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August 2, 2016

BY E-PORTAL

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

Re: Docket No. 160085-GU- Joint Petition of Florida Public Utilities Company, Florida Public Utilities Company-Indiantown Division, Florida Public Utilities Company-Fort Meade, and the Florida Division of Chesapeake Utilities Corporation for Approval of Swing Service Rider.

Dear Ms. Stauffer:

Attached for electronic filing, please find the Amended Joint Petition of Florida Public Utilities Company, Florida Public Utilities Company-Fort Meade, Florida Public Utilities Company-Indiantown Division, and Florida Division of Chesapeake Utilities Corporation in the above-referenced docket. With this Amended Joint Petition, the Companies are submitted the following tariff pages in clean and legislative versions:

Florida Public Utilities Company - F.P.S.C. Gas Tariff, Third Revised Volume I - Tariff Sheet No. 35.6

Florida Public Utilities Company-Fort Meade-F.P.S.C. Gas Tariff – Original Volume I-Tariff Sheet Nos. 33 and 64.1

Florida Public Utilities Company-Indiantown Division – Original Volume 2 – Tariff Sheet No. 35.2

Florida Division of Chesapeake Utilities Corporation – Original Volume No. 4 – Tariff Sheet Nos. 70 and 105.4

Ms. Carlotta Stauffer, Clerk
August 2, 2016
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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,

A handwritten signature in black ink, appearing to read "Beth Keating", written over a horizontal line.

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

Cc:// Kyesha Mapp, Staff Counsel
Stephanie Morse, Office of Public Counsel

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: **Joint petition for approval of swing service rider, by Florida Public Utilities Company, Florida Public Utilities Company-Indiantown Division, Florida Public Utilities Company-Fort Meade, and Florida Division of Chesapeake Utilities Corporation**) Docket No. 160085-GU
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) Filed: August 2, 2016
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AMENDED JOINT PETITION FOR APPROVAL OF SWING SERVICE RIDER TO ADJUST COST ALLOCATIONS (PHASE II)

On April 11, 2016, Florida Public Utilities Company, Florida Public Utilities Company – Indiantown Division, and Florida Public Utilities Company-Fort Meade (jointly, “FPUC”), as well as the Florida Division of Chesapeake Utilities Corporation (“CFG”) (herein, all FPUC divisions and CHPK, jointly, “Companies”) jointly filed a petition for approval to allow the Companies to expand the allocation of the intrastate and local distribution company (“LDC”)-to-LDC unreleased capacity-related components of the Purchased Gas Adjustment (“PGA”) mechanism for FPUC and the Operational Balancing Account (“OBA”) mechanism for CHPK to include those customers not currently subject to those cost allocation mechanisms (herein “initial Petition”).

As explained in the initial Petition, the Swing Service Rider is intended to serve as the second step towards a more equitable allocation of the unreleased intrastate capacity and transportation components of the PGA, as well as transportation and unreleased intrastate capacity costs embedded in the OBA, as was contemplated by the Companies’ “Phase I” petition, which was approved by Order No. PSC-15-0321-PAA-GU, issued August 10, 2015, in Docket No. 150117-GU. By requesting approval of a new Swing Service Rider, the Companies’ sought, and continue to seek, Commission approval of a further redistribution of costs (Phase II) to

include those transportation customers not currently sharing in the costs associated with unreleased intrastate capacity and LDC-to-LDC interconnections, including customers in the Fort Meade and Indiantown divisions.

By this Amended Joint Petition, the Companies now ask that the Commission approve the Swing Service Rider with the limited changes explained herein. The Companies believe that the proposed limited amendments to their original request do not change the overall purpose, intent, or methodology for the proposed Swing Service Rider. Instead, the proposed changes contemplate an altered implementation scenario that will allow the Rider surcharge to be implemented with a lessened likelihood of significant “rate shock” for certain customers. The Companies have arrived at this proposed alternate approach as a result of their internal deliberations and fact finding in the development of responses to data requests and associated communications with other stakeholders. Specifically, over the course of this proceeding, the Companies have responded to data requests from Commission staff and endeavored to address questions and concerns presented by both Commission staff and the Office of Public Counsel. As a result of this process, the Companies have determined that there is a better means by which the Companies can continue to move the allocations in a more equitable direction while doing so in a manner that eases the impact on certain customers. Therefore, the Companies ask that the Commission accept and approve this revised proposal for implementation of a Swing Service Rider. Except to the extent outlined herein, FPUC adopts and reaffirms its representations and requests as set forth in its Joint Petition of April 11, 2016. In support of this amended and modified request, FPUC states:

