

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

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E-PORTAL FILING

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

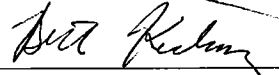
Re: Docket No. 20170176-GU - Petition by Florida Division of Chesapeake Utilities Corporation for approval of special contract with Sebring Gas System, Inc.

Dear Ms. Stauffer:

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

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:/ (PSC Staff – Taylor, Guffey)

Docket No. 20170176-GU: Petition of the Florida Division of Chesapeake Utilities Corporation for Approval of Special Contract with Sebring Gas System, Inc.

Florida Division of Chesapeake Utilities Corporation's Response to Staff's Second Data Request

1. Please refer to the Company Response to Question 8 of Staff's First Data Request and confirm or deny that the proposed steel pipeline will not be "bare steel" construction.

Company Response:

The proposed pipeline will be API-5L X52 FBE coated steel.

2. Please refer to the Company Response to Question 10 a) of Staff's First Data Request. The response states that the cost of service of \$111,374 (revised to \$128,173) represents the annual amount required for operating costs (while the annual fixed rate of \$136,812 represents the revenue required to recover cost of capital, expenses, and a return). However, the cost of service indicates that the \$111,374 (revised to \$128,173) already includes a return on investment and all other cost components. Please clarify the response.

Company Response:

The \$136,812 is the negotiated contract amount between Sebring and the Company while the \$111,374 (revised to \$128,173), shown on the cost of service, is a demonstration that the Company has cleared the hurdle of the costs and that its existing customers are not subsidizing this project.

3. Please refer to the Company Response to Staff's First Data Request 10 e). In Section 3.1 of the special contract, MDTQ refers to Minimum Daily Transportation Quantity while the definition of MDTQ in the contract is Maximum Daily Transportation Quantity. Please clarify whether it is minimum or maximum when referring to the value stated (720) on the top right hand column of the Exhibit A to Special Contract (page 1).

Company Response:

The definition of MDTQ is a Maximum Daily Transportation Quantity. On Exhibit A, it refers to Maximum.

4. Please refer to the Petition, page 2, paragraph 4; Suwannee County is referenced as the county receiving the transportation service. Please clarify whether that should be DeSoto County as receiving the transportation service.

Company Response:

In the Company's Petition on page 2, paragraph 4 the reference to Suwanee County should read Sebring. This paragraph is referencing CUC's request of the Commission to allow it to provide transportation service to Sebring pursuant to the negotiated contract.

5. Referring to the Estimated Income Taxes sheet provided in response to Staff's First Data Request, Attachment A, revised Cost of Service, page 3, please show the derivation of the revised Interest on Debt (\$7,675, previously shown in the petition as \$40,518).

Company Response:

The interest was calculated on the "Interest" tab of Attachment A to Staff's First Data Request based on the capital structure filed in the 2016 Surveillance Report. The percent of debt to equity, customer deposits and deferred taxes from the Surveillance Report was multiplied by rate base attributed to this contract in order to get the portion of rate base being funded by these components. The portion of rate base attributed to long term debt, short term debt and customer deposits were multiplied by the cost rates from the Surveillance Report to estimate the interest expense related to this project.