

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

March 28, 2017

**E-PORTAL FILING**

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

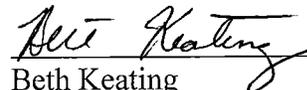
**Re: Docket No. 170062-GU – Petition for approval to amend gas reliability infrastructure program (GRIP) cost recovery factor, by Florida Division of Chesapeake Utilities Corporation.**

Dear Ms. Stauffer:

Attached for filing on behalf of the Florida Division of Chesapeake Utilities Corporation, please find the Company's Responses to Staff's First Set of Data Requests.

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

Kind regards,



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

cc:/ (Service List)

**Docket No. 170062-GU – Petition for approval to amend gas reliability infrastructure program (GRIP) cost recovery factor, by Florida Division of Chesapeake Utilities Corporation.**

1. Please explain how Chesapeake determined that the 2017 GRIP factor for FTS-9 was understated and provide the reason for the therm understatement.

**Company Response:**

The Company discovered the understatement when questioned by a customer regarding their GRIP factor, which did not seem to be in line with other similar rate classes. After further review, the Company determined that the projected therms were understated compared to the actual historical therms and previous therm projections for this rate class. This caused the GRIP factor to be higher than similar rate classes.

The GRIP projection filing is prepared at approximately the same time as our yearly budget, therefore, the therms projected are at a point in time during this process. Last year, while preparing the budget, the Company moved certain large volume customers for reporting and analysis purposes, which included customers within this rate class. However, some of the historical data was likely omitted causing the understatement.

2. Have the affected customers been notified? If yes, when were they notified? If no, when will they be notified?

**Company Response:**

Of the six customers impacted, the inquiring customer is the only one aware of the understatements at this time. The Company plans to notify the customers after this petition is approved and refunds processed.

3. Have the 2017 GRIP factors been verified for the other Chesapeake rate classes as well as for Florida Public Utilities Company (FPUC) and FPUC-Fort Meade? If yes, were any other therm understatements found? If yes, please explain.

**Company Response:**

The Company has reviewed the rate classes for Chesapeake, FPUC and FPUC-Fort Meade therms for reasonableness and there were no significant therm over or

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understatements. As previously stated in Response to #1 above, therms are projected at a moment in time. The projected therms are largely based on historical data, adjusted for any known budgeted changes.

4. Please describe and explain any steps the Company plans to take to prevent an under or overstatement of therms in future GRIP proceedings.

### **Company Response:**

The Company plans to thoroughly review each rate class projected annual therms and GRIP factors for reasonableness by comparing historical data to what has been projected and achieved in the past. By doing this, the Company feels it will be able to identify and investigate any anomalies presented in the therms as well as the GRIP factors.

5. According to paragraph 6, assuming Commission approval, the refunds for January and February would total \$34,924.78. What is the range of customer refunds (e.g., smallest to largest)?

### **Company Response:**

The refunds would range from \$4,315.47 to \$8,216.95 for January and February 2017. These figures only represent the refund based on the change in GRIP factor and excludes the refund for overpayment of any taxes and fees, which will be computed when the refunds are processed through the billing system.

6. Will customers' refunds also include any overpaid applicable taxes/fees (since taxes/fees are added to the bill as a percentage of the bill total)? If no, please explain.

### **Company Response:**

Yes, refunds will include any overpayment for applicable taxes/fees, which will be computed when the refunds are processed through the billing system.

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7. Rule 25-7.091, Florida Administrative Code, concerns refunds.
  - a. Does Chesapeake plan to provide refunds with interest? Please explain.

**Company Response:**

At present, the Company does not intend to include interest in the refund. It is the Company's understanding that, as set forth in subsection (1) of Rule 25-7.091, Florida Administrative Code, the referenced rule does not apply to adjustment factors, which the Company understands would include the GRIP factor.

- b. Please confirm that Chesapeake intends to provide refunds in accordance with Rule 25-7.091, F.A.C.

**Company Response:**

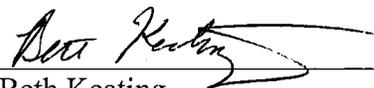
While it is the Company's understanding that Rule 25-7.091 does not specifically apply to adjustment factors such as GRIP, the Company intends to provide refunds consistent with Rule 25-7.091, with the exception of interest. The refunds will be computed on a per customer basis and since the affected customers are still on our system, refunds will be credited to the customer's bill.

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been served upon the following by U.S. Mail this 28th day of March, 2017.

Danijela Janjic Sue Ollila Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, FL 32399-0850	J.R. Kelly Stephanie Morse Office of Public Counsel c/o The Florida Legislature 111 W. Madison Street, Room 812 Tallahassee, FL 32399-1400

By:   
Beth Keating  
Gunster, Yoakley & Stewart, P.A.  
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