	Energy Cost Recovery Adjustment Clause	63
Reserved for Future Use	<u>Gas Reliability Infrastructure Program (GRIP)</u>	64

BILLING ADJUSTMENTS

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 2016 through the last billing cycle for December 2016 are as follows:

<u>Rate Class</u>	<u>Rates Per Therm</u>
<u>Rate Schedule RS</u>	<u>\$0.12065</u>
<u>Rate Schedule GS-1</u>	<u>\$0.05754</u>
<u>Rate Schedule GS-2</u>	<u>\$0.05754</u>
<u>Rate Schedule GSTS-1</u>	<u>\$0.05754</u>
<u>Rate Schedule GSTS-2</u>	<u>\$0.05754</u>
<u>Rate Schedule LVS</u>	<u>\$0.00000</u>
<u>Rate Schedule LVTS</u>	<u>\$0.00000</u>
<u>Rate Schedule IS</u>	<u>\$0.00000</u>
<u>Rate Schedule ITS</u>	<u>\$0.00000</u>
<u>Rate Schedule GLS</u>	<u>\$0.00000</u>
<u>Rate Schedule GLSTS</u>	<u>\$0.00000</u>
<u>Rate Schedule NGV</u>	<u>\$0.00000</u>
<u>Rate Schedule NGVTS</u>	<u>\$0.00000</u>

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1 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

2 In Re: Gas Reliability Infrastructure Program (GRIP)

3 DIRECT TESTIMONY OF MICHAEL D. CASSEL

4 On behalf of

5 Florida Public Utilities Company (FPUC),

6 Florida Division of Chesapeake Utilities Corporation (CFG) and Florida Public Utilities

7 Company-Fort Meade

8 DOCKET NO. 120036-GU

9 Q. Please state your name, occupation and business address.

10 A. My name is Michael Cassel. I am the Director of Regulatory and Governmental
11 Affairs for Florida Public Utilities Company, Florida Public Utilities Company –
12 Indiantown Division, and Florida Public Utilities Company-Fort Meade (jointly,
13 “FPUC”), the Florida Division of Chesapeake Utilities Corporation (“CFG”),
14 Peninsula Pipeline, and Eight Flags Energy, LLC (Eight Flags), (herein, all FPUC
15 divisions and CHPK, jointly, “Companies”). FPUC has its administrative offices at
16 1750 S. 14th Street, Suite 200, Fernandina Beach, Florida 32034.

17 Q. Describe briefly your education and relevant professional background.

18 A. I received a Bachelor of Science Degree in Accounting from Delaware State
19 University in Dover, Delaware in 1996. I was hired by Chesapeake Utilities
20 Corporation (CUC) as a Senior Regulatory Analyst in March 2008. As a Senior
21 Regulatory Analyst, I was primarily involved in the areas of gas cost recovery, rate of
22 return analysis, and budgeting for the CUC’s Delaware and Maryland natural gas
23 distribution companies. In 2010, I moved to Florida in the role of Senior Tax
24 Accountant for CUC’s Florida business units. Since that time, I have held various
25 management roles including Manager of the Back Office in 2011, Director of
26 Business Management in 2012. I am currently the Director of Regulatory and

1 Governmental Affairs for CUC's Florida business units. In this role, my
2 responsibilities include directing the regulatory and governmental affairs for the
3 Company in Florida including regulatory analysis, and reporting and filings before
4 the Florida Public Service Commission (FPSC) for FPUC, FPUC-Indiantown,
5 FPUC-Fort Meade, Central Florida Gas, and Peninsula Pipeline Company. Prior to
6 joining Chesapeake, I was employed by J.P. Morgan Chase & Company, Inc. from
7 2006 to 2008 as a Financial Manager in their card finance group. My primary
8 responsibility in this position was the development of client specific financial models
9 and profit loss statements. I was also employed by Computer Sciences Corporation
10 as a Senior Finance Manager from 1999 to 2006. In this position, I was responsible
11 for the financial operation of the company's chemical, oil and natural resources
12 business. This included forecasting, financial close and reporting responsibility, as
13 well as representing Computer Sciences Corporation's financial interests in
14 contract/service negotiations with existing and potential clients. From 1996 to 1999 I
15 was employed by J.P. Morgan, Inc. where I had various accounting/finance
16 responsibilities for the firm's private banking clientele.

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

19 A. No, I have not.

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

22 A. Yes.

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

24 A. My testimony will provide the actual true-up for January 1, 2014 to December 1,
25 2014 and the actual/estimated true-up based on 7 months actual 2015 data and 5
26 months projected 2015 data. My testimony will describe the Company's forecast of

1 GRIP investment for natural gas mains and services for 2016. Finally, I will
2 summarize the computations that are contained in composite exhibit MC-1
3 supporting the January through December 2016 projected GRIP surcharge factors for
4 the FPUC, CFG and Fort Meade natural gas divisions.

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

6 A. Yes.

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

8 A. The Company has prepared and filed in composite Exhibit MC-1, Schedules A, B, C,
9 and D that support the calculation of the yearly GRIP surcharge factors for January
10 through December 2016 for FPUC, CFG and Fort Meade.

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

12 A. The projection period is January through December 2016.

13 Q. What is the appropriate final GRIP true-up amount for the period January through
14 December 2014?

15 A. For FPUC, the final GRIP true-up amount for the period January through December
16 2014 is an under-recovery of \$1,292,420 inclusive of interest and an under-recovery
17 of \$211,175 for CFG.

18 Q. What is the projected GRIP true-up amount for the period January through December
19 2015?

20 A. For FPUC, the projected GRIP true-up amount is an under-recovery of \$1,488,590
21 inclusive of interest, for the period January through December 2015. CFG has
22 projected an over-recovery for the same period of \$83,051 inclusive of interest.

23 Q. What is the total projected GRIP true-up amount to be collected from or refunded to
24 customers for the period January through December 2016?

25 A. As shown on Schedule B-2, page 3 of 13, the total net under-recovery to be collected
26 for FPUC is \$2,781,010 and CFG, Schedule B-2 page 8 of 13, has a total net under-

1 recovery of \$128,124 to be collected for the period January through December 2016.

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

4 A. In the initial joint petition for approval of GRIP (Order No. PSC-12-0490-TRF-GU),
5 FPUC and CFG reviewed the remaining eligible infrastructure and developed a
6 replacement plan, based on our Distribution Integrity Management Program (DIMP)
7 and our best estimate of how quickly we could replace our bare steel and cast iron
8 facilities, with an accelerated period of 10 years. Both companies prioritized the
9 potential replacement projects focusing initially on areas of high consequence and
10 areas more susceptible to corrosion. FPUC provides service to large metropolitan
11 areas and the replacement of eligible infrastructure in high-density (urban) areas
12 typically cost more than areas that are primarily rural. FPUC and CFG continue to
13 replace eligible infrastructure aggressively. The Company continues to discover new
14 bare steel, cast iron and steel tubing mains and services for replacement that was not
15 included in the original petition. For example, the Company recently discovered
16 steel tubing services in Fort Meade that will require replacing.

17 Q. Have you included the estimated investment costs for Fort Meade in your forecast for
18 the projection period?

19 A. Yes. Fort Meade is in Polk County and serves approximately 650 natural gas
20 residential and commercial customers. Fort Meade has approximately 250 steel
21 tubing services that require replacement. However, since FPUC did not acquire Fort
22 Meade until December 2013, Fort Meade was not included in the original joint
23 petition by which FPUC and CFG sought Commission approval of the GRIP program
24 and surcharge. The Company is now including replacement of these services for Fort
25 Meade in this filing and is asking that Fort Meade be allowed to implement an
26 identical GRIP surcharge mechanism by which it can recover these costs.

1 Q. Please describe how the forecasts of the replacement of qualifying distribution
2 services were developed for the projection period for Fort Meade.

3 A. As previously stated, the Company has discovered approximately 250 steel tubing
4 services in Fort Meade. Using the same average replacement cost of services for
5 FPUC and CFG of \$1,900, the total investment for Fort Meade projected is \$475,000.
6 The Company anticipates, if it acts aggressively, that it will take approximately two
7 (2) years to replace these steel services. Therefore, half of the investment, \$237,500,
8 has been included in this projection period.

9 Q. Please describe how the forecasts of the revenue requirements are developed for the
10 projection period.

11 A. The projected revenue requirements includes several components: 1) the return on
12 estimated qualified investments for the projection period as calculated using the
13 equity and debt components of the weighted average cost of capital from each
14 companies respective prior rate cases. 2) depreciation expense (respectively
15 calculated using the currently approved depreciation rates) and 3) expenses for
16 customer and general public notifications associated with GRIP and ad valorem
17 taxes, grossed up for federal and state income taxes. Since FPUC has a bare steel
18 replacement and recovery program, originally approved in the Company's 2004 rate
19 case proceeding, the revenue requirements is net of the existing bare steel program,
20 which equates to \$747,727 embedded in base rate revenues. CFG and Fort Meade do
21 not have any recovery amounts embedded in its base rates. The projected mains and
22 services to be replaced are shown on Schedule C-1, Exhibit MC-1 pages 4, 9 and 12.
23 FPUC is expecting to invest \$10,034,926 in mains and \$2,202,789 for services. CFG
24 is expecting to invest \$4,136,510 in mains and \$311,350 in services and Fort Meade
25 is expecting to invest \$237,500 in services.

