



September 29, 2017

**E-PORTAL FILING**

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

**Re: Docket No. 20170190-GU – Joint petition for approval of gas reliability infrastructure program (GRIP) cost recovery factors by Florida Public Utilities Company, Florida Public Utilities Company–Fort Meade, and Florida Division of Chesapeake Utilities Corporation**

Dear Ms. Stauffer:

Attached for filing, please find the Responses of Florida Public Utilities Company, Florida Public Utilities Company-Fort Meade, and Florida Division of Chesapeake Utilities Corporation to Staff's First Data Requests in the referenced docket. Also included with this filing are the following revised tariff pages:

CFG Fifth Revised Sheet No. 105.1

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

Kind regards,

Beth Keating  
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MEK

**RESPONSES TO STAFF'S FIRST DATA REQUEST**

**Docket No. 20170190-GU – Joint petition for approval of gas reliability infrastructure program (GRIP) cost recovery factors by Florida Public Utilities Company, Florida Public Utilities Company–Fort Meade, and Florida Division of Chesapeake Utilities Corporation**

1. Please update the pipe replacement program progress tables for FPUC, Chesapeake, and Fort Meade as contained in Attachment 1 of Order No. PSC-16-0567-TRF-GU in Docket No. 20160199-GU and displayed below.

Attachment 1 – Page 1 of 2

**Table 1  
FPUC Pipe Replacement Program Progress**

Year	Main Replacement					Service Replacement	
	Replaced Cast Iron (miles)	Replaced Bare Steel (miles)	Remaining Cast Iron at Year End (miles)	Remaining Bare Steel at Year End (miles)	Total Miles Remaining	Replaced Number of Bare Steel Services	Total Number of Remaining Steel Services
July 2012			0.9	197.10	198.00		7980
2012		6.00	0.9	191.10	192.00	91	7889
2013	0.6	26.40	0.3	164.70	165.00	2071	5818
2014		38.00	0.3	126.70	127.00	1275	4543
2015		30.00	0.3	96.70	97.00	605	3938
2016		29.00	0.3	67.70	68.00	815	3123
2017	0.3	13.70	0	54.00	54.00	650	2473
2018		14.00	0	40.00	40.00	650	1823
2019		14.00	0	26.00	26.00	650	1173
2020		14.00	0	12.00	12.00	650	523
2021		10.00	0	2.00	2.00	465	58
2022		2.00	0	0.00	0.00	58	0

**Table 2  
Chesapeake Pipe Replacement Program Progress**

Year	Main Replacement					Service Replacement	
	Replaced Cast Iron (miles)	Replaced Bare Steel (miles)	Remaining Cast Iron at Year End (miles)	Remaining Bare Steel at Year End (miles)	Total Miles Remaining	Replaced Number of Bare Steel Services	Total Number of Remaining Steel Services
July 2012			0	152.00	152.00		762
2012		5.00	0	147.00	147.00	34	728
2013		3.00	0	144.00	144.00	139	589
2014		19.00	0	125.00	125.00	47	542
2015		34.00	0	91.00	91.00	284	258
2016		30.00	0	61.00	61.00	52	206
2017		13.00	0	48.00	48.00	42	164

2018		13.00	0	35.00	35.00	42	122
2019		13.00	0	22.00	22.00	42	80
2020		13.00	0	9.00	9.00	42	38
2021		7.00	0	2.00	2.00	26	12
2022		2.00	0	0.00	0.00	12	0

**Table 3  
Fort Meade Pipe Replacement Program Progress**

Year	Main Replacement				Service Replacement		
	Replaced Cast Iron (miles)	Replaced Bare Steel (miles)	Remaining Cast Iron at Year End (miles)	Remaining Bare Steel at Year End (miles)	Total Miles Remaining	Replaced Number of Bare Steel Services	Total Number of Remaining Steel Services
Jan. 2016			0	0	0		250
2016		0	0	0	0	100	150
2017		0	0	0	0	125	25
2018		0	0	0	0	25	0

**Company Response:**

**The Company has updated the requested Tables. Please see Attachment A.**

- Referring to Mr. Cassel’s testimony on page 4, please provide a general overview of the cast iron and bare steel replacement projects undertaken in/forecast for 2017 for FPUC, Fort Meade, and Chesapeake.

**Company Response:**

Project Name	City	Start	Est. End
<b>FPUC</b>			
Lake Osborne	City of Lake Worth	Oct'16	Nov'17
La Puerta	Town of Palm Beach	Mar'17	Oct'17
Town Center 2017	Town of Palm Beach	May'17	Nov'17
Via Del Mar	Town of Palm Beach	July'17	Nov'17
Royal Poinciana Plaza	Town of Palm Beach	Aug'17	Nov'17
Broadway Ph.4	City of West Palm Beach	Sept'17	Mar'18
<b>CFG</b>			
Bartow II	City of Bartow	Oct'16	Dec'17
Lake Wales I	City of Lake Wales	June'16	Feb'17
Winter Haven I	City of Winter Haven	Jan'17	July'17
Winter Haven - Trail	City of Winter Haven	Feb'17	Aug'17
Winter Haven -IV	City of Winter Haven	July'17	Dec'17
Lake Wales II	City of Lake Wales	Oct'17	Mar'18

3. On page 4 of his testimony, witness Cassel discusses newly discovered bare steel and cast iron mains and services that were not included in the original petition. Witness Cassel's example occurs in Fort Meade. Are there examples for FPUC and Chesapeake that are included for recovery in 2018? If yes, please explain.

**Company Response:**

**The Company has not discovered any new bare steel and cast iron mains and services for FPUC and Chesapeake.**

4. Please provide the total amount of depreciation and/or operations and maintenance (O&M) expense savings, if any, that were included as a reduction in expenses for FPUC, Fort Meade, and Chesapeake. If there were no depreciation or O&M savings, please explain why.

**Company Response:**

**No depreciation and/or operations and maintenance expense savings were included as a reduction in expenses. The Company determined that if there were any depreciation savings, they would be offset by the change in asset life caused by the increased cost of removal.**

5. Referring to Schedules B-1 and C-1 for FPUC, Fort Meade, and Chesapeake, please provide the source of the interest rates used.

