

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: September 5, 2017

TO: Carlotta S. Stauffer, Commission Clerk, Office of Commission Clerk

FROM: Sevini K. Guffey, Public Utility Analyst I, Division of Economics *SKG*

RE: Place in Docket File No. 20170176-GU

Please place the attached pages of an Excel file emailed to staff as responses by Florida Division of Chesapeake Utilities Corporation to Staff's First Data Request in the referenced docket file.

Thank you.

RECEIVED-FPSC
2017 SEP -5 PM 3:48
COMMISSION
CLERK

Revised Incremental Cost of Service Study
Sebring Gas Company
Cost of Service

Attachment A

Operation & Maintenance	\$	28,742
Depreciation	\$	21,356
Taxes - other than income	\$	17,116
Income Taxes	\$	20,441
Return @	5.67%	<u>\$ 40,518</u>
 Total Operating Cost	 \$	 <u>128,173</u>
 Revenue	 \$	 136,812

**Incremental Cost of Service Study
Sebring Gas Company
Estimated Rate Base and Return**

Cost of Plant	\$ 821,384
Accumulated Depreciation	<u>\$ (106,780)</u>
Net Plant	\$ 714,604

\$ 821,384	Cost of plant
\$ 1,780	monthly Depreciation
\$ 106,780	five years accumul deprec

Working Capital	\$ -
Accum. Def. Inc. Tax	\$ -
Deferred Invest. Credit	<u>\$ -</u>

Rate Base	<u><u>\$ 714,604</u></u>
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Total Midpoint Return Per ROR	5.67% <u><u>\$ 40,518</u></u>
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Incremental Cost of Service Study
Sebring Gas Company
Estimated Income Taxes

Rate Base		<u>\$ 714,604</u>
Return on Rate Base		\$ 40,518
Interest on Debt		<u>\$ (7,675)</u>
Net Income after Tax		\$ 32,843
Divide by Tax Rate		61.45%
Taxable Income		<u>\$ 53,024</u>
Income Taxes	38.55%	<u>\$ 20,441</u>

Incremental Cost of Service Study
Sebring Gas Company
Capitalization as Filed in 2016 Surveillance Report

	Ratio	Total	Cost Rate	Rate Base	Allocated	Interest Expense
Long Term Debt	15.18%	\$ 10,394,312	4.93%	714,604.08	108,450.12	5,346.59
Short Term Debt	19.10%	\$ 13,080,119	1.52%	714,604.08	136,472.76	2,074.39
Customer Deposits	1.55%	\$ 1,060,164	2.30%	714,604.08	11,061.33	254.41
Deffered Taxes	21.63%	\$ 14,816,450		714,604.08		
Equity	42.55%	\$ 29,139,593		714,604.08		
	100.00%	\$ 68,490,638				\$ 7,675