- 1 Q. What are the resulting net total projected revenue requirements to be recovered
2 during this projection period?
- 3 A. The total projected revenue requirements to be recovered are \$10,953,669 for FPUC,
4 Schedule D page 5 of 13, \$2,560,974 for CFG, Schedule D page 10 of 13, and
5 \$15,086 for Fort Meade, Schedule D page 13 of 13.
- 6 Q. Have you prepared a schedule that shows the calculation of the proposed GRIP
7 surcharge factors for each rate class to be applied during the billing period January 1,
8 2016 through December 31, 2016?
- 9 A. Yes, Please see Schedule D pages 5, 10 and 13 for FPUC, CFG and Fort Meade,
10 respectively. For CFG, rate class FTS-13 is excluded from the GRIP surcharge factor
11 calculation since this rate class pertains to special contract customers.
- 12 Q. What should be the effective date of the GRIP surcharge factors for billing purposes?
- 13 A. The GRIP surcharge factors should be effective for all meter readings during the
14 period of January 1, 2016 through December 31, 2016.
- 15 Q. Does this conclude your testimony?
- 16 A. Yes.

GRIP SCHEDULES A-D
FOR
Exhibit __ (MC-1)
FLORIDA PUBLIC UTILITIES COMPANY NATURAL GAS DIVISION, FLORIDA PUBLIC
UTILITIES COMPANY – FORT MEADE
AND
FLORIDA DIVISION OF CHESAPEAKE UTILITIES CORPORATION

Florida Public Utilities Company
Gas Reliability Infrastructure Program (GRIP)
Calculation of Equity and Debt Returns

Schedule A-1
Exhibit _____
Michael Cassel (MC-1)
Page 1 of 13

Earnings Surveillance Report - December 31, 2014

Equity Cost Rate	10.85%
Weighted Equity Cost Rate	4.97%
Revenue Expansion Factor	1.6335
Weighted Equity Cost Rate , times Revenue Expansion Factor	<u>8.120%</u>
Long Term Debt-CU	1.060%
Short Term Debt	0.110%
Long Term Debt-FC	0.440%
Short Term Debt-Refinanced LTD	0.100%
Customer Deposits	0.120%
Weighted Debt Cost Rate	<u>1.830%</u>
Overall Weighted Cost Rate	<u>6.80%</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
Michael Cassel (MC-1)
Page 2 of 13

Item	Beginning Balance	Actual Jan	Actual Feb	Actual Mar	Actual Apr	Actual May	Actual Jun	Actual Jul	Actual Aug	Actual Sep	Actual Oct	Actual Nov	Actual Dec	Year End Total/Balance
Qualified Investment														
Qualified Investment - Mains - Current 1070 Activity		\$728,982	\$574,339	\$1,232,056	\$990,211	\$903,166	\$636,411	\$1,465,556	\$1,331,256	\$1,479,852	\$2,433,677	\$1,428,286	\$1,116,238	\$14,320,029
Qualified Investment - Mains - Closed 1070 Activity to Plant		\$0	\$0	(\$1,169,791)	(\$309,595)	(\$54,888)	(\$25,861)	(\$3,476,852)	(\$718,327)	(\$2,559,080)	(\$1,218,175)	(\$157,904)	(\$5,257,888)	(\$14,948,361)
Qualified Investment - Services - Current 1070 Activity		\$287,010	\$489,775	\$558,172	\$440,743	\$769,786	\$169,571	\$409,456	\$285,888	\$163,111	\$573,353	\$361,432	\$299,947	\$4,808,245
Qualified Investment - Services - Closed 1070 Activity to Plant		(\$287,010)	(\$124,637)	(\$642,457)	(\$440,743)	(\$725,297)	(\$3414,614)	(\$252,460)	(\$341,966)	(\$230,792)	(\$515,685)	(\$188,980)	(\$643,605)	(\$4,808,245)
Qualified Investment - Mains - Current 1010 Activity		\$0	\$0	\$1,169,791	\$309,595	\$54,888	\$25,861	\$3,476,852	\$718,327	\$2,559,080	\$1,218,175	\$157,904	\$5,257,888	\$14,948,361
Qualified Investment - Services - Current 1010 Activity		\$287,010	\$124,637	\$642,457	\$440,743	\$725,297	\$414,614	\$252,460	\$341,966	\$230,792	\$515,685	\$188,980	\$643,605	\$4,808,245
Total Qualified Investment - Mains 1070	\$862,337	\$1,591,319	\$2,165,658	\$2,227,923	\$2,908,539	\$3,756,817	\$4,367,366	\$2,356,070	\$2,968,999	\$1,889,771	\$3,105,273	\$4,375,655	\$234,005	\$234,005
Total Qualified Investment - Services 1070	\$0	\$0	\$365,138	\$280,853	\$280,853	\$325,342	\$80,300	\$237,295	\$181,218	\$113,537	\$171,205	\$343,657	(\$0)	(\$0)
Total Qualified Investment - Mains 1010	\$9,633,418	\$9,633,418	\$9,633,418	\$10,803,209	\$11,112,804	\$11,167,692	\$11,193,554	\$14,670,406	\$15,388,733	\$17,947,813	\$19,165,987	\$19,323,891	\$24,581,779	\$24,581,779
Total Qualified Investment - Services 1010	\$3,787,744	\$4,074,754	\$4,199,391	\$4,841,848	\$5,282,591	\$6,007,888	\$6,422,501	\$6,674,961	\$7,016,927	\$7,247,719	\$7,763,404	\$7,952,384	\$8,595,989	\$8,595,989
Total Qualified Investment	\$14,283,499	\$15,299,491	\$16,363,605	\$18,153,833	\$19,584,787	\$21,257,739	\$22,063,721	\$23,938,733	\$25,555,877	\$27,198,840	\$30,205,870	\$31,995,588	\$33,411,773	\$33,411,773
Less: Accumulated Depreciation	(\$94,705)	(\$124,099)	(\$154,139)	(\$184,460)	(\$218,761)	(\$254,725)	(\$292,440)	(\$331,144)	(\$377,949)	(\$427,079)	(\$482,273)	(\$541,267)	(\$601,028)	(\$601,028)
Net Book Value	\$14,188,794	\$15,175,392	\$16,209,466	\$17,969,373	\$19,366,026	\$21,003,015	\$21,771,282	\$23,607,590	\$25,177,929	\$26,771,762	\$29,723,597	\$31,454,321	\$32,810,745	\$32,810,745
Average Net Qualified Investment		\$14,682,093	\$15,692,429	\$17,089,420	\$18,667,700	\$20,184,520	\$21,387,148	\$22,689,436	\$24,392,759	\$25,974,845	\$28,247,680	\$30,588,959	\$32,132,533	
Depreciation Rates														
Approved Depreciation Rate-Mains		2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%
Approved Depreciation Rate-Services		2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%
Return on Average Net Qualified Investment														
Equity - Cost of Capital, inclusive of Income Tax Gross-up		8.19600%	8.19600%	8.19600%	8.19600%	8.19600%	8.19600%	8.19600%	8.19600%	8.19600%	8.19600%	8.19600%	8.19600%	8.19600%
Debt - Cost of Capital		1.95000%	1.95000%	1.95000%	1.95000%	1.95000%	1.95000%	1.95000%	1.95000%	1.95000%	1.95000%	1.95000%	1.95000%	1.95000%
Equity Component - inclusive of Income Tax Gross-up		\$100,279	\$107,179	\$116,721	\$127,500	\$137,860	\$146,074	\$154,969	\$166,603	\$177,408	\$192,932	\$208,923	\$219,465	\$1,855,913
Debt Component		\$23,858	\$25,500	\$27,770	\$30,335	\$32,800	\$34,754	\$36,870	\$39,638	\$42,209	\$45,902	\$49,707	\$52,215	\$441,558
Return Requirement		\$124,137	\$132,679	\$144,491	\$157,835	\$170,660	\$180,828	\$191,839	\$206,241	\$219,617	\$238,834	\$258,630	\$271,680	\$2,297,471
Investment Expenses														
Depreciation Expense - Mains		\$20,872	\$20,872	\$20,872	\$23,407	\$24,078	\$24,197	\$24,253	\$31,786	\$33,342	\$38,887	\$41,526	\$41,868	\$345,960
Depreciation Expense - Services		\$8,522	\$9,168	\$9,449	\$10,894	\$11,886	\$13,518	\$14,451	\$15,019	\$15,788	\$16,307	\$17,468	\$17,893	\$160,363
Property Taxes	2.00%	\$23,648	\$23,648	\$23,648	\$23,648	\$23,648	\$23,648	\$23,648	\$23,648	\$23,648	\$23,648	\$23,648	\$23,648	\$283,776
Customer Notice Expense - 709		\$6,923	\$0	\$0	\$0	\$8,110	\$0	\$0	\$6,150	\$7,486	\$2,812	\$4,438	\$0	\$35,918
General Public Notice Expense - Advertising 702		\$0	\$0	\$0	\$0	\$2,137	\$124	\$124	\$0	\$3,278	\$0	\$0	\$0	\$5,663
Total Expense		\$59,965	\$53,688	\$53,969	\$57,949	\$69,858	\$61,487	\$62,476	\$70,453	\$82,206	\$86,328	\$85,454	\$87,847	\$831,680
Total Revenue Requirements		\$184,102	\$186,367	\$198,460	\$215,784	\$240,518	\$242,515	\$254,315	\$276,694	\$301,823	\$325,162	\$344,084	\$359,527	\$3,129,151
Embedded Revenue for Bare Steel Replacement Investment		\$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
Net Revenue Requirements / (Surplus)		\$121,791	\$124,056	\$136,149	\$153,473	\$178,207	\$180,004	\$192,004	\$214,383	\$239,512	\$262,851	\$281,773	\$297,221	\$2,381,424
GRIP Surcharge Revenues Collected Month		\$ 75,767	\$ 72,290	\$ 65,525	\$ 60,281	\$ 50,886	\$ 46,043	\$ 45,769	\$ 41,743	\$ 42,463	\$ 46,308	\$ 56,198	\$ 71,328	\$674,601
Beginning True-Up														\$ (414,542)
(Over) and Under Recovery for the Month		\$ 46,024	\$ 51,766	\$ 70,624	\$ 93,192	\$ 127,321	\$ 133,961	\$ 146,235	\$ 172,640	\$ 197,049	\$ 216,543	\$ 225,575	\$ 225,893	\$ 1,706,823
Monthly Interest (Expense)/Income		\$ (12)	\$ (14)	\$ (14)	\$ (10)	\$ (4)	\$ 2	\$ 9	\$ 17	\$ 21	\$ 37	\$ 48	\$ 59	\$ 139
Ending (Over) and Under Recovery		(\$414,542)	\$ (368,530)	\$ (316,778)	\$ (246,168)	\$ (152,986)	\$ (25,669)	\$ 108,294	\$ 254,538	\$ 427,195	\$ 624,265	\$ 840,845	\$ 1,066,468	\$ 1,292,420
Beg of Month Annual Interest Rate		0.03%	0.05%	0.05%	0.06%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%
End of Month Annual Interest Rate		0.05%	0.05%	0.06%	0.05%	0.05%	0.06%	0.07%	0.06%	0.06%	0.04%	0.06%	0.07%	0.08%
Average Monthly Interest Rate		0.003%	0.004%	0.005%	0.005%	0.004%	0.005%	0.005%	0.005%	0.004%	0.005%	0.005%	0.005%	0.005%