**Company Response:**

**The Company uses the monthly Updated 30-Day Commercial Paper Rate memorandum issued by the FPSC.**

6. The following questions concern capital expenditures. The source is Exhibit MC-1, pages 2-4 (FPUC), 7-9 (Chesapeake), and 12-14 (Fort Meade), Total Qualified Investment.
  - a. Please explain the decrease in FPUC's capital expenditures from final 2016 expenditures of \$19,571,150 to actual/estimated 2017 expenditures of \$6,071,766.

**Company Response:**

**In the beginning, the Company was aggressive in making sure that the high risk, qualifying facilities were replaced first, therefore increasing capital expenditures. Presently, the Company has completed/replaced more than half of the mains and services projected with five years remaining. As a result, the Company is attempting to allocate the remaining projects over the life of the program. However, the Company may accelerate the program if municipal roadway improvement projects arise where qualifying facilities are located, which help reduce the Company's replacement costs.**

- b. Given that FPUC's projected 2018 expenditures are \$6,600,000, does FPUC expect the annual level of capital expenditures to remain in the \$6 million range? Please explain.

**Company Response:**

**Please see Response 6a above.**

- c. Please explain the decrease in Chesapeake's capital expenditures from final 2016 expenditures of \$6,453,987 to actual/estimated 2017 expenditures of \$2,852,772.

**Company Response:**

**Please see Response 6a above.**

- d. Given that Chesapeake's projected 2018 expenditures are \$3,300,000, does Chesapeake expect the annual level of capital expenditures to remain in the \$3 million range? Please explain.

**Company Response:**

**Please see Response 6a above.**

- e. Does Fort Meade expect the annual level of capital expenditures to remain at about \$100,000? Please explain.

**Company Response:**

**The Company originally estimated that 250 steel services had to be replaced in Fort Meade. By the end of 2017, the Company anticipates that less than half of the services (85) will have been replaced, leaving a significant amount (165) of steel services to be replaced. The Company originally projected it would take about two years to replace all 250 steel services, but due to other construction work (Non-FPUC) in the areas of our qualifying facilities and the lack of availability of contractor resources, the Company has experienced delays and replacement of these services may extend beyond the projected two years. Therefore, the Company does expect the annual level of capital expenditures for Fort Meade to remain around \$100,000 or less.**

7. Please provide all the GRIP schedules in Excel with the formulas unlocked.

**Company Response:**

**See Attached File (Attachment B).**

8. Referring to paragraph 8 of the petition, please confirm that Chesapeake's 2018 revenue requirement is \$3,525,450.

**Company Response:**

**The 2018 revenue requirement for Chesapeake is \$3,525,450. Paragraph 8 of the petition inadvertently stated \$3,525,45.**

9. In Docket No. 170062-GU, FPUC provided refunds to Chesapeake's FTS-9 customers. Please confirm that the refunds and amended rate are reflected in the exhibit.

**Company Response:**

**The refunds for the Chesapeake FTS-9 customers were processed and applied to each customer's account on May 30, 2017 for a total of \$71,460.92, including interest, effective with the Company's May billing period.**

10. Please provide a corrected tariff page 105.1, legislative version, that reflects the FTS-9 rate of \$0.08359 ordered by the Commission in Docket No. 170062-GU.

**Company Response:**

**See Attached Revised Tariff Pages, Legislative and Clean versions.**

*RATE SCHEDULES*  
*MONTHLY RATE ADJUSTMENTS*

Rate Schedule MRA

7. GAS REPLACEMENT INFRASTRUCTURE PROGRAM (GR1P):

Applicability:

All Customers receiving Transportation Service from the Company and are assigned to or have selected rate schedules FTS-A, FTS-B, FTS-1, FTS-2, FTS-2.1, FTS-3, FTS-3.1, FTS-4, FTS-5, FTS-6, FTS-7, FTS-8, FTS-9, FTS-10, FTS-11, FTS-12, and FTS-13.

The Usage Rate for Transportation Service to each applicable rate classification shall be adjusted by the following recovery factors. The recovery factors for all meters read for the period January 1, 2018 through December 31, 2018 for each rate classification are as follows:

<u>Rate Schedule</u>	<u>Classification of Service</u>	<u>Rate per therm</u>
FTS A	< 130 therms	\$0.55340
FTS-B	> 130 therms up to 250 therms	\$0.17785
FTS-1	> 0 up to 500 therms	\$0.11838
FTS-2	> 500 therms up to 1,000 therms	\$0.12603
FTS-2.1	> 1,000 therms up to 2,500 therms	\$0.12095
FTS-3	> 2,500 therms up to 5,000 therms	\$0.05359
FTS-3.1	> 5,000 therms up to 10,000 therms	\$0.06238
FTS-4	> 10,000 therms up to 25,000 therms	\$0.07404
FTS-5	> 25,000 therms up to 50,000 therms	\$0.07777
FTS-6	> 50,000 therms up to 100,000 therms	\$0.06234
FTS-7	> 100,000 therms up to 200,000 therms	\$0.07864
FTS-8	> 200,000 therms up to 400,000 therms	\$0.07326
FTS-9	> 400,000 therms up to 700,000 therms	\$0.10860
FTS-10	> 700,000 therms up to 1,000,000 therms	\$0.12848
FTS-11	> 1,000,000 therms up to 2,500,000	\$0.12575
FTS-12	> 2,500,000 therms up to 12,500,000	\$0.03277
FTS-13	> 12,500,000 therms	N/A

(Continued to Sheet No. 105.2)

*RATE SCHEDULES*  
*MONTHLY RATE ADJUSTMENTS*

Rate Schedule MRA

7. GAS REPLACEMENT INFRASTRUCTURE PROGRAM (GR1P):

Applicability:

All Customers receiving Transportation Service from the Company and are assigned to or have selected rate schedules FTS-A, FTS-B, FTS-1, FTS-2, FTS-2.1, FTS-3, FTS-3.1, FTS-4, FTS-5, FTS-6, FTS-7, FTS-8, FTS-9, FTS-10, FTS-11, FTS-12, and FTS-13.