Amended Proposal

1) As set forth in the initial Petition, the Companies are seeking approval of this next step, Phase II, to modify the allocation of the intrastate capacity and LDC-to-LDC interconnection costs in a more fair and equitable manner through the implementation of a Swing Service Rider by expanding the pool of customers subject to an allocated portion of these costs. As contemplated by the Companies' in proposing the Phase I allocation and further described below, the proposed new Swing Service Rider will expand the allocation of unreleased intrastate and LDC-to-LDC capacity costs and assess an appropriate portion of these costs to customers that are not currently subject to either the PGA or the OBA TTS Pool Shipper charges, consistent with the regulatory principle that the "cost causer" should pay its fair portion of the costs incurred.

2) The Companies again emphasize that the customers subject to this charge will include all FTS customers on CFG's system, including those in the TTS Pool. This does not mean, however, that these TTS Pool customers will be assigned any additional allocation of costs. Instead, as explained in the initial Petition, the proposed revised allocation contemplated by the Swing Service Rider will result in a reduction of costs assigned to both the PGA customers and customers in the TTS Pool. As it relates to customers in the TTS Pool, the main visible change will be that the allocated costs will now be directly charged to the customers through the Swing Service charge, as opposed to being charged by CFG to the Shippers and then passed through to the customers as occurred under Phase I. Assessing the charge directly to CFG's TTS Pool customers will provide consistency across the Companies' service platform in terms of how the allocated costs are recovered from transportation service customers.

3) With this Amended Petition, the Companies' proposed calculation of the Swing Service Rider itself remains unchanged, as set forth below:

- a. The percentage split between transportation and sales service customers to total system usage is first calculated. The current basis for this calculation is the daily peak, plus the average of the non-peak months, based upon historical usage. This step will be completed annually based on the most recent 12-months' usage data.
 - b. The percentage, by transportation rate class, determined in step 1 is then applied to the total cost of the unreleased intrastate and LDC-to-LDC capacity to produce the dollars allocated to each rate class. These dollars are divided by therms in the rate class to arrive at the cost recovery factor or rider to be billed, by rate class, directly to the transportation customers.
 - c. The aggregate of the costs calculated in step 2 will then be credited to the PGA with the remainder of the costs associated with the unreleased intrastate and LDC-to-LDC capacity being allocated to the remaining sales service customers.
- 4) However, as in the initial Petition, the Companies recognize that adjusting the allocation of these costs to assess a portion to those customers not currently subject to the PGA or included in the TTS Pool will result in a significant financial impact for such customers, who comprise the largest volume classes on the Companies' systems. Because of the significance of the anticipated impact, the Companies had originally proposed a stepped implementation process for the Swing Service Rider to better allow these large volume customers to plan and adjust to the new allocation. Having since engaged in further discussion with stakeholders, the Companies now propose a modification to that implementation schedule, which the Companies believe will provide an easier transition for these customers. The Companies still propose to implement the Swing Service Rider in stages over a period of 5 years for customers in the rate classes identified on Exhibit A of this Petition, with the exception of customers in rates classes FTS-1 through

FTS-3 on CFG and TS-1 through TS-3 on Indiantown, which generally represent customers in the TTS Pool. The Companies now, however, propose that the Swing Service Rider be applied annually at a rate of 20% of the total allocation for each year of the 5-year program, as opposed to the original proposal that the allocation in year 1 be 40% of the total amount, and thereafter increase by an additional 15% annually so that the total allocation of 100% would be reached at year 5. Using the 20%-per-year implementation schedule, those larger transportation customers in rate classes above FTS-3 on CFG and TS-3 on Indiantown will still reach their fully allocated portion at year 5, but would do so in more regular increments that are more easily accounted for in yearly budgeting, while still enabling customers typically subject to longer term contracts to negotiate adjustments as may be necessary. As for those customers in FTS-1 through FTS-3 and TS-1 through TS-3, which generally include the TTS Pool and PGA customers, they will still see a discount to their allocated portion over the life of the Swing Service Rider, but the amount per year will reflect the changed implementation schedule for the Swing Service Charge.