Florida Public Utilities Company
Gas Reliability Infrastructure Program (GRIP)
Calculation of the Actual Revenue Requirements
Seven Months Actual January 2015 through July 2015
Estimated August 2015 through December 2015

Schedule B-2
Exhibit _____
Michael Cassel (MC-1)
Page 3 of 13

Item	Beginning Balance	Actual Jan	Actual Feb	Actual Mar	Actual Apr	Actual May	Actual Jun	Actual Jul	Projected Aug	Projected Sep	Projected Oct	Projected Nov	Projected Dec	Year End Total/Balance
Qualified Investment														
Qualified Investment - Mains - Current 1070 Activity		\$1,683,320	\$2,008,191	\$2,569,032	\$2,088,131	\$1,948,197	\$1,370,233	\$2,497,822	\$1,133,251	\$1,133,251	\$1,133,251	\$1,133,251	\$1,133,251	\$19,831,183
Qualified Investment - Mains - Closed 1070 Activity to Plant		(\$162,243)	(\$972,057)	(\$3,594,327)	(\$1,168,965)	(\$823,574)	(\$235,795)	(\$3,982,703)	(\$895,269)	(\$895,269)	(\$895,269)	(\$895,269)	(\$895,269)	(\$15,416,010)
Qualified Investment - Services - Current 1070 Activity		\$526,342	\$628,856	\$454,620	\$610,359	\$405,006	\$424,630	\$1,082,197	\$248,763	\$248,763	\$248,763	\$248,763	\$248,763	\$5,375,822
Qualified Investment - Services - Closed 1070 Activity to Plant		(\$124,298)	(\$932,832)	(\$207,415)	(\$550,774)	(\$681,352)	(\$370,192)	(\$656,227)	(\$248,763)	(\$248,763)	(\$248,763)	(\$248,763)	(\$248,763)	(\$4,766,903)
Qualified Investment - Mains - Current 1010 Activity		\$162,243	\$972,057	\$3,594,327	\$1,168,965	\$823,574	\$235,795	\$3,982,703	\$895,269	\$895,269	\$895,269	\$895,269	\$895,269	\$15,416,010
Qualified Investment - Services - Current 1010 Activity		\$124,298	\$932,832	\$207,415	\$550,774	\$681,352	\$370,192	\$656,227	\$248,763	\$248,763	\$248,763	\$248,763	\$248,763	\$4,766,903
Total Qualified Investment - Mains 1070	\$234,005	\$1,755,082	\$2,791,216	\$1,765,920	\$2,685,086	\$3,809,709	\$4,944,147	\$3,459,266	\$3,697,249	\$3,935,231	\$4,173,213	\$4,411,196	\$4,649,178	\$4,649,178
Total Qualified Investment - Services 1070	\$0	\$402,044	\$98,067	\$345,273	\$404,858	\$128,512	\$182,949	\$608,919	\$608,919	\$608,919	\$608,919	\$608,919	\$608,919	\$608,919
Total Qualified Investment - Mains 1010	\$24,581,779	\$24,744,022	\$25,716,079	\$29,310,406	\$30,479,371	\$31,302,945	\$31,538,741	\$35,521,444	\$36,416,713	\$37,311,982	\$38,207,251	\$39,102,520	\$39,997,789	\$39,997,789
Total Qualified Investment - Services 1010	\$8,595,989	\$8,720,287	\$9,653,119	\$9,860,534	\$10,411,308	\$11,092,660	\$11,462,852	\$12,119,079	\$12,367,842	\$12,616,604	\$12,865,367	\$13,114,129	\$13,362,892	\$13,362,892
Total Qualified Investment	\$33,411,773	\$35,621,435	\$38,258,481	\$41,282,133	\$43,980,623	\$46,333,826	\$48,128,689	\$51,708,768	\$53,090,722	\$54,472,736	\$55,854,750	\$57,236,764	\$58,618,778	\$58,618,778
Less: Accumulated Depreciation	(\$601,028)	(\$673,630)	(\$746,863)	(\$824,301)	(\$909,993)	(\$999,457)	(\$1,092,238)	(\$1,186,363)	(\$1,290,594)	(\$1,397,325)	(\$1,506,555)	(\$1,618,284)	(\$1,732,513)	(\$1,732,513)
Net Book Value	\$32,810,745	\$34,947,805	\$37,511,618	\$40,457,832	\$43,070,630	\$45,334,369	\$47,036,451	\$50,522,345	\$51,800,128	\$53,075,411	\$54,348,195	\$55,618,480	\$56,886,265	\$56,886,265
Average Net Qualified Investment		\$35,879,275	\$36,229,711	\$38,984,725	\$41,764,231	\$44,202,500	\$46,185,410	\$48,779,398	\$51,161,237	\$52,437,770	\$53,711,803	\$54,983,338	\$56,252,373	
Depreciation Rates														
Approved Depreciation Rate-Mains		2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	
Approved Depreciation Rate-Services		2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	
Return on Average Net Qualified Investment														
Equity - Cost of Capital, inclusive of Income Tax Gross-up		8.1200%	8.1200%	8.1200%	8.1200%	8.1200%	8.1200%	8.1200%	8.1200%	8.1200%	8.1200%	8.1200%	8.1200%	
Debt - Cost of Capital		1.8300%	1.8300%	1.8300%	1.8300%	1.8300%	1.8300%	1.8300%	1.8300%	1.8300%	1.8300%	1.8300%	1.8300%	
Equity Component - inclusive of Income Tax Gross-up	\$229,250	\$245,154	\$263,797	\$282,605	\$299,104	\$312,521	\$330,074	\$346,191	\$354,829	\$363,450	\$372,054	\$380,641	\$377,970	\$3,779,670
Debt Component	\$51,666	\$55,250	\$59,452	\$63,690	\$67,409	\$70,433	\$74,389	\$78,021	\$79,968	\$81,910	\$83,850	\$85,785	\$85,823	\$851,823
Return Requirement	\$280,916	\$300,404	\$323,249	\$346,295	\$366,513	\$382,954	\$404,463	\$424,212	\$434,797	\$445,360	\$455,904	\$466,426	\$463,793	\$4,631,493
Investment Expenses														
Depreciation Expense - Mains		\$53,261	\$53,612	\$55,718	\$63,506	\$66,039	\$67,823	\$68,334	\$76,963	\$78,903	\$80,843	\$82,782	\$84,722	\$832,506
Depreciation Expense - Services		\$19,341	\$19,621	\$21,720	\$22,186	\$23,425	\$24,958	\$25,791	\$27,268	\$27,828	\$28,387	\$28,947	\$29,507	\$298,979
Property Taxes	2.00%	\$54,685	\$54,685	\$54,685	\$54,685	\$54,685	\$54,685	\$54,685	\$54,685	\$54,685	\$54,685	\$54,685	\$54,685	\$656,220
General Public Notice Expense & Customer Notice Expense		\$3,046	\$9,892	\$8,980	\$29,155	\$0	\$6,802	\$0	\$8,268	\$8,268	\$8,268	\$8,268	\$8,268	\$99,214
Total Expense	\$130,333	\$137,810	\$141,103	\$169,532	\$144,149	\$154,268	\$148,810	\$167,184	\$169,684	\$172,183	\$174,682	\$177,182	\$177,182	\$1,886,919
Total Revenue Requirements	\$411,249	\$438,214	\$464,352	\$515,827	\$510,662	\$537,222	\$553,273	\$591,396	\$604,481	\$617,543	\$630,586	\$643,608	\$651,812	\$6,518,412
Embedded Revenue for Bare Steel Replacement Investment	\$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
Net Revenue Requirements / (Surplus)	\$348,938	\$375,903	\$402,041	\$453,516	\$448,351	\$474,911	\$490,962	\$529,085	\$542,170	\$555,232	\$568,275	\$581,302	\$577,065	\$5,770,685
GRIP Surcharge Revenues Collected Month	\$ 469,181	\$ 500,335	\$ 434,085	\$ 362,300	\$ 305,328	\$ 292,514	\$ 251,148	\$ 275,119	\$ 284,404	\$ 307,794	\$ 367,010	\$ 434,265	\$ 428,483	
Beginning True-Up														\$ 1,292,420
(Over) and Under Recovery for the Month	\$ (120,243)	\$ (124,432)	\$ (32,044)	\$ 91,216	\$ 143,023	\$ 182,397	\$ 239,814	\$ 253,966	\$ 257,766	\$ 247,438	\$ 201,265	\$ 147,037	\$ 148,202	\$ 1,487,202
Monthly Interest (Expense)/Income	\$ 86	\$ 78	\$ 62	\$ 64	\$ 83	\$ 107	\$ 109	\$ 126	\$ 144	\$ 162	\$ 177	\$ 190	\$ 199	\$ 1,388
Ending (Over) and Under Recovery	\$ 1,292,420	\$ 1,172,263	\$ 1,047,909	\$ 1,015,927	\$ 1,107,207	\$ 1,250,313	\$ 1,432,817	\$ 1,672,740	\$ 1,926,832	\$ 2,184,742	\$ 2,432,342	\$ 2,633,783	\$ 2,781,010	\$ 2,781,010
Beg of Month Annual Interest Rate		0.08%	0.09%	0.08%	0.06%	0.08%	0.09%	0.09%	0.08%	0.08%	0.08%	0.08%	0.08%	
End of Month Annual Interest Rate		0.09%	0.08%	0.060%	0.08%	0.09%	0.09%	0.08%	0.08%	0.08%	0.08%	0.08%	0.08%	
Average Monthly Interest Rate		0.007%	0.007%	0.006%	0.006%	0.007%	0.008%	0.007%	0.007%	0.007%	0.007%	0.007%	0.007%	