The Usage Rate for Transportation Service to each applicable rate classification shall be adjusted by the following recovery factors. The recovery factors for all meters read for the period January 1, 2017 through December 31, 2017 for each rate classification are as follows:

<u>Rate Schedule</u>	<u>Classification of Service</u>	<u>Rate per therm</u>
FTS A	< 130 therms	\$0.45319-.55340
FTS-B	> 130 therms up to 250 therms	\$0.15225 .17785
FTS-1	> 0 up to 500 therms	\$0.10371 .11838
FTS-2	> 500 therms up to 1,000 therms	\$0.11170 .12603
FTS-2.1	> 1,000 therms up to 2,500 therms	\$0.11406 .12095
FTS-3	> 2,500 therms up to 5,000 therms	\$0.04527 .05359
FTS-3.1	> 5,000 therms up to 10,000 therms	\$0.06029 .06238
FTS-4	> 10,000 therms up to 25,000- therms	\$0.07233 .07404
FTS-5	> 25,000 therms up to 50,000 therms	\$0.07490 .07777
FTS-6	> 50,000 therms up to 100,000 therms	\$0.05947 .06234
FTS-7	> 100,000 therms up to 200,000 therms	\$0.08142 .07864
FTS-8	> 200,000 therms up to 400,000 therms	\$0.06465 .07326
FTS-9	> 400,000 therms up to 700,000 therms	\$0.08359 .10860
FTS-10	> 700,000 therms up to 1,000,000 therms	\$0.09318 .12848
FTS-11	> 1,000,000 therms up to 2,500,000	\$0.05475 .12575
FTS-12	> 2,500,000 therms up to 12,500,000	\$0.03741 .03277
FTS-13	> 12,500,000 therms	N/A

(Continued to Sheet No. 105.2)



Table 1

FPUC Pipe Replacement Program Progress

Year	Mains (Miles)					Number of Services				
	Replaced Cast Iron	Replaced Bare Steel	Remaining	Remaining	Total Remaining	Replaced Cast Iron	Replaced Bare Steel	Remaining	Remaining	Total Remaining
			Cast Iron at Year-End	Bare Steel at Year-End				Cast Iron at Year-End	Bare Steel at Year-End	
Jul-12			0.9	197.10	198.00			0	7980	7980
2012		6.00	0.9	191.10	192.00		91	0	7889	7889
2013	0.6	26.40	0.3	164.70	165.00		2071	0	5818	5818
2014		38.00	0.3	126.70	127.00		1275	0	4543	4543
2015		30.00	0.3	96.70	97.00		605	0	3938	3938
2016		22.50	0.3	74.20	74.50		555	0	3383	3383
2017		12.00	0.3	62.20	62.50		375	0	3008	3008
2018	0.3	13.00	0	49.20	49.20		650	0	2358	2358
2019		13.00	0	36.20	36.20		650	0	1708	1708
2020		13.00	0	23.20	23.20		650	0	1058	1058
2021		13.00	0	10.20	10.20		650	0	408	408
2022		10.20	0	0.00	0.00		408	0	0	0

Table 2

Chesapeake Pipe Replacement Program Progress

Year	Mains (Miles)					Number of Services				
	Replaced Cast Iron	Replaced Bare Steel	Remaining	Remaining	Total Remaining	Replaced Cast Iron	Replaced Bare Steel	Remaining	Remaining	Total Remaining
			Cast Iron at Year-End	Bare Steel at Year-End				Cast Iron at Year-End	Bare Steel at Year-End	
Jul-12			0	152.00	152.00			0	762	762
2012		5.00	0	147.00	147.00		34	0	728	728
2013		3.00	0	144.00	144.00		139	0	589	589
2014		19.00	0	125.00	125.00		47	0	542	542
2015		34.00	0	91.00	91.00		284	0	258	258
2016		25.10	0	65.90	65.90		-81	0	339	339 **
2017		24.00	0	41.90	41.90		95	0	244	244
2018		9.00	0	32.90	32.90		52	0	192	192
2019		9.00	0	23.90	23.90		52	0	140	140
2020		9.00	0	14.90	14.90		52	0	88	88
2021		9.00	0	5.90	5.90		52	0	36	36
2022		5.90	0	0.00	0.00		36	0	0	0

\*\* A total of 111 YTD bare steel services were replaced in 2016. Plus a correction to increase total services remaining by 192 (4th Qtr of 2016). The net equals -81.

Table 3

Fort Meade Pipe Replacement Program Progress

Year	Mains (Miles)					Number of Services				
	Replaced Cast Iron	Replaced Steel	Remaining	Remaining	Total Remaining	Replaced Cast Iron	Replaced Steel	Remaining	Remaining	Total Remaining
			Cast Iron at Year-End	Steel at Year-End				Cast Iron at Year-End	Steel at Year-End	
Jan-16			0	0	0			0	250	250
2016		0	0	0	0		29	0	221	221
2017		0	0	0	0		56	0	165	165
2018		0	0	0	0		165	0	0	0

**Florida Public Utilities Company**  
 Gas Reliability Infrastructure Program (GRIP)  
 Calculation of Equity and Debt Returns

Schedule A-1  
 Exhibit \_\_\_\_\_  
 Michael Cassel (MC-1)  
 Page 1 of 15

Earnings Surveillance Report - December 31, 2016

Equity Cost Rate	10.85%
Weighted Equity Cost Rate	4.79%
Revenue Expansion Factor	<u>1.6406</u>
Weighted Equity Cost Rate, times Revenue Expansion Factor	<u>7.860%</u>
Long Term Debt-CU	0.710%
Short Term Debt	0.310%
Long Term Debt-FC	0.310%
Short Term Debt-Refinanced LTD	0.000%
Customer Deposits	<u>0.080%</u>
Weighted Debt Cost Rate	<u>1.410%</u>
Overall Weighted Cost Rate	<u><u>6.20%</u></u>

Florida Public Utilities Company  
 Gas Reliability Infrastructure Program (GRIP)  
 Calculation of the Projected Revenue Requirements  
 January 1, 2016 through December 31, 2016