5) Again, to be clear, the changes to the proposed “stepped” implementation will not result in either PGA customers or the TTS Pool customers receiving a larger allocated portion of these capacity costs upon implementation of Phase II. On the contrary, even with the modifications to the stepped approach, these customers can expect to see an approximate reduction of \$0.02/therm by year 2 of the program. The stepped approach, even as modified, will still extend the unbalanced allocation to the PGA and TTS Pool customers for a longer period of time. However, given the significance of the financial impact to the large volume customers, the fact that most are bound by long-term contracts with suppliers that may impact their ability to adjust, and the fact that these volume classes have never been allocated any portion of these costs, unlike the PGA and TTS Pool customers, the Companies conclude that this process represents

the most fair and reasonable approach to achieving the ultimate goal of a full and fair allocation of these costs across all customer classes.

6) As a result of this further reallocation of costs, the Companies anticipate, at the end of the phased in implementation period, a total additional reduction of approximately \$0.07 per therm in the costs flowed through the PGA, even with the modified implementation schedule. The modified schedule will simply reduce the burden on larger customers in terms of transitioning and budgeting.

7) FPUC again emphasizes that the benefits of the Swing Service Rider are many for both Companies, as well as for customers subject to the PGA and TTS Pools on FPUC's and Chesapeake's systems, respectively. The intrastate capacity costs associated with current and future critical projects will be allocated across a broader base of customers, including customers previously exempt from sharing in these costs even though such projects benefit all customers of the utilities' systems. Nonetheless, the Companies also recognize that Shippers for the larger classes of customers provide service under contracts, which will likely need to be amended to adjust for the revised cost allocations. Therefore, the Companies maintain their request that the actual effective date for implementation of the expanded allocation of costs and new rider for the Shippers in the larger classes referenced herein be delayed for six months from the date of Commission approval, or until December 31, 2016, whichever is later, in order to provide sufficient time to for these Shippers to pursue contract amendments with their customers, as may be necessary.

8) Included with this Amended Joint Petition, as Exhibit A, are revised tariff sheets for the Swing Service Rider, including revised pages reflecting the modified implementation schedule, for which the Companies also seek approval.

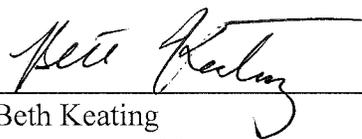
RELIEF REQUESTED

WHEREFORE, FPUC and CFG respectfully request that the Commission:

1. Accept the Companies' Amended Joint Petition and the revised tariff pages attached hereto;
2. Approve the Companies' proposed further expanded cost allocation methodology to be implemented through the new Swing Service Rider, including the gradual implementation of said Rider for customers served under tariff Rate Classes FTS-4 and above, as proposed herein;
3. Approve or acknowledge that, upon the effective date of the expanded allocation methodology requested herein, the expanded allocation methodology incorporating the Swing Service Rider will impact the allocations utilized for calculation of the PGA factor;
4. Approve the inclusion of a new rider applicable to Shippers taking service under General Service Transportation Service – 1 and 2, Large Volume Transportation Service on FPUC/FPUC Fort Meade's system, Transportation Service ("TS") -1, 2, 3, 4 rate schedules on Indiantown's system, and Firm Transportation ("FTS") – A, B, 1, 2, 2.1, 3, 3.1, 4, 5, 6, 7, 8, 9, 10, 11, 12 on Chesapeake's system. Additionally, any customer on the Companies' Florida platform that could take service under CNG Temporary Service, Storage Contracts, Swing Gas Supply and Park and Loan Service;
5. Approve the corresponding changes reflected in the tariff sheets, which are attached and incorporated herein as Exhibit A; and

6. Approve the changes requested in the Companies' Joint Petition of April 11, 2016, as modified herein, with a delayed effective date of December 31, 2016, or six months from the date of the Commission's vote on this Petition, whichever is later.

RESPECTFULLY SUBMITTED this 2nd day of August, 2016.



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

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been served upon the following by Hand Delivery or Electronic Mail this 2nd day of August, 2016.

Kyesha Mapp Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, FL 32399-0850 kmapp@psc.state.fl.us	Stephanie Morse Office of Public Counsel c/o The Florida Legislature 111 W. Madison Street, Room 812 Tallahassee, FL 32399-1400 Morse.Stephanie@leg.state.fl.us
Mike Cassel Florida Public Utilities Company 1750 S. 14th Street, Suite 200 Fernandina Beach, FL 32034 mcassel@chpk.com	

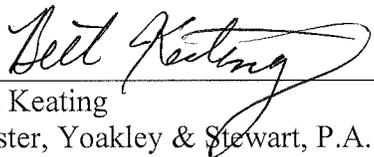
By: 
Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 601
Tallahassee, FL 32301
(850) 521-1706