Florida Public Utilities Company
Gas Reliability Infrastructure Program (GRIP)
Calculation of the Projected Revenue Requirements
January 1, 2016 through December 31, 2016

Schedule C-1
Exhibit
Michael Cassel (MC-1)
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Item	Beginning Balance	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year End Total/Balance
Qualified Investment														
Qualified Investment - Mains - Current Year 1070 Activity		\$836,244	\$836,244	\$836,244	\$836,244	\$836,244	\$836,244	\$836,244	\$836,244	\$836,244	\$836,244	\$836,244	\$836,244	\$10,034,926
Qualified Investment - Mains - Closed 1070 Activity to Plant		(\$752,619)	(\$752,619)	(\$752,619)	(\$752,619)	(\$752,619)	(\$752,619)	(\$752,619)	(\$752,619)	(\$752,619)	(\$752,619)	(\$752,619)	(\$752,619)	(\$9,031,428)
Qualified Investment - Services - Current Year 1070 Activity		\$183,566	\$183,566	\$183,566	\$183,566	\$183,566	\$183,566	\$183,566	\$183,566	\$183,566	\$183,566	\$183,566	\$183,566	\$2,202,789
Qualified Investment - Services - Closed 1070 Activity to Plant		(\$183,566)	(\$183,566)	(\$183,566)	(\$183,566)	(\$183,566)	(\$183,566)	(\$183,566)	(\$183,566)	(\$183,566)	(\$183,566)	(\$183,566)	(\$183,566)	(\$2,202,789)
Qualified Investment - Mains - Current 1010 Activity		\$752,619	\$752,619	\$752,619	\$752,619	\$752,619	\$752,619	\$752,619	\$752,619	\$752,619	\$752,619	\$752,619	\$752,619	\$9,031,428
Qualified Investment - Services - Current 1010 Activity		\$183,566	\$183,566	\$183,566	\$183,566	\$183,566	\$183,566	\$183,566	\$183,566	\$183,566	\$183,566	\$183,566	\$183,566	\$2,202,789
Total Qualified Investment - Mains 1070	\$4,649,178	\$4,732,803	\$4,816,428	\$4,900,053	\$4,983,678	\$5,067,303	\$5,150,927	\$5,234,552	\$5,318,177	\$5,401,802	\$5,485,427	\$5,569,052	\$5,652,677	\$5,652,677
Total Qualified Investment - Service 1070	\$608,919	\$608,919	\$608,919	\$608,919	\$608,919	\$608,919	\$608,919	\$608,919	\$608,919	\$608,919	\$608,919	\$608,919	\$608,919	\$608,919
Total Qualified Investment - Mains 1010	\$39,997,789	\$40,750,408	\$41,503,027	\$42,255,646	\$43,008,265	\$43,760,884	\$44,513,503	\$45,266,122	\$46,018,741	\$46,771,360	\$47,523,979	\$48,276,598	\$49,029,217	\$49,029,217
Total Qualified Investment - Service 1010	\$13,362,892	\$13,546,458	\$13,730,023	\$13,913,589	\$14,097,155	\$14,280,720	\$14,464,286	\$14,647,852	\$14,831,418	\$15,014,983	\$15,198,549	\$15,382,115	\$15,565,681	\$15,565,681
Total Qualified Investment	\$58,618,778	\$59,638,588	\$60,658,397	\$61,678,207	\$62,698,016	\$63,717,826	\$64,737,636	\$65,757,445	\$66,777,255	\$67,797,064	\$68,816,874	\$69,836,683	\$70,856,493	\$70,856,493
Less: Accumulated Depreciation	(\$1,732,513)	(\$1,849,241)	(\$1,968,013)	(\$2,088,829)	(\$2,211,689)	(\$2,336,592)	(\$2,463,539)	(\$2,592,529)	(\$2,723,564)	(\$2,856,642)	(\$2,991,763)	(\$3,128,929)	(\$3,268,138)	(\$3,268,138)
Net Book Value	\$56,886,265	\$57,789,346	\$58,690,384	\$59,589,378	\$60,486,328	\$61,381,234	\$62,274,097	\$63,164,916	\$64,053,691	\$64,940,423	\$65,825,111	\$66,707,755	\$67,588,355	\$67,588,355
Average Net Qualified Investment	\$57,337,806	\$58,239,865	\$59,139,881	\$60,037,853	\$60,933,781	\$61,827,665	\$62,719,506	\$63,609,303	\$64,497,057	\$65,382,767	\$66,266,433	\$67,148,055		
Depreciation Rates														
Approved Depreciation Rate-Mains		2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%
Approved Depreciation Rate-Services		2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%
Return on Average Net Qualified Investment														
Equity - Cost of Capital, inclusive of Income Tax Gross-up		8.1200%	8.1200%	8.1200%	8.1200%	8.1200%	8.1200%	8.1200%	8.1200%	8.1200%	8.1200%	8.1200%	8.1200%	8.1200%
Debt - Cost of Capital		1.8300%	1.8300%	1.8300%	1.8300%	1.8300%	1.8300%	1.8300%	1.8300%	1.8300%	1.8300%	1.8300%	1.8300%	1.8300%
Equity Component - inclusive of Income Tax Gross-up		\$387,986	\$394,090	\$400,180	\$406,256	\$412,319	\$418,367	\$424,402	\$430,423	\$436,430	\$442,423	\$448,403	\$454,369	\$5,055,647
Debt Component		\$87,440	\$88,816	\$90,188	\$91,558	\$92,924	\$94,287	\$95,647	\$97,004	\$98,358	\$99,709	\$101,056	\$102,401	\$1,139,388
Return Requirement		\$475,426	\$482,906	\$490,368	\$497,814	\$505,243	\$512,654	\$520,049	\$527,427	\$534,788	\$542,132	\$549,459	\$556,769	\$6,195,036
Investment Expenses														
Depreciation Expense - Mains		\$86,662	\$88,293	\$89,923	\$91,554	\$93,185	\$94,815	\$96,446	\$98,077	\$99,707	\$101,338	\$102,969	\$104,599	\$1,147,567
Depreciation Expense - Services		\$30,067	\$30,480	\$30,893	\$31,306	\$31,719	\$32,132	\$32,545	\$32,958	\$33,371	\$33,784	\$34,197	\$34,610	\$388,058
Property Taxes		\$94,810	\$94,810	\$94,810	\$94,810	\$94,810	\$94,810	\$94,810	\$94,810	\$94,810	\$94,810	\$94,810	\$94,810	\$1,137,725
General Public Notice Expense & Customer Notice Expense		\$4,333	\$4,333	\$4,333	\$4,333	\$4,333	\$4,333	\$4,333	\$4,333	\$4,333	\$4,333	\$4,333	\$4,333	\$52,000
Total Expense	\$215,872	\$217,916	\$219,959	\$222,003	\$224,047	\$226,090	\$228,134	\$230,178	\$232,221	\$234,265	\$236,309	\$238,356	\$240,400	\$2,725,350
Total Revenue Requirements	\$691,298	\$700,821	\$710,327	\$719,817	\$729,289	\$738,745	\$748,183	\$757,605	\$767,010	\$776,397	\$785,768	\$795,126	\$804,488	\$8,920,386
Annual Revenue Requirement for Bare Steel Replacement Investment	\$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
Net Annual Revenue Requirements	\$628,988	\$638,511	\$648,017	\$657,507	\$666,979	\$676,435	\$685,873	\$695,295	\$704,700	\$714,087	\$723,458	\$732,809	\$742,178	\$8,172,659

Florida Public Utilities Company
Gas Reliability Infrastructure Program (GRIP)
Projection of Qualified Mains & Services Revenue Requirements
Surcharge Calculation - January 1, 2016 through December 31, 2016
Per Therm Rate

Schedule D-1
Exhibit _____
Michael Cassel (MC-1)
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1. 1/1/16-12/31/16 Qualified Mains & Services Replacement Revenue Requirements	\$ 8,172,659
Mains	74% \$6,047,767
Services	26% \$2,124,891
Net	<u>\$8,172,658</u>
2. TRUE-UP from Prior Period (Over)/Under Recovery Estimated thru 12/2015	\$ 2,781,010
3. 2016 Qualified Mains & Services Replacement Revenue Requirements	\$10,953,669
Mains	74% \$8,105,715
Services	26% \$2,847,954
Net	<u>\$10,953,669</u>