Schedule B-1  
 Exhibit  
 Michael Cassel (MC-1)  
 Page 2 of 15

Item	Beginning Balance	ACTUAL Jan	ACTUAL Feb	ACTUAL Mar	ACTUAL Apr	ACTUAL May	ACTUAL Jun	ACTUAL Jul	ACTUAL Aug	ACTUAL Sep	ACTUAL Oct	ACTUAL Nov	ACTUAL Dec	Year End Total/Balance
Qualified Investment														
Qualified Investment - Mains - Current Year 1070 Activity		\$1,784,223	\$1,694,698	\$1,836,338	\$1,972,534	\$928,777	\$1,337,233	\$729,572	\$1,029,951	\$829,070	\$954,422	\$1,152,057	\$764,153	\$15,013,028
Qualified Investment - Mains - Closed 1070 Activity to Plant		\$79,622	(\$919,459)	(\$126,904)	(\$3,106,133)		(\$90,085)	(\$4,659,950)	(\$2,170,908)	(\$778,690)	(\$477,624)		(\$3,672,553)	(\$15,922,685)
Qualified Investment - Services - Current Year 1070 Activity		\$376,394	\$215,319	\$386,842	\$388,186	\$414,893	\$499,485	\$280,899	\$916,661	\$168,094	\$236,740	\$311,195	\$363,413	\$4,558,122
Qualified Investment - Services - Closed 1070 Activity to Plant		\$697,671	(\$1,176,874)	(\$220,287)	(\$439,072)		(\$587,465)	(\$364,346)	(\$372,351)	(\$895,807)	(\$314,082)	(\$95,672)	(\$789,839)	(\$4,558,122)
Qualified Investment - Mains - Current 1010 Activity		(\$79,622)	\$919,459	\$126,904	\$3,106,133	\$0	\$90,085	\$4,659,950	\$2,170,908	\$778,690	\$477,624	\$0	\$3,672,553	\$15,922,685
Qualified Investment - Services - Current 1010 Activity		(\$697,671)	\$1,176,874	\$220,287	\$439,072	\$0	\$587,465	\$364,346	\$372,351	\$895,807	\$314,082	\$95,672	\$789,839	\$4,558,122
Total Qualified Investment - Mains 1070	\$1,350,505	\$3,214,349	\$3,989,588	\$5,699,023	\$4,565,423	\$5,494,200	\$6,741,348	\$2,810,970	\$1,670,013	\$1,720,393	\$2,197,191	\$3,349,248	\$440,847	\$440,847
Total Qualified Investment - Service 1070	\$0	\$1,074,066	\$112,511	\$279,067	\$228,182	\$643,074	\$555,094	\$471,648	\$1,015,958	\$288,245	\$210,903	\$426,426	\$0	\$0
Total Qualified Investment - Mains 1010	\$44,791,739	\$44,712,118	\$45,631,577	\$45,758,481	\$48,864,614	\$48,864,614	\$48,954,699	\$53,614,649	\$55,785,557	\$56,564,247	\$57,041,871	\$57,041,871	\$60,714,424	\$60,714,424
Total Qualified Investment - Service 1010	\$14,413,427	\$13,715,756	\$14,892,629	\$15,112,916	\$15,551,988	\$16,139,452	\$16,503,799	\$16,876,150	\$17,771,957	\$18,086,038	\$18,181,711	\$18,971,549	\$18,971,549	\$18,971,549
Total Qualified Investment	\$60,555,671	\$62,716,289	\$64,626,305	\$66,849,486	\$69,210,206	\$70,553,876	\$72,390,594	\$73,401,065	\$75,347,677	\$76,344,841	\$77,536,003	\$78,999,255	\$80,126,821	\$80,126,821
Less: Accumulated Depreciation	(\$1,719,752)	(\$1,849,231)	(\$1,976,968)	(\$2,109,345)	(\$2,242,492)	(\$2,382,357)	(\$2,524,223)	(\$2,666,605)	(\$2,819,903)	(\$2,978,744)	(\$3,141,286)	(\$3,305,571)	(\$3,470,070)	(\$3,470,070)
Net Book Value	\$58,835,919	\$60,867,058	\$62,649,338	\$64,740,142	\$66,967,714	\$68,170,519	\$69,866,371	\$70,734,460	\$72,527,774	\$73,366,098	\$74,394,717	\$75,693,685	\$76,656,751	\$76,656,751
Average Net Qualified Investment		\$59,851,489	\$61,758,198	\$63,694,740	\$65,853,928	\$67,569,117	\$69,018,445	\$70,300,416	\$71,631,117	\$72,946,936	\$73,880,407	\$75,044,201	\$76,175,218	
Depreciation Rates														
Approved Depreciation Rate-Mains		2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	
Approved Depreciation Rate-Services		2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	
Return on Average Net Qualified Investment														
Equity - Cost of Capital, inclusive of Income Tax Gross-up		8.2300%	8.2300%	8.2300%	8.2300%	8.2300%	8.2300%	8.2300%	8.2300%	8.2300%	8.2300%	8.2300%	8.2300%	8.2300%
Debt - Cost of Capital		1.5800%	1.5800%	1.5800%	1.5800%	1.5800%	1.5800%	1.5800%	1.5800%	1.5800%	1.5800%	1.5800%	1.5800%	1.5800%
Equity Component - inclusive of Income Tax Gross-up	\$410,481	\$423,558	\$436,840	\$451,648	\$463,412	\$473,352	\$482,144	\$491,270	\$500,294	\$506,696	\$514,678	\$522,435	\$5,676,809	
Debt Component	\$78,804	\$81,315	\$83,865	\$86,708	\$88,966	\$90,874	\$92,562	\$94,314	\$96,047	\$97,276	\$98,808	\$100,297	\$1,089,837	
Return Requirement	\$489,286	\$504,873	\$520,704	\$538,356	\$552,378	\$564,226	\$574,706	\$585,584	\$596,341	\$603,972	\$613,486	\$622,732	\$6,766,645	
Investment Expenses														
Depreciation Expense - Mains	\$97,049	\$96,876	\$98,868	\$99,143	\$105,873	\$105,873	\$106,069	\$116,165	\$120,869	\$122,556	\$123,591	\$123,591	\$1,316,523	
Depreciation Expense - Services	\$32,430	\$30,860	\$33,508	\$34,004	\$34,992	\$34,992	\$36,314	\$37,134	\$37,971	\$39,987	\$40,694	\$40,909	\$433,795	
Property Taxes	\$98,060	\$98,060	\$98,060	\$98,060	\$98,060	\$98,060	\$98,060	\$98,060	\$98,060	\$98,060	\$98,060	\$98,060	\$1,176,718	
General Public Notice Expense & Customer Notice Expense	\$0	\$3,102	\$0	\$6,180	\$18,792	\$0	\$18,133	(\$3,411)	\$11,509				\$6,268	
Total Expense	\$227,539	\$228,899	\$230,437	\$237,387	\$257,717	\$238,925	\$240,442	\$269,492	\$253,489	\$272,112	\$262,344	\$268,828	\$2,987,610	
Total Revenue Requirements	\$716,825	\$733,772	\$751,141	\$775,743	\$810,095	\$803,151	\$815,148	\$855,076	\$849,830	\$876,084	\$875,831	\$891,560	\$9,754,256	
Annual Revenue Requirement for Bare Steel Replacement Investment	\$62,310	\$62,310	\$62,310	\$62,310	\$62,310	\$62,310	\$62,310	\$62,310	\$62,310	\$62,310	\$62,310	\$62,310	\$747,727	
Net Annual Revenue Requirements	\$654,515	\$671,462	\$688,831	\$713,433	\$747,785	\$740,841	\$752,838	\$792,766	\$787,520	\$813,774	\$813,521	\$829,243	\$9,006,529	
GRIP Surcharge Revenues Collected Month	\$ 1,141,602	\$ 1,150,607	\$ 1,072,832	\$ 924,042	\$ 806,763	\$ 755,582	\$ 700,138	\$ 668,074	\$ 699,603	\$ 752,444	\$ 856,201	\$ 996,376	\$10,524,264	
Beginning True-Up														\$ 2,967,684
(Over) and Under Recovery for the Month	\$ (487,087)	\$ (479,145)	\$ (384,001)	\$ (210,609)	\$ (58,978)	\$ (14,741)	\$ 52,700	\$ 124,692	\$ 87,917	\$ 61,330	\$ (42,680)	\$ (167,133)	\$ (1,517,735)	
Monthly Interest (Expense)/Income	\$ 763	\$ 650	\$ 507	\$ 424	\$ 428	\$ 416	\$ 409	\$ 479	\$ 530	\$ 555	\$ 625	\$ 708	\$ 6,494	
Ending (Over) and Under Recovery	\$ 2,967,684	\$ 2,481,361	\$ 2,002,865	\$ 1,619,372	\$ 1,409,186	\$ 1,350,636	\$ 1,336,311	\$ 1,389,420	\$ 1,514,591	\$ 1,603,038	\$ 1,664,924	\$ 1,622,868	\$ 1,456,443	\$ 1,456,443
Beg of Month Annual Interest Rate		0.34%	0.34%	0.35%	0.32%	0.36%	0.38%	0.36%	0.35%	0.43%	0.39%	0.43%	0.47%	
End of Month Annual Interest Rate		0.34%	0.35%	0.320%	0.36%	0.38%	0.36%	0.35%	0.43%	0.39%	0.43%	0.47%	0.63%	
Average Monthly Interest Rate		0.028%	0.029%	0.028%	0.028%	0.031%	0.031%	0.030%	0.033%	0.034%	0.034%	0.038%	0.046%	