EXHIBIT A

Florida Public Utilities Company, Florida Public Utilities Company – Indiantown Division,
Florida Public Utilities Company-Fort Meade, and
The Florida Division of Chesapeake Utilities Corporation

Revised Tariff Sheets

(Clean and Legislative Versions)

FPUC: 35.6

FPUC – Fort Meade: 33 and 64.1

FPUC – Indiantown Division: 35.2

Florida Division of Chesapeake: 70 and 105.4

BILLING ADJUSTMENTS

Swing Service Rider

Applicability

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

The Swing Service Rider factors for the period from the first billing cycle for January 2017 through the last billing cycle for December 2017 are as follows:

<u>Rate Class</u>	<u>Rates Per Therm</u>
Rate Schedule GSTS-1	\$0.0090
Rate Schedule GSTS-2	\$0.0083
Rate Schedule LVTS	\$0.0083

Definitions

This surcharge allocates a portion of intrastate capacity costs to transportation customers in accordance with the PSC approved Swing Service Rider.

BILLING ADJUSTMENTS

RESERVED FOR FUTURE USE

Swing Service Rider

Applicability

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

The Swing Service Charge factors for the period from the first billing cycle for January 2017 through the last billing cycle for December 2017 are as follows:

<u>Rate Class</u>	<u>Rates Per Therm</u>
<u>Rate Schedule GSTS-1</u>	<u>\$0.0090</u>
<u>Rate Schedule GSTS-2</u>	<u>\$0.0083</u>
<u>Rate Schedule LVTS</u>	<u>\$0.0083</u>

Definitions

This surcharge allocates a portion of intrastate capacity costs to transportation customers in accordance with the PSC approved Swing Service Rider.

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
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Rate Schedule-NGVT	Natural Gas Vehicle Transportation Service	46 - 50
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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
Reserved for Future Use	<u>Gas Reliability Infrastructure Program (GRIP)</u>	64
	<u>Swing Service Rider</u>	<u>64.1</u>

Swing Service Rider

Applicability

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

The Swing Service factors for the period from the first billing cycle for January 2017 through the last billing cycle for December 2017 are as follows:

<u>Rate Class</u>	<u>Rates Per Therm</u>
Rate Schedule GSTS-1	\$0.0076

Definitions

This surcharge allocates a portion of intrastate capacity costs to transportation customers in accordance with the PSC approved Swing Service Rider.

Swing Service Rider

Applicability

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

The Swing Service factors for the period from the first billing cycle for January 2017 through the last billing cycle for December 2017 are as follows:

<u>Rate Class</u>	<u>Rates Per Therm</u>
Rate Schedule GSTS-1	\$0.0076

Definitions

This surcharge allocates a portion of intrastate capacity costs to transportation customers in accordance with the PSC approved Swing Service Rider.

BILLING ADJUSTMENTS

(Continued)

Swing Service Rider

Applicability

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

The Swing Service factors for the period from the first billing cycle for January 2017 through the last billing cycle for December 2017 are as follows:

<u>Rate Class</u>	<u>Classification</u>	<u>Rates Per Therm</u>
Transportation Service 1	TS1	\$0.0441
Transportation Service 2	TS2	\$0.0392
Transportation Service 3	TS3	\$0.0468
Transportation Service 4	TS4	\$0.0139

Definitions

This surcharge allocates a portion of intrastate capacity costs to transportation customers in accordance with the PSC approved Swing Service Rider.

BILLING ADJUSTMENTS

(Continued)

Swing Service Rider

Applicability

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

The Swing Service factors for the period from the first billing cycle for January 2017 through the last billing cycle for December 2017 are as follows:

<u>Rate Class</u>	<u>Classification</u>	<u>Rates Per Therm</u>
Transportation Service 1	TS1	\$0.0441
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Definitions

This surcharge allocates a portion of intrastate capacity costs to transportation customers in accordance with the PSC approved Swing Service Rider.