RATE SCHEDULE	2016 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	13,080,483	58.00%	22.00%	\$1,651,813	\$1,783,257	\$3,435,071	\$0.26261	1.00503	\$0.26393	250	\$65.98	\$5.50
COMMERCIAL SMALL (General Service & GS Transportation)	12,641,124	17.00%	23.00%	\$484,152	\$1,864,314	\$2,348,467	\$0.18578	1.00503	\$0.18671	2,500	\$466.79	\$38.90
COMM. LRG VOLUME (Large Vol & LV Transportation)	46,009,913	25.00%	46.00%	\$711,989	\$3,728,629	\$4,440,617	\$0.09651	1.00503	\$0.09700	25,000	\$2,425.00	\$202.08
INTERRUPTIBLE SERVICE (Int Service & IS Transportation)	7,559,998	0.00%	8.00%	\$0	\$648,457	\$648,457	\$0.08577	1.00503	\$0.08621	50,000	\$4,310.31	\$359.19
GENERAL LIGHTING SERVICE	317,907	0.00%	1.00%	\$0	\$81,057	\$81,057	\$0.25497	1.00503	\$0.25625	500	\$128.13	\$10.68
TOTAL	<u>79,609,425</u>	<u>100.00%</u>	<u>100.00%</u>	<u>\$2,847,954</u>	<u>\$8,105,715</u>	<u>\$10,953,669</u>						

Florida Division of Chesapeake Utilities Corporation

Gas Reliability Infrastructure Program (GRIP)

Calculation of Equity and Debt Returns

Schedule A-1

Exhibit _____

Michael Cassel (MC-1)

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Earnings Surveillance Report - December 31, 2014

Equity Cost Rate	10.80%
Weighted Equity Cost Rate	4.85%
Revenue Expansion Factor	1.6372
Weighted Equity Cost Rate , times Revenue Expansion Factor	<u>7.940%</u>
Long Term Debt-CU	1.120%
Short Term Debt	0.110%
Short Term Debt-Refinanced LTD	0.100%
Customer Deposits	0.050%
Tax Credits-Weighted Cost	0.010%
Weighted Debt Cost Rate	<u>1.390%</u>
Overall Weighted Cost Rate	<u><u>6.24%</u></u>

Florida Division of Chesapeake Utilities Corporation

Gas Reliability Infrastructure Program (GRIP)
 Calculation of the Actual Revenue Requirements
 Actual January 2014 through December 2014

Schedule B-1
 Exhibit
 Michael Cassel (MC-1)
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Item	Beginning Balance	Actual Jan	Actual Feb	Actual Mar	Actual Apr	Actual May	Actual Jun	Actual Jul	Actual Aug	Actual Sep	Actual Oct	Actual Nov	Actual Dec	Year End Total/Balance
Qualified Investment														
Qualified Investment - Mains - Current 1070 Activity		\$127,984	\$120,733	\$433,082	\$278,969	\$158,422	\$553,042	\$344,848	\$262,271	\$700,238	\$698,998	\$335,673	\$830,921	\$4,845,182
Qualified Investment - Mains - Closed 1070 Activity to Plant		\$935	(\$167,045)	\$0	(\$819,009)	(\$144,315)	(\$34,888)	(\$18,293)	(\$100,816)	(\$452,695)	(\$2,848)	(\$104,652)	(\$1,623,340)	(\$3,466,966)
Qualified Investment - Services - Current 1070 Activity		\$4,481	\$14,604	\$3,552	\$13,506	\$18,957	\$7,056	\$0	\$8,395	\$14,144	\$18,764	\$73,976	\$173,482	\$350,917
Qualified Investment - Services - Closed 1070 Activity to Plant		(\$4,217)	(\$11,536)	(\$6,884)	(\$13,506)	(\$18,957)	(\$7,056)	\$0	(\$4,590)	(\$10,479)	(\$19,997)	(\$45,985)	(\$207,710)	(\$350,917)
Qualified Investment - Mains - Current 1010 Activity		(\$935)	\$167,045	\$0	\$819,009	\$144,315	\$34,888	\$18,293	\$100,816	\$452,695	\$2,848	\$104,652	\$1,623,340	\$3,466,966
Qualified Investment - Services - Current 1010 Activity		\$4,217	\$11,536	\$6,884	\$13,506	\$18,957	\$7,056	\$0	\$4,590	\$10,479	\$19,997	\$45,985	\$207,710	\$350,917
Total Qualified Investment - Mains 1070	\$330,478	\$459,397	\$413,085	\$846,167	\$306,128	\$320,235	\$838,389	\$1,164,944	\$1,326,399	\$1,573,942	\$2,270,091	\$2,501,112	\$1,708,694	\$1,708,694
Total Qualified Investment - Services 1070	(\$1)	\$263	\$3,331	(\$1)	(\$1)	(\$1)	(\$1)	(\$1)	\$3,804	\$7,469	\$6,236	\$34,227	(\$1)	(\$1)
Total Qualified Investment - Mains 1010	\$4,784,308	\$4,783,372	\$4,950,417	\$4,950,417	\$5,769,426	\$5,913,741	\$5,948,629	\$5,966,922	\$6,067,738	\$6,520,433	\$6,523,281	\$6,627,933	\$8,251,273	\$8,251,273
Total Qualified Investment - Services 1010	\$288,236	\$292,452	\$303,988	\$310,872	\$324,378	\$343,335	\$350,391	\$350,391	\$354,982	\$365,460	\$385,458	\$431,443	\$639,153	\$639,153
Total Qualified Investment	\$5,403,020	\$5,535,485	\$5,670,822	\$6,107,456	\$6,399,931	\$6,577,310	\$7,137,408	\$7,482,257	\$7,752,923	\$8,467,305	\$9,185,066	\$9,594,715	\$10,599,119	\$10,599,119
Less: Accumulated Depreciation 1080	(\$85,549)	(\$96,563)	(\$107,585)	(\$118,995)	(\$130,421)	(\$143,651)	(\$157,236)	(\$170,914)	(\$184,630)	(\$198,576)	(\$213,526)	(\$228,527)	(\$243,858)	(\$243,858)
Net Book Value	\$5,317,471	\$5,438,921	\$5,563,236	\$5,988,460	\$6,269,511	\$6,433,659	\$6,980,172	\$7,311,343	\$7,568,293	\$8,268,729	\$8,971,541	\$9,366,189	\$10,355,261	\$10,355,261
Average Net Qualified Investment	\$5,378,196	\$5,501,079	\$5,775,848	\$6,128,985	\$6,351,585	\$6,706,915	\$7,145,757	\$7,439,818	\$7,918,511	\$8,620,135	\$9,168,865	\$9,860,725		
Depreciation Rates														
Approved Depreciation Rate-Mains		2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%
Approved Depreciation Rate-Services		2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%
Return on Average Net Qualified Investment														
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%
Equity Component - inclusive of Income Tax Gross-up	\$37,266	\$38,118	\$40,022	\$42,469	\$44,011	\$46,473	\$49,514	\$51,552	\$54,869	\$59,730	\$63,533	\$68,327	\$595,884	
Debt Component	\$6,095	\$6,235	\$6,546	\$6,946	\$7,198	\$7,601	\$8,099	\$8,432	\$8,974	\$9,769	\$10,391	\$11,175	\$97,461	
Return Requirement	\$43,361	\$44,353	\$46,568	\$49,415	\$51,209	\$54,074	\$57,613	\$59,984	\$63,843	\$69,499	\$73,924	\$79,502	\$693,345	
Investment Expenses														
Depreciation Expense - Mains		\$10,366	\$10,364	\$10,726	\$10,726	\$12,500	\$12,813	\$12,889	\$12,928	\$13,147	\$14,128	\$14,134	\$14,361	\$149,081
Depreciation Expense - Services		\$649	\$658	\$684	\$699	\$730	\$773	\$788	\$788	\$799	\$822	\$867	\$971	\$9,228
Property Taxes	2.00%	\$8,862	\$8,862	\$8,862	\$8,862	\$8,862	\$8,862	\$8,862	\$8,862	\$8,862	\$8,862	\$8,862	\$8,862	\$106,344
Customer Notice Expense - 709		\$1,953	\$0	\$0	\$0	\$1,953	\$0	\$0	\$0	\$925	\$1,245	\$0	\$2,336	\$8,410
General Public Notice Expense - 702		\$0	\$0	\$0	\$0	\$530	\$0	\$0	\$453	\$0	\$0	\$0	\$0	\$983
Total Expense	\$21,829	\$19,884	\$20,272	\$20,287	\$24,575	\$22,448	\$22,539	\$22,579	\$24,185	\$25,056	\$23,863	\$26,529	\$274,046	
Net Revenue Requirements	\$65,190	\$64,237	\$66,840	\$69,702	\$75,784	\$76,522	\$80,152	\$82,563	\$88,028	\$94,555	\$97,787	\$106,031	\$967,391	
GRIP Surcharge Revenues Collected Month	\$ 65,425	\$ 55,742	\$ 61,141	\$ 57,719	\$ 52,906	\$ 46,791	\$ 57,475	\$ 39,510	\$ 47,035	\$ 54,238	\$ 61,159	\$ 66,980	\$666,121	
Beginning True-Up (Over) and Under Recovery for the Month	\$ (235)	\$ 8,495	\$ 5,699	\$ 11,983	\$ 22,878	\$ 29,731	\$ 22,677	\$ 43,053	\$ 40,993	\$ 40,317	\$ 36,628	\$ 39,051	\$ 301,270	
Monthly Interest (Expense)/Income	\$ (3)	\$ (3)	\$ (4)	\$ (4)	\$ (2)	\$ (1)	\$ -	\$ 2	\$ 3	\$ 6	\$ 8	\$ 10	\$12	
Ending (Over) and Under Recovery	(\$90,107)	\$ (90,345)	\$ (81,853)	\$ (76,158)	\$ (64,179)	\$ (41,303)	\$ (11,574)	\$ 11,103	\$ 54,158	\$ 95,155	\$ 135,478	\$ 172,114	\$ 211,175	
Beg of Month Annual Interest Rate	0.03%	0.05%	0.05%	0.06%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	
End of Month Annual Interest Rate	0.05%	0.05%	0.06%	0.05%	0.05%	0.06%	0.07%	0.06%	0.04%	0.06%	0.07%	0.08%	0.08%	
Average Monthly Interest Rate	0.003%	0.004%	0.005%	0.005%	0.004%	0.005%	0.005%	0.005%	0.004%	0.005%	0.005%	0.005%	0.005%	