**Florida Public Utilities Company**  
 Gas Reliability Infrastructure Program (GRIP)  
 Calculation of the Projected Revenue Requirements  
 January 1, 2017 through December 31, 2017

Schedule C-1  
 Exhibit  
 Michael Cassel (MC-1)  
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Item	Beginning Balance	Actual Jan	Actual Feb	Actual Mar	Actual Apr	Actual May	Actual Jun	Actual Jul	Projection Aug	Projection Sep	Projection Oct	Projection Nov	Projection Dec	Year End Total/Balance
<b>Qualified Investment</b>														
Qualified Investment - Mains - Current Year 1070 Activity		\$330,017	\$455,719	\$434,089	\$306,338	\$191,053	\$446,144	\$518,387	\$351,199	\$351,199	\$351,199	\$351,199	\$351,199	\$4,437,741
Qualified Investment - Mains - Closed 1070 Activity to Plant		\$0	(\$336,801)	(\$161,074)	(\$733,288)	(\$192,464)	\$0	(\$788,423)	(\$333,639)	(\$333,639)	(\$333,639)	(\$333,639)	(\$333,639)	(\$3,880,245)
Qualified Investment - Services - Current Year 1070 Activity		\$213,896	\$185,403	\$165,184	\$211,894	\$162,992	\$153,407	\$155,783	\$77,093	\$77,093	\$77,093	\$77,093	\$77,093	\$1,634,025
Qualified Investment - Services - Closed 1070 Activity to Plant		\$0	(\$329,347)	(\$37,850)	(\$309,284)	(\$168,217)	(\$192,024)	(\$73,411)	(\$77,093)	(\$77,093)	(\$77,093)	(\$77,093)	(\$77,093)	(\$1,495,598)
Qualified Investment - Mains - Current 1010 Activity		\$0	\$336,801	\$161,074	\$733,288	\$192,464	\$0	\$788,423	\$333,639	\$333,639	\$333,639	\$333,639	\$333,639	\$3,880,245
Qualified Investment - Services - Current 1010 Activity		\$0	\$329,347	\$37,850	\$309,284	\$168,217	\$192,024	\$73,411	\$77,093	\$77,093	\$77,093	\$77,093	\$77,093	\$1,495,598
<b>Total Qualified Investment - Mains 1070</b>	\$440,847	\$770,864	\$889,782	\$1,162,797	\$735,847	\$734,436	\$1,180,579	\$910,543	\$928,103	\$945,663	\$963,223	\$980,783	\$998,343	\$998,343
<b>Total Qualified Investment - Service 1070</b>	\$0	\$213,896	\$69,952	\$197,286	\$99,897	\$94,672	\$56,055	\$138,427	\$138,427	\$138,427	\$138,427	\$138,427	\$138,427	\$138,427
<b>Total Qualified Investment - Mains 1010</b>	\$60,714,424	\$60,714,424	\$61,051,225	\$61,212,299	\$61,945,587	\$62,138,052	\$62,138,052	\$62,926,475	\$63,260,114	\$63,593,753	\$63,927,392	\$64,261,031	\$64,594,670	\$64,594,670
<b>Total Qualified Investment - Service 1010</b>	\$18,971,549	\$18,971,549	\$19,300,896	\$19,338,746	\$19,648,030	\$19,816,247	\$20,008,271	\$20,081,682	\$20,158,775	\$20,235,868	\$20,312,961	\$20,390,054	\$20,467,147	\$20,467,147
<b>Total Qualified Investment</b>	\$80,126,821	\$80,670,734	\$81,311,856	\$81,911,129	\$82,429,361	\$82,783,406	\$83,382,957	\$84,057,127	\$84,485,419	\$84,913,711	\$85,342,003	\$85,770,295	\$86,198,587	\$86,198,587
Less: Accumulated Depreciation	(\$3,470,070)	(\$3,644,304)	(\$3,818,538)	(\$3,994,243)	(\$4,170,381)	(\$4,348,805)	(\$4,528,024)	(\$4,707,675)	(\$4,889,200)	(\$5,071,620)	(\$5,254,937)	(\$5,439,151)	(\$5,624,261)	(\$5,624,261)
<b>Net Book Value</b>	\$76,656,751	\$77,026,430	\$77,493,318	\$77,916,886	\$78,258,980	\$78,434,602	\$78,854,934	\$79,349,452	\$79,596,220	\$79,842,091	\$80,087,066	\$80,331,144	\$80,574,326	\$80,574,326
<b>Average Net Qualified Investment</b>	\$76,841,590	\$77,259,874	\$77,705,102	\$78,087,933	\$78,346,791	\$78,644,768	\$79,102,193	\$79,472,836	\$79,719,155	\$79,964,578	\$80,209,105	\$80,452,735		
<b>Depreciation Rates</b>														
Approved Depreciation Rate-Mains		2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%
Approved Depreciation Rate-Services		2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%
<b>Return on Average Net Qualified Investment</b>														
