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July 27, 2016

BY E-PORTAL

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

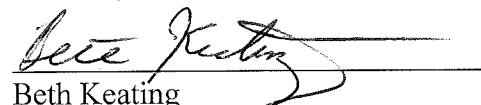
Re: Docket No. 160153-GU – Petition for approval of final true-up of environmental surcharge by Florida Division of Chesapeake Utilities Corporation.

Dear Ms. Stauffer:

Attached for filing, please find the Florida Division of Chesapeake Utilities Corporation's Responses to Staff's First Data Requests in the above-referenced docket.

As always, thank you for your assistance in connection with this filing. If you have any questions whatsoever, please do not hesitate to let me know.

Sincerely,



Beth Keating
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Cc:// Margo Leathers (PSC Counsel)

Florida Division of Chesapeake Utilities Corporation's
Responses to Staff's First Data Requests

Docket No. 160153-GU – Petition for approval of final true-up of environmental surcharge by Florida Division of Chesapeake Utilities Corporation

Chesapeake's responses to Staff's First Data Requests, issued July 13, 2016, are as follows:

1. Refer to petition for approval of final true-up. This petition is missing statement number three. Please explain whether this is a numbering error or the petition is incomplete.

Company Response:

The omission of numbered paragraph 3 is an inadvertent numbering error and does not reflect the deletion or omission of any substantive statement or information from the original filing.

2. Refer to direct testimony of Michelle D. Napier at page 3, lines 3-6. Please explain why the estimated additional remediation costs of \$443,000 were not incurred during the extension period.

Company Response:

As the Company's environmental surcharge neared the end of its initial approved term, the Company had already been made aware that additional remediation efforts would be necessary. However, the specific timeline associated with the implementation of those additional remediation tactics was not finalized. The only aspect that was clear at the time the Company requested the extension was that additional costs would be incurred. As such, the Company requested an extension of the surcharge in order to allow the Company to recover the anticipated remediation costs. Since the surcharge was already in place, the extension allowed the Company to collect the additional funds necessary to cover the projected remediation costs. Thus, the extension period was based on the amount of time it would take for the Company to recover the additional remediation costs of \$443,000.

The alternative to an extension would have been to allow the surcharge to lapse and then to seek recovery of these amounts at a later date when they were actually incurred. Given the fact that the Company understood that the additional remediation costs would be incurred in the relatively near term, the better course of action was to seek an extension of the surcharge for the period of time necessary to collect the amount of the expected remediation costs, rather than to terminate the existing surcharge and then seek application of a similar surcharge within a relatively short time frame, which the Company anticipated would contribute to customer confusion, as noted in paragraph 18 of the Company's Petition in Docket No. 130273-GU.

Thus, at the time the Company sought the extension of the surcharge, it was not entirely clear when or over what period of time the additional costs would be incurred. As the process evolved, the monitoring necessary to complete the remediation plan was not completed until October 2014 with the specific plans to expand the bio sparging operations for the southern portion of the site approved only this year, as set forth in our environmental expert's quarterly report.

3. Refer to direct testimony of Michelle D. Napier at page 3, line 3-4. Please list any changes that have been made to the projected \$443,000 in additional remediation costs outlined in Order No. PSC-14-0052-PAA-GU of Docket No. 130273-GU.

Company Response:

According to the latest update from our environmental consultant on July 11, 2016, the projected additional remediation costs are estimated at \$425,000 as opposed to \$443,000 outlined and approved in Order No. PSC-14-0052-PAA-GU of Docket No. 130273-GU. Even though the estimated amount has decreased, the Company emphasizes that this remains an estimate, which could change over time as remediation efforts continue. Thus, the Company seeks to retain the amount over-recovered as presented in the petition.

4. Refer to affidavit of Michele C. Ruth at page 1, paragraph 3. Are the over-recovered remediation costs forecasted to be expended over this given 4-5 year time period? If not, please provide the timeframe in which these costs are expected to be incurred.

Company Response:

Yes, the remediation costs forecasted are expected to be expended over the 4-5 year time-period as referred to in the affidavit.

5. Refer to direct testimony of Michelle D. Napier at page 3, lines 6-7. Please provide a detailed list of remediation costs incurred after the extension period expired.

Company Response:

The Company continues to incur monthly costs related to the Winter Haven site as well as continued remediation testing and most recently remediation costs associated with the southern portion of the site, approved in Order No. PSC-14-

0052-PAA-GU of Docket No. 130273-GU. Please see Attachment A for a list of remediation costs incurred after the extension period expired.

6. Refer to direct testimony of Michelle D. Napier at page 3, lines 6-7. Please clarify whether over-recovered remediation funds have been used to cover these costs that have occurred outside of the extension period.

Company Response:

As mentioned in Company Response No. 5 above, the Company continues to incur monthly costs as well as remedial costs related to the Winter Haven site. The over-recovered remediation funds are covering all costs incurred outside of the extension period.

Environmental Costs
September 2015 through Present

ATTACHMENT A
 Florida Division of Chesapeake Utilities
 Responses to Staff's First Data Request

Date	<u>Expense Type</u>				Total
	James R Lowe Consulting	TECO Electricity	Ruth Associates, Inc Consulting & Remediation	Gunster Legal	
September 2015	\$ 2,291.67	\$ 176.20	\$ 387.50		\$ 2,855.37
October 2015	\$ 2,291.67	\$ 596.80	\$ 3,491.50		\$ 6,379.97
November 2015	\$ 2,291.67	\$ 732.77			\$ 3,024.44
December 2015	\$ 4,583.34	\$ 733.82	\$ 1,712.50		\$ 7,029.66
January 2016		\$ 799.85			\$ 799.85
February 2016	\$ 2,291.67	\$ 769.43	\$ 12,383.98		\$ 15,445.08
March 2016	\$ 2,291.67	\$ 848.62			\$ 3,140.29
April 2016	\$ 2,291.67	\$ 673.76	\$ 22,317.85	\$ 407.00	\$ 25,690.28
May 2016	\$ 2,291.67	\$ 798.31			\$ 3,089.98
June 2016	\$ 2,291.67	\$ 917.37	\$ 7,675.83		\$ 10,884.87
Total	<u>\$ 22,916.70</u>	<u>\$ 7,046.93</u>	<u>\$ 47,969.16</u>	<u>\$ 407.00</u>	<u>\$ 78,339.79</u>