	2.5%	10																			
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	
\$ 864	\$ 885	\$ 907	\$ 930	\$ 953	\$ 977	\$ 1,002	\$ 1,027	\$ 1,052	\$ 1,079	\$ 1,106	\$ 1,133	\$ 1,162	\$ 1,191	\$ 1,220	\$ 1,251	\$ 1,282	\$ 1,314	\$ 1,347	\$ 1,381	\$ 1,415	
\$ 536	\$ 549	\$ 563	\$ 577	\$ 592	\$ 606	\$ 622	\$ 637	\$ 653	\$ 669	\$ 686	\$ 703	\$ 721	\$ 739	\$ 757	\$ 776	\$ 796	\$ 816	\$ 836	\$ 857	\$ 878	
\$ 82	\$ 84	\$ 86	\$ 88	\$ 90	\$ 93	\$ 95	\$ 97	\$ 100	\$ 102	\$ 105	\$ 107	\$ 110	\$ 113	\$ 116	\$ 119	\$ 122	\$ 125	\$ 128	\$ 131	\$ 134	
\$ 2,500	\$ 2,563	\$ 2,627	\$ 2,692	\$ 2,760	\$ 2,829	\$ 2,899	\$ 2,972	\$ 3,046	\$ 3,122	\$ 3,200	\$ 3,280	\$ 3,362	\$ 3,446	\$ 3,532	\$ 3,621	\$ 3,711	\$ 3,804	\$ 3,899	\$ 3,997	\$ 4,097	
\$ 986	\$ 1,011	\$ 1,036	\$ 1,062	\$ 1,088	\$ 1,116	\$ 1,143	\$ 1,172	\$ 1,201	\$ 1,231	\$ 1,262	\$ 1,294	\$ 1,326	\$ 1,359	\$ 1,393	\$ 1,428	\$ 1,464	\$ 1,500	\$ 1,538	\$ 1,576	\$ 1,616	
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\$ 207	\$ 212	\$ 218	\$ 223	\$ 229	\$ 234	\$ 240	\$ 246	\$ 252	\$ 259	\$ 265	\$ 272	\$ 279	\$ 286	\$ 293	\$ 300	\$ 308	\$ 315	\$ 323	\$ 331	\$ 340	
\$ 100	\$ 103	\$ 105	\$ 108	\$ 110	\$ 113	\$ 116	\$ 119	\$ 122	\$ 125	\$ 128	\$ 131	\$ 134	\$ 138	\$ 141	\$ 145	\$ 148	\$ 152	\$ 156	\$ 160	\$ 164	
\$ 1,572	\$ 1,611	\$ 1,652	\$ 1,693	\$ 1,735	\$ 1,779	\$ 1,823	\$ 1,869	\$ 1,915	\$ 1,963	\$ 2,012	\$ 2,063	\$ 2,114	\$ 2,167	\$ 2,221	\$ 2,277	\$ 2,334	\$ 2,392	\$ 2,452	\$ 2,513	\$ 2,576	
\$ 3,065	\$ 3,142	\$ 3,220	\$ 3,301	\$ 3,383	\$ 3,468	\$ 3,554	\$ 3,643	\$ 3,734	\$ 3,828	\$ 3,923	\$ 4,022	\$ 4,122	\$ 4,225	\$ 4,331	\$ 4,439	\$ 4,550	\$ 4,664	\$ 4,780	\$ 4,900	\$ 5,022	
\$ 1,379	\$ 1,413	\$ 1,448	\$ 1,485	\$ 1,522	\$ 1,560	\$ 1,599	\$ 1,639	\$ 1,680	\$ 1,722	\$ 1,765	\$ 1,809	\$ 1,854	\$ 1,900	\$ 1,948	\$ 1,997	\$ 2,047	\$ 2,098	\$ 2,150	\$ 2,204	\$ 2,259	
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\$ 100	\$ 103	\$ 105	\$ 108	\$ 110	\$ 113	\$ 116	\$ 119	\$ 122	\$ 125	\$ 128	\$ 131	\$ 134	\$ 138	\$ 141	\$ 145	\$ 148	\$ 152	\$ 156	\$ 160	\$ 164	
\$ 6,514	\$ 6,677	\$ 6,844	\$ 7,015	\$ 7,190	\$ 7,370	\$ 7,554	\$ 7,743	\$ 7,937	\$ 8,135	\$ 8,338	\$ 8,547	\$ 8,760	\$ 8,980	\$ 9,204	\$ 9,434	\$ 9,670	\$ 9,912	\$ 10,159	\$ 10,413	\$ 10,674	
\$ 2,500	\$ 2,562	\$ 2,626	\$ 2,692	\$ 2,759	\$ 2,828	\$ 2,899	\$ 2,972	\$ 3,046	\$ 3,122	\$ 3,200	\$ 3,280	\$ 3,362	\$ 3,446	\$ 3,532	\$ 3,621	\$ 3,711	\$ 3,804	\$ 3,899	\$ 3,996	\$ 4,096	
\$ 5,000	\$ 5,125	\$ 5,253	\$ 5,384	\$ 5,519	\$ 5,657	\$ 5,798	\$ 5,943	\$ 6,092	\$ 6,244	\$ 6,400	\$ 6,560	\$ 6,724	\$ 6,893	\$ 7,065	\$ 7,241	\$ 7,423	\$ 7,608	\$ 7,798	\$ 7,993	\$ 8,193	
\$ 25,404	\$ 26,690	\$ 28,028	\$ 29,418	\$ 30,861	\$ 32,358	\$ 33,910	\$ 35,518	\$ 37,183	\$ 38,906	\$ 40,688	\$ 42,530	\$ 44,433	\$ 46,398	\$ 48,426	\$ 50,518	\$ 52,676	\$ 54,901	\$ 57,194	\$ 59,557	\$ 61,990	\$ 16,224

Ovhds/Svcs	\$ 414,362.00
Sebring Contract vols	244,550
CFG Transp Vols	236,736,000
Sebring % of Total Vols	0.10%
Corp svcs/ovhds Polk % of Total Cost	\$ 428.04
CFG ovhds	0.500%
	\$ 2,071.81

**Incremental Cost of Service Study
Sebring Gas Company
Calculation of Other Taxes**

Average Tax Rate		2.00%
x Gross Plant	\$	821,384
Property Taxes	\$	<u>16,428</u>
Estimated Sales Revenue	\$	136,812
Revenue Related Taxes	\$	<u>688</u>
Total Other Taxes	\$	<u>17,116</u>