Equity - Cost of Capital, inclusive of Income Tax Gross-up		7.8600%	7.8600%	7.8600%	7.8600%	7.8600%	7.8600%	7.8600%	7.8600%	7.8600%	7.8600%	7.8600%	7.8600%	7.8600%
Debt - Cost of Capital		1.4100%	1.4100%	1.4100%	1.4100%	1.4100%	1.4100%	1.4100%	1.4100%	1.4100%	1.4100%	1.4100%	1.4100%	1.4100%
<b>Equity Component - inclusive of Income Tax Gross-up</b>	\$503,312	\$506,052	\$508,968	\$511,476	\$513,171	\$515,123	\$518,119	\$520,547	\$522,160	\$523,768	\$525,370	\$526,965	\$528,560	\$6,195,034
<b>Debt Component</b>	\$90,289	\$90,780	\$91,303	\$91,753	\$92,057	\$92,408	\$92,945	\$93,381	\$93,670	\$93,958	\$94,246	\$94,532	\$94,817	\$1,111,323
<b>Return Requirement</b>	\$593,601	\$596,833	\$600,272	\$603,229	\$605,229	\$607,531	\$611,064	\$613,928	\$615,830	\$617,726	\$619,615	\$621,497	\$623,377	\$7,306,356
<b>Investment Expenses</b>	\$93,601	\$96,833	\$100,272	\$103,711	\$107,150	\$110,589	\$114,028	\$117,467	\$120,906	\$124,345	\$127,784	\$131,223	\$134,662	\$1,111,323
Depreciation Expense - Mains	\$131,548	\$131,548	\$132,278	\$132,627	\$134,215	\$134,632	\$134,632	\$136,341	\$137,064	\$137,786	\$138,509	\$139,232	\$140,000	\$1,620,413
Depreciation Expense - Services	\$42,686	\$42,686	\$43,427	\$43,512	\$44,208	\$44,587	\$45,019	\$45,184	\$45,357	\$45,531	\$45,704	\$45,878	\$46,052	\$533,778
Property Taxes	\$127,761	\$127,761	\$127,761	\$127,761	\$127,761	\$127,761	\$127,761	\$127,761	\$127,761	\$127,761	\$127,761	\$127,761	\$127,761	\$1,533,135
General Public Notice Expense & Customer Notice Expense		\$0	\$0	\$0	\$875	\$7,124	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$54,001
<b>Total Expense</b>	\$301,995	\$301,995	\$303,466	\$303,900	\$307,059	\$314,105	\$307,412	\$309,286	\$310,182	\$311,078	\$311,975	\$312,872	\$313,769	\$3,739,326
<b>Total Revenue Requirements</b>	\$895,596	\$898,828	\$903,738	\$907,129	\$912,288	\$918,636	\$921,636	\$928,477	\$932,213	\$936,013	\$939,805	\$943,597	\$947,389	\$11,045,682
<b>Annual Revenue Requirement for Bare Steel Replacement Investment</b>	\$62,310	\$62,310	\$62,310	\$62,310	\$62,310	\$62,310	\$62,310	\$62,310	\$62,310	\$62,310	\$62,310	\$62,310	\$62,310	\$747,727
<b>Net Annual Revenue Requirements</b>	\$833,286	\$836,518	\$841,428	\$844,819	\$849,978	\$856,326	\$859,326	\$866,167	\$869,903	\$873,703	\$877,495	\$881,287	\$885,079	\$10,297,955
<b>GRIP Surcharge Revenues Collected Month</b>	\$ 1,506,872	\$ 1,365,764	\$ 1,393,571	\$ 1,270,509	\$ 1,050,178	\$ 1,006,048	\$ 952,034	\$ 635,570	\$ 671,041	\$ 696,221	\$ 719,859	\$ 744,039	\$ 768,219	\$12,397,877
<b>Beginning True-Up</b>														\$ 1,456,443
(Over) and Under Recovery for the Month	\$ (673,586)	\$ (529,246)	\$ (552,143)	\$ (425,690)	\$ (200,200)	\$ (146,722)	\$ (95,867)	\$ 225,333	\$ 192,662	\$ 170,273	\$ 49,421	\$ (114,157)	\$ (2,099,922)	\$ (2,099,922)
Monthly Interest (Expense)/Income	\$ 582	\$ 270	\$ (13)	\$ (347)	\$ (585)	\$ (728)	\$ (930)	\$ (930)	\$ (763)	\$ (601)	\$ (502)	\$ (532)	\$ (5,099)	\$ (5,099)
Ending (Over) and Under Recovery	\$ 1,456,443	\$ 783,440	\$ 254,463	\$ (297,693)	\$ (723,729)	\$ (924,514)	\$ (1,071,965)	\$ (1,168,762)	\$ (944,378)	\$ (752,480)	\$ (582,807)	\$ (533,888)	\$ (648,578)	\$ (648,578)
<b>Beg of Month Annual Interest Rate</b>	0.63%	0.62%	0.63%	0.80%	0.84%	0.86%	0.90%	1.08%	1.08%	1.08%	1.08%	1.08%	1.08%	1.08%
<b>End of Month Annual Interest Rate</b>	0.62%	0.63%	0.800%	0.840%	0.86%	0.90%	1.08%	1.08%	1.08%	1.08%	1.08%	1.08%	1.08%	1.08%
<b>Average Monthly Interest Rate</b>	0.052%	0.052%	0.060%	0.068%	0.071%	0.073%	0.083%	0.090%	0.090%	0.090%	0.090%	0.090%	0.090%	0.090%