Florida Division of Chesapeake Utilities Corporation

Gas Reliability Infrastructure Program (GRIP)
 Calculation of the Actual Revenue Requirements
 Seven Months Actual January 2015 through July 2015
 Estimated August 2015 through December 2015

Schedule B-2
 Exhibit
 Michael Cassel (MC-1)
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Item	Beginning Balance	Actual Jan	Actual Feb	Actual Mar	Actual Apr	Actual May	Actual Jun	Actual Jul	Projected Aug	Projected Sep	Projected Oct	Projected Nov	Projected Dec	Year End Total/Balance														
Qualified Investment																												
Qualified Investment - Mains - Current 1070 Activity		\$123,706	\$147,654	\$525,387	\$70,812	\$715,464	\$472,314	\$439,172	\$566,382	\$566,382	\$566,382	\$566,382	\$566,382	\$5,326,419														
Qualified Investment - Mains - Closed 1070 Activity to Plant		(\$13,921)	(\$1,157,042)	(\$848,346)	(\$128,066)	(\$20,590)	(\$47,664)	(\$477,392)	(\$481,425)	(\$481,425)	(\$481,425)	(\$481,425)	(\$481,425)	(\$5,100,145)														
Qualified Investment - Services - Current 1070 Activity		(\$2,300)	\$6,740	(\$175)	\$143,737	\$3,277	\$105,307	\$19,810	\$42,631	\$42,631	\$42,631	\$42,631	\$42,631	\$489,550														
Qualified Investment - Services - Closed 1070 Activity to Plant		\$2,300	(\$3,765)	(\$12,995)	(\$46,018)	(\$42,963)	(\$135,089)	(\$25,616)	(\$42,631)	(\$42,631)	(\$42,631)	(\$42,631)	(\$42,631)	(\$477,301)														
Qualified Investment - Mains - Current 1010 Activity		\$13,921	\$1,157,042	\$848,346	\$128,066	\$20,590	\$47,664	\$477,392	\$481,425	\$481,425	\$481,425	\$481,425	\$481,425	\$5,100,145														
Qualified Investment - Services - Current 1010 Activity		(\$2,300)	\$3,765	\$12,995	\$46,018	\$42,963	\$135,089	\$25,616	\$42,631	\$42,631	\$42,631	\$42,631	\$42,631	\$477,301														
Total Qualified Investment - Mains 1070	\$1,708,694	\$1,818,479	\$809,090	\$486,131	\$428,877	\$1,123,751	\$1,548,402	\$1,510,182	\$1,595,139	\$1,680,096	\$1,765,053	\$1,850,011	\$1,934,968	\$1,934,968														
Total Qualified Investment - Services 1070	(\$1)	(\$1)	\$2,974	(\$10,195)	\$87,523	\$47,837	\$18,054	\$12,248	\$12,248	\$12,248	\$12,248	\$12,248	\$12,248	\$12,248														
Total Qualified Investment - Mains 1010	\$8,251,273	\$8,265,194	\$9,422,236	\$10,270,582	\$10,398,648	\$10,419,238	\$10,466,902	\$10,944,294	\$11,425,719	\$11,907,144	\$12,388,568	\$12,869,993	\$13,351,418	\$13,351,418														
Total Qualified Investment - Services 1010	\$639,153	\$636,853	\$640,618	\$653,613	\$699,631	\$742,594	\$877,683	\$903,299	\$945,930	\$988,561	\$1,031,192	\$1,073,823	\$1,116,454	\$1,116,454														
Total Qualified Investment	\$10,599,119	\$10,720,525	\$10,874,919	\$11,400,131	\$11,614,679	\$12,333,420	\$12,911,041	\$13,370,023	\$13,979,036	\$14,588,049	\$15,197,062	\$15,806,075	\$16,415,088	\$16,415,088														
Less: Accumulated Depreciation 1080	(\$243,858)	(\$263,174)	(\$282,515)	(\$304,371)	(\$328,095)	(\$352,199)	(\$376,445)	(\$401,098)	(\$426,843)	(\$453,727)	(\$481,750)	(\$510,912)	(\$541,213)	(\$541,213)														
Net Book Value	\$10,355,261	\$10,457,351	\$10,592,404	\$11,095,760	\$11,286,584	\$11,981,221	\$12,534,596	\$12,968,925	\$13,552,193	\$14,134,322	\$14,715,312	\$15,295,163	\$15,873,875	\$15,873,875														
Average Net Qualified Investment	\$10,406,306	\$10,524,877	\$10,844,082	\$11,191,172	\$11,633,903	\$12,257,909	\$12,751,761	\$13,260,559	\$13,843,258	\$14,424,817	\$15,005,238	\$15,584,519																
Depreciation Rates																												
Approved Depreciation Rate-Mains		2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%														
Approved Depreciation Rate-Services		2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%														
Return on Average Net Qualified Investment																												
Equity - Cost of Capital, inclusive of Income Tax Gross-up		7.9400%	7.9400%	7.9400%	7.9400%	7.9400%	7.9400%	7.9400%	7.9400%	7.9400%	7.9400%	7.9400%	7.9400%	7.9400%														
Debt - Cost of Capital		1.3900%	1.3900%	1.3900%	1.3900%	1.3900%	1.3900%	1.3900%	1.3900%	1.3900%	1.3900%	1.3900%	1.3900%	1.3900%														
Equity Component - inclusive of Income Tax Gross-up	\$68,855	\$69,640	\$71,752	\$74,048	\$76,978	\$81,106	\$84,374	\$87,741	\$91,596	\$95,444	\$99,285	\$103,118	\$103,118	\$1,003,937														
Debt Component	\$12,054	\$12,191	\$12,561	\$12,963	\$13,476	\$14,199	\$14,771	\$15,360	\$16,035	\$16,709	\$17,381	\$18,052	\$18,052	\$175,752														
Return Requirement	\$80,909	\$81,831	\$84,313	\$87,011	\$90,454	\$95,305	\$99,145	\$103,101	\$107,631	\$112,153	\$116,666	\$121,170	\$121,170	\$1,179,689														
Investment Expenses																												
Depreciation Expense - Mains		\$17,878	\$17,908	\$20,415	\$22,253	\$22,530	\$22,575	\$22,678	\$23,713	\$24,756	\$25,799	\$26,842	\$27,885	\$275,232														
Depreciation Expense - Services		\$1,438	\$1,433	\$1,441	\$1,471	\$1,574	\$1,671	\$1,975	\$2,032	\$2,128	\$2,224	\$2,320	\$2,416	\$22,123														
Property Taxes	2.00%	\$17,259	\$17,259	\$17,259	\$17,259	\$17,259	\$17,259	\$17,259	\$17,259	\$17,259	\$17,259	\$17,259	\$17,259	\$207,108														
General Public Notice and Customer Notice Expense		(\$711)	\$4,137	\$3,859	\$6,629	\$0	\$5,651	\$0	\$2,795	\$2,795	\$2,795	\$2,795	\$2,795	\$33,540														
Total Expense		\$35,864	\$40,737	\$42,974	\$47,612	\$41,363	\$47,156	\$41,912	\$45,799	\$46,938	\$48,077	\$49,216	\$50,355	\$538,003														
Net Revenue Requirements		\$116,773	\$122,568	\$127,287	\$134,623	\$131,817	\$142,461	\$141,057	\$148,900	\$154,569	\$160,230	\$165,882	\$171,525	\$1,717,692														
GRIP Surcharge Revenues Collected Month	\$	162,428	\$	169,594	\$	161,829	\$	149,591	\$	145,847	\$	140,796	\$	137,816	\$	134,078	\$	131,309	\$	149,163	\$	155,232	\$	163,141	\$	1,800,824		
Beginning True-Up (Over) and Under Recovery for the Month		\$	(45,655)	\$	(47,026)	\$	(34,542)	\$	(14,968)	\$	(14,030)	\$	1,665	\$	3,241	\$	14,822	\$	23,260	\$	11,067	\$	10,650	\$	8,384	\$	211,175	
Monthly Interest (Expense)/Income		\$	13	\$	10	\$	6	\$	5	\$	4	\$	4	\$	4	\$	5	\$	6	\$	7	\$	8	\$	9	\$	\$81	
Ending (Over) and Under Recovery	\$	211,175	\$	165,533	\$	118,517	\$	83,981	\$	69,018	\$	54,992	\$	56,661	\$	59,906	\$	74,733	\$	97,999	\$	109,073	\$	119,731	\$	128,124	\$	128,124
Beg of Month Annual Interest Rate		0.08%	0.09%	0.08%	0.06%	0.08%	0.09%	0.09%	0.09%	0.08%	0.08%	0.08%	0.08%	0.08%														
End of Month Annual Interest Rate		0.09%	0.08%	0.06%	0.08%	0.09%	0.09%	0.08%	0.08%	0.08%	0.08%	0.08%	0.08%															
Average Monthly Interest Rate		0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.007%	0.007%	0.007%	0.007%	0.007%															

Florida Division of Chesapeake Utilities Corporation

Gas Reliability Infrastructure Program (GRIP)
 Calculation of the Projected Revenue Requirements
 January 1, 2016 through December 31, 2016