INDEX OF RATE SCHEDULES (Continued)

	<u>Symbol</u>	<u>Sheet No.</u>
Firm Transportation Service – 9	FTS-9	86
Firm Transportation Service – 10	FTS-10	87
Firm Transportation Service – 11	FTS-11	88
Firm Transportation Service -12	FTS-12	89
Firm Transportation Service -13	FTS-13	90 (Closed)
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Area Expansion Program Rider	AEP-Rider	93
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Fees and Taxes	FT	106

INDEX OF RATE SCHEDULES (Continued)

	<u>Symbol</u>	<u>Sheet No.</u>
Firm Transportation Service – 9	FTS-9	86
Firm Transportation Service – 10	FTS-10	87
Firm Transportation Service – 11	FTS-11	88
Firm Transportation Service -12	FTS-12	89
Firm Transportation Service -13	FTS-13	90 (Closed)
Firm Transportation Service - Natural Gas Vehicle	FTS-NGV	90.1
Contract Firm Transportation Service Rider	CFTS-Rider	91
Area Expansion Program Rider	AEP-Rider	93
Shipper Administrative and Billing Service	SABS	94
Shipper Administrative Service	SAS	95
Solar Water-Heating Administrative and Billing Service (Experimental)	SWHS (Exp)	96
Off-System Delivery Point Operator Service	OS-DPO	97
Flexible Gas Service	FGS	97.1
<u>Monthly Rate Adjustments</u>	MRA	
Energy Conservation Cost Recovery Adjustment		98
Energy Conservation Cost Recovery Adjustment - Experimental		99
Environmental Surcharge		100
Competitive Firm Transportation Service Adjustment		101
Competitive Firm Transportation Service Adjustment - Experimental		103
Shipper of Last Resort Adjustment		105
Gas Reliability Infrastructure Program (GRIP)		105.1-3
<u>Swing Service Rider</u>		105.4
Fees and Taxes	FT	106

RATE SCHEDULES
MONTHLY RATE ADJUSTMENTS

Swing Service Rider

Applicability

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

The Swing Service factors for the period from the first billing cycle for January 2017 through the last billing cycle for December 2017 are as follows:

<u>Rate Class</u>	<u>Classification</u>	<u>Rates Per Therm</u>
Firm Transportation Service A	FTS-A	\$0.0521
Firm Transportation Service B	FTS-B	\$0.0539
Firm Transportation Service 1	FTS-1	\$0.0591
Firm Transportation Service 2	FTS-2	\$0.0627
Firm Transportation Service 2.1	FTS-2.1	\$0.0553
Firm Transportation Service 3	FTS-3	\$0.0504
Firm Transportation Service 3.1	FTS-3.1	\$0.0442
Firm Transportation Service 4	FTS-4	\$0.0091
Firm Transportation Service 5	FTS-5	\$0.0087
Firm Transportation Service 6	FTS-6	\$0.0084
Firm Transportation Service 7	FTS-7	\$0.0090
Firm Transportation Service 8	FTS-8	\$0.0075
Firm Transportation Service 9	FTS-9	\$0.0084
Firm Transportation Service 10	FTS-10	\$0.0063
Firm Transportation Service 11	FTS-11	\$0.0090
Firm Transportation Service 12	FTS-12	\$0.0071

<u>Experimental Rate Class</u>	<u>Classification</u>	<u>Rates Per Bill</u>
Firm Transportation Service A	FTS-A	\$0.4481
Firm Transportation Service B	FTS-B	\$0.8193
Firm Transportation Service 1	FTS-1	\$1.2766
Firm Transportation Service 2	FTS-2	\$2.7463
Firm Transportation Service 2.1	FTS-2.1	\$8.4332
Firm Transportation Service 3	FTS-3	\$11.2896
Firm Transportation Service 3.1	FTS-3.1	\$27.9742

Definitions

This surcharge allocates a portion of intrastate capacity costs to transportation customers in accordance with the PSC approved Swing Service Rider.

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

Effective:

RATE SCHEDULES
MONTHLY RATE ADJUSTMENTS

Swing Service RiderApplicability

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Firm Transportation Service 2	FTS-2	\$0.0627
Firm Transportation Service 2.1	FTS-2.1	\$0.0553
Firm Transportation Service 3	FTS-3	\$0.0504
Firm Transportation Service 3.1	FTS-3.1	\$0.0442
Firm Transportation Service 4	FTS-4	\$0.0091
Firm Transportation Service 5	FTS-5	\$0.0087
Firm Transportation Service 6	FTS-6	\$0.0084
Firm Transportation Service 7	FTS-7	\$0.0090
Firm Transportation Service 8	FTS-8	\$0.0075
Firm Transportation Service 9	FTS-9	\$0.0084
Firm Transportation Service 10	FTS-10	\$0.0063
Firm Transportation Service 11	FTS-11	\$0.0090
Firm Transportation Service 12	FTS-12	\$0.0071

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Firm Transportation Service A	FTS-A	\$0.4481
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