Florida Public Utilities Company  
Gas Reliability Infrastructure Program (GRIP)  
Calculation of the Projected Revenue Requirements  
January 1, 2018 through December 31, 2018

Schedule C-2  
Exhibit  
Michael Cassel (MC-1)  
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Item	Beginning Balance	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year End Total/Balance
Qualified Investment														
Qualified Investment - Mains - Current Year 1070 Activity		\$451,000	\$451,000	\$451,000	\$451,000	\$451,000	\$451,000	\$451,000	\$451,000	\$451,000	\$451,000	\$451,000	\$451,000	\$5,412,000
Qualified Investment - Mains - Closed 1070 Activity to Plant		(\$428,450)	(\$428,450)	(\$428,450)	(\$428,450)	(\$428,450)	(\$428,450)	(\$428,450)	(\$428,450)	(\$428,450)	(\$428,450)	(\$428,450)	(\$428,450)	(\$5,141,400)
Qualified Investment - Services - Current Year 1070 Activity		\$99,000	\$99,000	\$99,000	\$99,000	\$99,000	\$99,000	\$99,000	\$99,000	\$99,000	\$99,000	\$99,000	\$99,000	\$1,188,000
Qualified Investment - Services - Closed 1070 Activity to Plant		(\$99,000)	(\$99,000)	(\$99,000)	(\$99,000)	(\$99,000)	(\$99,000)	(\$99,000)	(\$99,000)	(\$99,000)	(\$99,000)	(\$99,000)	(\$99,000)	(\$1,188,000)
Qualified Investment - Mains - Current 1010 Activity		\$428,450	\$428,450	\$428,450	\$428,450	\$428,450	\$428,450	\$428,450	\$428,450	\$428,450	\$428,450	\$428,450	\$428,450	\$5,141,400
Qualified Investment - Services - Current 1010 Activity		\$99,000	\$99,000	\$99,000	\$99,000	\$99,000	\$99,000	\$99,000	\$99,000	\$99,000	\$99,000	\$99,000	\$99,000	\$1,188,000
<b>Total Qualified Investment - Mains 1070</b>	\$998,343	\$1,020,893	\$1,043,443	\$1,065,993	\$1,088,543	\$1,111,093	\$1,133,643	\$1,156,193	\$1,178,743	\$1,201,293	\$1,223,843	\$1,246,393	\$1,268,943	\$1,268,943
<b>Total Qualified Investment - Service 1070</b>	\$138,427	\$138,427	\$138,427	\$138,427	\$138,427	\$138,427	\$138,427	\$138,427	\$138,427	\$138,427	\$138,427	\$138,427	\$138,427	\$138,427
<b>Total Qualified Investment - Mains 1010</b>	\$64,594,670	\$65,023,120	\$65,451,570	\$65,880,020	\$66,308,470	\$66,736,920	\$67,165,370	\$67,593,820	\$68,022,270	\$68,450,720	\$68,879,170	\$69,307,620	\$69,736,070	\$69,736,070
<b>Total Qualified Investment - Service 1010</b>	\$20,467,147	\$20,566,147	\$20,665,147	\$20,764,147	\$20,863,147	\$20,962,147	\$21,061,147	\$21,160,147	\$21,259,147	\$21,358,147	\$21,457,147	\$21,556,147	\$21,655,147	\$21,655,147
<b>Total Qualified Investment</b>	\$86,198,587	\$86,748,587	\$87,298,587	\$87,848,587	\$88,398,587	\$88,948,587	\$89,498,587	\$90,048,587	\$90,598,587	\$91,148,587	\$91,698,587	\$92,248,587	\$92,798,587	\$92,798,587
Less: Accumulated Depreciation	(\$5,624,261)	(\$5,810,267)	(\$5,997,424)	(\$6,185,733)	(\$6,375,192)	(\$6,565,802)	(\$6,757,564)	(\$6,950,476)	(\$7,144,540)	(\$7,339,755)	(\$7,536,120)	(\$7,733,637)	(\$7,932,305)	(\$7,932,305)
Net Book Value	\$80,574,326	\$80,938,320	\$81,301,163	\$81,662,855	\$82,023,395	\$82,382,785	\$82,741,023	\$83,098,111	\$83,454,047	\$83,808,832	\$84,162,467	\$84,514,950	\$84,866,282	\$84,866,282
<b>Average Net Qualified Investment</b>	\$80,756,323	\$81,119,741	\$81,482,009	\$81,843,125	\$82,203,090	\$82,561,904	\$82,919,567	\$83,276,079	\$83,631,440	\$83,985,650	\$84,338,708	\$84,690,616		
<b>Depreciation Rates</b>														
Approved Depreciation Rate-Mains		2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%
Approved Depreciation Rate-Services		2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%
<b>Return on Average Net Qualified Investment</b>														
Equity - Cost of Capital, inclusive of Income Tax Gross-up		7.8600%	7.8600%	7.8600%	7.8600%	7.8600%	7.8600%	7.8600%	7.8600%	7.8600%	7.8600%	7.8600%	7.8600%	7.8600%
Debt - Cost of Capital		1.4100%	1.4100%	1.4100%	1.4100%	1.4100%	1.4100%	1.4100%	1.4100%	1.4100%	1.4100%	1.4100%	1.4100%	1.4100%
<b>Equity Component - inclusive of Income Tax Gross-up</b>	\$528,954	\$531,334	\$533,707	\$536,072	\$538,430	\$540,780	\$543,123	\$545,458	\$547,786	\$550,106	\$552,419	\$554,724	\$557,029	\$6,502,894
<b>Debt Component</b>	\$94,889	\$95,316	\$95,741	\$96,166	\$96,589	\$97,010	\$97,430	\$97,849	\$98,267	\$98,683	\$99,098	\$99,511	\$100,000	\$1,166,550
<b>Return Requirement</b>	\$623,843	\$626,650	\$629,449	\$632,238	\$635,019	\$637,791	\$640,554	\$643,308	\$646,053	\$648,789	\$651,517	\$654,235	\$657,029	\$7,669,444
<b>Investment Expenses</b>														
Depreciation Expense - Mains		\$139,955	\$140,883	\$141,812	\$142,740	\$143,668	\$144,597	\$145,525	\$146,453	\$147,382	\$148,310	\$149,238	\$150,167	\$1,740,730
Depreciation Expense - Services		\$46,051	\$46,274	\$46,497	\$46,719	\$46,942	\$47,165	\$47,388	\$47,610	\$47,833	\$48,056	\$48,279	\$48,501	\$567,314
Property Taxes		\$134,291	\$134,291	\$134,291	\$134,291	\$134,291	\$134,291	\$134,291	\$134,291	\$134,291	\$134,291	\$134,291	\$134,291	\$1,611,487
General Public Notice Expense & Customer Notice Expense		\$4,333	\$4,333	\$4,333	\$4,333	\$4,333	\$4,333	\$4,333	\$4,333	\$4,333	\$4,333	\$4,333	\$4,333	\$52,000
<b>Total Expense</b>	\$324,630	\$325,781	\$326,932	\$328,083	\$329,234	\$330,385	\$331,536	\$332,687	\$333,838	\$334,989	\$336,140	\$337,291	\$338,442	\$3,971,531
<b>Total Revenue Requirements</b>	\$948,472	\$952,431	\$956,380	\$960,321	\$964,253	\$968,176	\$972,090	\$975,995	\$979,891	\$983,778	\$987,657	\$991,530	\$995,403	\$11,640,975
<b>Annual Revenue Requirement for Bare Steel Replacement Investment</b>	\$62,310	\$62,310	\$62,310	\$62,310	\$62,310	\$62,310	\$62,310	\$62,310	\$62,310	\$62,310	\$62,310	\$62,310	\$62,310	\$747,727
<b>Net Annual Revenue Requirements</b>	\$886,162	\$890,121	\$894,070	\$898,011	\$901,943	\$905,866	\$909,780	\$913,685	\$917,581	\$921,468	\$925,347	\$929,213	\$933,093	\$10,893,248