Schedule C-1
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 Michael Cassel (MC-1)
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Item	Beginning Balance	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year End Total
Qualified Investment														
Qualified Investment - Mains - Current 1070 Activity		\$344,709	\$344,709	\$344,709	\$344,709	\$344,709	\$344,709	\$344,709	\$344,709	\$344,709	\$344,709	\$344,709	\$344,709	\$4,136,510
Qualified Investment - Mains - Closed 1070 Activity to Plant		(\$327,474)	(\$327,474)	(\$327,474)	(\$327,474)	(\$327,474)	(\$327,474)	(\$327,474)	(\$327,474)	(\$327,474)	(\$327,474)	(\$327,474)	(\$327,474)	(\$3,929,684)
Qualified Investment - Services - Current 1070 Activity		\$25,946	\$25,946	\$25,946	\$25,946	\$25,946	\$25,946	\$25,946	\$25,946	\$25,946	\$25,946	\$25,946	\$25,946	\$311,350
Qualified Investment - Services - Closed 1070 Activity to Plant		(\$25,946)	(\$25,946)	(\$25,946)	(\$25,946)	(\$25,946)	(\$25,946)	(\$25,946)	(\$25,946)	(\$25,946)	(\$25,946)	(\$25,946)	(\$25,946)	(\$311,350)
Qualified Investment - Mains - Current 1010 Activity		\$327,474	\$327,474	\$327,474	\$327,474	\$327,474	\$327,474	\$327,474	\$327,474	\$327,474	\$327,474	\$327,474	\$327,474	\$3,929,684
Qualified Investment - Services - Current 1010 Activity		\$25,946	\$25,946	\$25,946	\$25,946	\$25,946	\$25,946	\$25,946	\$25,946	\$25,946	\$25,946	\$25,946	\$25,946	\$311,350
Total Qualified Investment - Mains 1070	\$1,934,968	\$1,952,204	\$1,969,439	\$1,986,674	\$2,003,910	\$2,021,145	\$2,038,381	\$2,055,616	\$2,072,852	\$2,090,087	\$2,107,323	\$2,124,558	\$2,141,794	\$2,141,794
Total Qualified Investment - Services 1070	\$12,248	\$12,248	\$12,248	\$12,248	\$12,248	\$12,248	\$12,248	\$12,248	\$12,248	\$12,248	\$12,248	\$12,248	\$12,248	\$12,248
Total Qualified Investment - Mains 1010	\$13,351,418	\$13,678,891	\$14,006,365	\$14,333,839	\$14,661,313	\$14,988,786	\$15,316,260	\$15,643,734	\$15,971,207	\$16,298,681	\$16,626,155	\$16,953,628	\$17,281,102	\$17,281,102
Total Qualified Investment - Services 1010	\$1,116,454	\$1,142,400	\$1,168,346	\$1,194,292	\$1,220,237	\$1,246,183	\$1,272,129	\$1,298,075	\$1,324,021	\$1,349,967	\$1,375,912	\$1,401,858	\$1,427,804	\$1,427,804
Total Qualified Investment	\$16,415,088	\$16,785,743	\$17,156,398	\$17,527,053	\$17,897,708	\$18,268,363	\$18,639,018	\$19,009,673	\$19,380,328	\$19,750,983	\$20,121,638	\$20,492,293	\$20,862,948	\$20,862,948
Less: Accumulated Depreciation	(\$541,213)	(\$572,653)	(\$604,861)	(\$637,837)	(\$671,581)	(\$706,093)	(\$741,373)	(\$777,420)	(\$814,236)	(\$851,819)	(\$890,170)	(\$929,289)	(\$969,176)	(\$969,176)
Net Book Value	\$15,873,875	\$16,213,090	\$16,551,537	\$16,889,216	\$17,226,127	\$17,562,270	\$17,897,645	\$18,232,253	\$18,566,092	\$18,899,164	\$19,231,468	\$19,563,004	\$19,893,772	\$19,893,772
Average Net Qualified Investment		\$16,043,483	\$16,382,314	\$16,720,377	\$17,057,672	\$17,394,199	\$17,729,958	\$18,064,949	\$18,399,173	\$18,732,628	\$19,065,316	\$19,397,236	\$19,728,388	
Depreciation Rates														
Approved Depreciation Rate-Mains		2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%
Approved Depreciation Rate-Services		2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%
Return on Average Net Qualified Investment														
Equity - Cost of Capital, inclusive of Income Tax Gross-up		7.9400%	7.9400%	7.9400%	7.9400%	7.9400%	7.9400%	7.9400%	7.9400%	7.9400%	7.9400%	7.9400%	7.9400%	7.9400%
Debt - Cost of Capital		1.3900%	1.3900%	1.3900%	1.3900%	1.3900%	1.3900%	1.3900%	1.3900%	1.3900%	1.3900%	1.3900%	1.3900%	1.3900%
Equity Component - inclusive of Income Tax Gross-up		\$106,154	\$108,396	\$110,633	\$112,865	\$115,092	\$117,313	\$119,530	\$121,741	\$123,948	\$126,149	\$128,345	\$130,536	\$1,420,702
Debt Component		\$18,584	\$18,976	\$19,368	\$19,758	\$20,148	\$20,537	\$20,925	\$21,312	\$21,699	\$22,084	\$22,468	\$22,852	\$248,712
Return Requirement		\$124,738	\$127,372	\$130,001	\$132,623	\$135,240	\$137,850	\$140,455	\$143,054	\$145,646	\$148,233	\$150,814	\$153,388	\$1,669,415
Investment Expenses														
Depreciation Expense - Mains		\$28,928	\$29,638	\$30,347	\$31,057	\$31,766	\$32,476	\$33,185	\$33,895	\$34,604	\$35,314	\$36,023	\$36,733	\$393,966
Depreciation Expense - Services		\$2,512	\$2,570	\$2,629	\$2,687	\$2,746	\$2,804	\$2,862	\$2,921	\$2,979	\$3,037	\$3,096	\$3,154	\$33,997
Property Taxes		\$26,456	\$26,456	\$26,456	\$26,456	\$26,456	\$26,456	\$26,456	\$26,456	\$26,456	\$26,456	\$26,456	\$26,456	\$317,472
General Public Notice Expense and Customer Notice Expense		\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$18,000
Total Expense		\$59,396	\$60,164	\$60,932	\$61,700	\$62,468	\$63,236	\$64,003	\$64,772	\$65,539	\$66,307	\$67,075	\$67,843	\$763,435
Total Revenue Requirements		\$184,134	\$187,536	\$190,933	\$194,323	\$197,708	\$201,086	\$204,458	\$207,826	\$211,185	\$214,540	\$217,889	\$221,231	\$2,432,850

Florida Division of Chesapeake Utilities Corporation
 Gas Reliability Infrastructure Program (GRIP)
 Projection of Qualified Mains & Services Revenue Requirements
 Surcharge Calculation - January 1, 2016 through December 31, 2016
 Per Therm/Bill Rate

Schedule D-1
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 Michael Cassel (MC-1)
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1.	1/1/16-12/31/16 Qualified Mains & Services Replacement Revenue Requirements		\$	2,432,850
	Mains	96%	\$2,335,536	
	Services	4%	\$97,314	
	Net		<u>\$2,432,850</u>	
2.	TRUE-UP from Prior Period (Over)/Under Recovery Estimated thru 12/2015		\$	128,124
3.	2016 Qualified Mains & Services Replacement Revenue Requirements		\$	2,560,974
	Mains	96%	\$2,458,535	
	Services	4%	\$102,439	
	Net		<u>\$2,560,974</u>	

RATE CLASS	2016 BILLS	2016 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	Experimental GRIP FACTORS PER BILL	ANNUAL COST PER BILL	TYPICAL ANNUAL THERMS	ANNUAL COST	AVERAGE MONTHLY COST
FTS-A	17,696	117,709	14.34%	0.951%	\$ 14,690	\$ 23,381	\$38,071	\$0.32343	1.00503	\$ 0.32506	\$ 2.15	1.00503	\$ 2.16	\$ 25.95	110	\$35.76	\$2.98
FTS-B	27,532	313,362	9.74%	1.142%	\$ 9,978	\$ 28,076	\$38,054	\$0.12144	1.00503	\$ 0.12205	\$ 1.38	1.00503	\$ 1.39	\$ 16.67	215	\$26.24	\$2.19
FTS-1	124,560	2,097,332	33.87%	5.861%	\$ 34,696	\$ 144,095	\$178,791	\$0.08525	1.00503	\$ 0.08568	\$ 1.44	1.00503	\$ 1.44	\$ 17.31	275	\$23.56	\$1.96
FTS-2	10,363	623,044	12.69%	1.611%	\$ 13,000	\$ 39,607	\$52,607	\$0.08444	1.00503	\$ 0.08486	\$ 5.08	1.00503	\$ 5.10	\$ 61.22	875	\$74.25	\$6.19
FTS-2.1	8,537	1,005,253	7.83%	3.193%	\$ 8,021	\$ 78,501	\$86,522	\$0.08607	1.00503	\$ 0.08650	\$ 10.13	1.00503	\$ 10.19	\$ 122.23	1,575	\$136.24	\$11.35
FTS-3	3,395	1,242,155	3.93%	1.567%	\$ 4,026	\$ 38,525	\$42,551	\$0.03426	1.00503	\$ 0.03443	\$ 12.53	1.00503	\$ 12.60	\$ 151.16	4,000	\$137.71	\$11.48
FTS-3.1	3,696	2,197,674	3.91%	4.294%	\$ 4,005	\$ 105,569	\$109,574	\$0.04986	1.00503	\$ 0.05011	\$ 29.65	1.00503	\$ 29.80	\$ 357.55	7,300	\$365.80	\$30.48
FTS-4		2,641,251	4.37%	6.162%	\$ 4,477	\$ 151,495	\$155,972	\$0.05905	1.00503	\$ 0.05935					12,500	\$741.87	\$61.82
FTS-5		1,080,614	1.24%	2.570%	\$ 1,270	\$ 63,184	\$64,454	\$0.05965	1.00503	\$ 0.05995					37,500	\$2,247.96	\$187.33
FTS-6		1,508,244	1.25%	2.750%	\$ 1,280	\$ 67,610	\$68,890	\$0.04568	1.00503	\$ 0.04591					75,000	\$3,442.90	\$286.91
FTS-7		2,884,797	2.20%	7.615%	\$ 2,254	\$ 187,217	\$189,471	\$0.06568	1.00503	\$ 0.06601					150,000	\$9,901.43	\$825.12
FTS-8		5,367,508	1.62%	10.708%	\$ 1,660	\$ 263,260	\$264,920	\$0.04936	1.00503	\$ 0.04960					300,000	\$14,881.35	\$1,240.11
FTS-9		4,841,280	1.48%	15.171%	\$ 1,516	\$ 372,984	\$374,500	\$0.07736	1.00503	\$ 0.07774					550,000	\$42,759.57	\$3,563.30
FTS-10		2,352,121	0.45%	6.539%	\$ 461	\$ 160,764	\$161,225	\$0.06854	1.00503	\$ 0.06889					850,000	\$58,555.91	\$4,879.66
FTS-11		4,829,072	0.61%	13.551%	\$ 625	\$ 333,156	\$333,781	\$0.06912	1.00503	\$ 0.06947					1,750,000	\$121,566.81	\$10,130.57
FTS-12		15,643,785	0.47%	16.315%	\$ 481	\$ 401,110	\$401,591	\$0.02567	1.00503	\$ 0.02580					3,000,000	\$77,400.26	\$6,450.02
FTS-13		N/A	N/A	0.000%	\$ -	\$ -	\$0 N/A		N/A						-	N/A	
TOTAL	<u>195,779</u>	<u>48,745,200</u>	<u>100.00%</u>	<u>100.000%</u>	<u>\$ 102,439</u>	<u>\$ 2,458,535</u>	<u>\$ 2,560,974</u>										

Florida Public Utilities Company -Ft. Meade

Gas Reliability Infrastructure Program (GRIP)

Investment and Calculation of Equity and Debt Returns

Schedule A-1

Exhibit _____

Michael Cassel (MC-1)

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	<u># of Services</u>	<u>Cost per Service</u>	<u>Projected Total Investment</u>	<u>Years</u>	<u>Investment Per Year</u>
Steel Tubing Services	250	\$ 1,900.00	\$ 475,000.00	2	\$ 237,500.00

Earnings Surveillance Report - December 31, 2014

Equity Cost Rate	11.00%
Weighted Equity Cost Rate	5.27%
Revenue Expansion Factor	1.6335
Weighted Equity Cost Rate , times Revenue Expansion Factor	<u>8.610%</u>
Long Term Debt-CU	1.190%
Short Term Debt	0.110%
Short Term Debt-Refinanced LTD	0.100%
Customer Deposits	0.300%
Tax Credits-Weighted Cost	0.000%
Weighted Debt Cost Rate	<u>1.700%</u>
Overall Weighted Cost Rate	<u><u>6.97%</u></u>

Florida Public Utilities-Ft. Meade
 Gas Reliability Infrastructure Program (GRIP)
 Calculation of the Projected Revenue Requirements
 January 1, 2016 through December 31, 2016

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 Michael Cassel (MC-1)
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Item	Beginning Balance	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year End Total
Qualified Investment														
Qualified Investment - Mains - Current 1070 Activity		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Qualified Investment - Mains - Closed 1070 Activity to Plant		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Qualified Investment - Services - Current 1070 Activity		\$19,792	\$19,792	\$19,792	\$19,792	\$19,792	\$19,792	\$19,792	\$19,792	\$19,792	\$19,792	\$19,792	\$19,788	\$237,500
Qualified Investment - Services - Closed 1070 Activity to Plant		(\$19,792)	(\$19,792)	(\$19,792)	(\$19,792)	(\$19,792)	(\$19,792)	(\$19,792)	(\$19,792)	(\$19,792)	(\$19,792)	(\$19,792)	(\$19,788)	(\$237,500)
Qualified Investment - Mains - Current 1010 Activity		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Qualified Investment - Services - Current 1010 Activity		\$19,792	\$19,792	\$19,792	\$19,792	\$19,792	\$19,792	\$19,792	\$19,792	\$19,792	\$19,792	\$19,792	\$19,788	\$237,500
Total Qualified Investment - Mains 1070	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Qualified Investment - Services 1070	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Qualified Investment - Mains 1010	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Qualified Investment - Services 1010	\$0	\$19,792	\$39,584	\$59,376	\$79,168	\$98,960	\$118,752	\$138,544	\$158,336	\$178,128	\$197,920	\$217,712	\$237,500	\$237,500
Total Qualified Investment	\$0	\$19,792	\$39,584	\$59,376	\$79,168	\$98,960	\$118,752	\$138,544	\$158,336	\$178,128	\$197,920	\$217,712	\$237,500	\$237,500
Less: Accumulated Depreciation	\$0	\$0	(\$45)	(\$134)	(\$268)	(\$446)	(\$669)	(\$936)	(\$1,248)	(\$1,604)	(\$2,005)	(\$2,450)	(\$2,940)	(\$2,940)
Net Book Value	\$0	\$19,792	\$39,539	\$59,242	\$78,900	\$98,514	\$118,083	\$137,608	\$157,088	\$176,524	\$195,915	\$215,262	\$234,560	\$234,560
Average Net Qualified Investment		\$9,896	\$29,666	\$49,391	\$69,071	\$88,707	\$108,299	\$127,846	\$147,348	\$166,806	\$186,220	\$205,589	\$224,911	
Depreciation Rates														
Approved Depreciation Rate-Mains		2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%
Approved Depreciation Rate-Services		2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%
Return on Average Net Qualified Investment														
Equity - Cost of Capital, inclusive of Income Tax Gross-up		8.6100%	8.6100%	8.6100%	8.6100%	8.6100%	8.6100%	8.6100%	8.6100%	8.6100%	8.6100%	8.6100%	8.6100%	8.6100%
Debt - Cost of Capital		1.7000%	1.7000%	1.7000%	1.7000%	1.7000%	1.7000%	1.7000%	1.7000%	1.7000%	1.7000%	1.7000%	1.7000%	1.7000%
Equity Component - inclusive of Income Tax Gross-up	\$71	\$213	\$354	\$496	\$636	\$777	\$917	\$1,057	\$1,197	\$1,336	\$1,475	\$1,614	\$1,766	\$1,932
Debt Component	\$14	\$42	\$70	\$98	\$126	\$153	\$181	\$209	\$236	\$264	\$291	\$319	\$347	\$375
Return Requirement	\$85	\$255	\$424	\$593	\$762	\$930	\$1,098	\$1,266	\$1,433	\$1,600	\$1,766	\$1,932	\$2,100	\$2,268
Investment Expenses														
Depreciation Expense - Mains	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Depreciation Expense - Services	\$0	\$45	\$89	\$134	\$178	\$223	\$267	\$312	\$356	\$401	\$445	\$490	\$534	\$578
Property Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
General Public Notice Expense and Customer Notice Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Expense	\$0	\$45	\$89	\$134	\$178	\$223	\$267	\$312	\$356	\$401	\$445	\$490	\$534	\$578
Total Revenue Requirements	\$85	\$300	\$513	\$727	\$940	\$1,153	\$1,365	\$1,578	\$1,789	\$2,001	\$2,211	\$2,422	\$2,632	\$2,844

Florida Public Utilities Company-Fort Meade
 Gas Reliability Infrastructure Program (GRIP)
 Projection of Qualified Mains & Services Revenue Requirements
 Surcharge Calculation - January 1, 2016 through December 31, 2016
 Per Therm Rate

Schedule D-1
 Exhibit _____
 Michael Cassel (MC-1)
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1. 1/1/16-12/31/16 Qualified Mains & Services Replacement Revenue Requirements		\$	15,086
Mains	0%	\$0	
Services	100%	\$15,086	
Net		<u>\$15,086</u>	
2. TRUE-UP from Prior Period (Over)/Under Recovery Estimated thru 12/2015		\$	-
3. 2016 Qualified Mains & Services Replacement Revenue Requirements		\$	15,086
Mains	0%	\$0	
Services	100%	\$15,086	
Net		<u>\$15,086</u>	

RATE SCHEDULE	2016 THERMS	Customer Charge	Non-Gas Energy Charge	Total Cust. & Energy Chg Revenue	Allocation	GRIP REV REQ	DOLLARS PER THERM	TAX FACTOR	GRIP FACTORS PER THERM	TYPICAL ANNUAL THERMS	ANNUAL COST	AVERAGE MONTHLY COST
RESIDENTIAL	87,181	\$67,550	\$48,560	\$116,110	69.37%	\$10,465	\$0.12004	1.00503	\$0.12065	250	\$30.16	\$2.51
COMMERCIAL SMALL (General Service & GS Transportation)	80,714	\$6,318	\$44,958	\$51,276	30.63%	\$4,621	\$0.05725	1.00503	\$0.05754	2,500	\$143.85	\$11.99
COMM. LRG VOLUME (Large Vol & LV Transportation)	0	\$0	\$0	\$0	0.00%	\$0	\$0.00000	1.00503	\$0.00000	25,000	\$0.00	\$0.00
INTERRUPTIBLE SERVICE (Int Service & IS Transportation)	0	\$0	\$0	\$0	0.00%	\$0	\$0.00000	1.00503	\$0.00000	50,000	\$0.00	\$0.00
GENERAL LIGHTING SERVICE	0	\$0	\$0	\$0	0.00%	\$0	\$0.00000	1.00503	\$0.00000	500	\$0.00	\$0.00
TOTAL	<u>167,895</u>	<u>\$73,868</u>	<u>\$93,518</u>	<u>\$167,386</u>	<u>100.00%</u>	<u>\$15,086</u>						