**Florida Public Utilities Company**  
 Gas Reliability Infrastructure Program (GRIP)  
 Projection of Qualified Mains & Services Revenue Requirements  
 Surcharge Calculation - January 1, 2018 through December 31, 2018  
 Per Therm Rate

Schedule D-1  
 Exhibit \_\_\_\_\_  
 Michael Cassel (MC-1)  
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1. 1/1/18-12/31/18 Qualified Mains & Services Replacement Revenue Requirements		\$10,893,248
Mains	74%	\$8,061,003
Services	26%	\$2,832,244
Net		<u>\$10,893,247</u>
2. TRUE-UP from Prior Period (Over)/Under Recovery Estimated thru 12/2017		\$ (648,578)
3. 2018 Qualified Mains & Services Replacement Revenue Requirements		\$10,244,670
Mains	74%	\$7,581,055
Services	26%	\$2,663,614
Net		<u>\$10,244,669</u>

RATE SCHEDULE	2018 THERMS	SERVICES COS %	MAINS COS %	SERVICES REV REQ	MAINS REV REQ	GRIP REV REQ	DOLLARS PER THERM	TAX FACTOR	GRIP FACTORS PER THERM	TYPICAL ANNUAL THERMS	ANNUAL COST	AVERAGE MONTHLY COST
RESIDENTIAL	13,236,094	58.00%	22.00%	\$1,544,896	\$1,667,832	\$3,212,728	\$0.24272	1.00503	\$0.24395	250	\$60.99	\$5.08
COMMERCIAL SMALL (General Service & GS Transportation & NGVS & NGVTS)	13,426,146	17.00%	23.00%	\$452,814	\$1,743,643	\$2,196,457	\$0.16360	1.00503	\$0.16442	2,500	\$411.05	\$34.25
COMM. LRG VOLUME (Large Vol & LV Transportation)	43,281,725	25.00%	46.00%	\$665,904	\$3,487,285	\$4,153,189	\$0.09596	1.00503	\$0.09644	25,000	\$2,410.99	\$200.92
INTERRUPTIBLE SERVICE (Int Service & IS Transportation)	9,386,105	0.00%	8.00%	\$0	\$606,484	\$606,484	\$0.06462	1.00503	\$0.06494	50,000	\$3,247.01	\$270.58
GENERAL LIGHTING SERVICE	200,921	0.00%	1.00%	\$0	\$75,811	\$75,811	\$0.37732	1.00503	\$0.37921	500	\$189.61	\$15.80
<b>TOTAL</b>	<u>79,530,991</u>	<u>100.00%</u>	<u>100.00%</u>	<u>\$2,663,614</u>	<u>\$7,581,055</u>	<u>\$10,244,669</u>						

**Florida Division of Chesapeake Utilities Corporation**

Gas Reliability Infrastructure Program (GRIP)

Calculation of Equity and Debt Returns

Schedule A-1

Exhibit \_\_\_\_\_

Michael Cassel (MC-1)

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Earnings Surveillance Report - December 31, 2016

Equity Cost Rate	10.80%
Weighted Equity Cost Rate	4.59%
Revenue Expansion Factor	1.6503
Weighted Equity Cost Rate , times Revenue Expansion Factor	<u>7.575%</u>
Long Term Debt-CU	0.750%
Short Term Debt	0.290%
Short Term Debt-Refinanced LTD	0.000%
Customer Deposits	0.040%
Tax Credits-Weighted Cost	0.000%
Weighted Debt Cost Rate	<u>1.080%</u>
Overall Weighted Cost Rate	<u><u>5.67%</u></u>

Florida Division of Chesapeake Utilities Corporation  
 Gas Reliability Infrastructure Program (GRIP)  
 Calculation of the Projected Revenue Requirements  
 January 1, 2016 through December 31, 2016

Schedule B-1  
 Exhibit  
 Michael Cassel (MC-1)  
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Item	Beginning Balance	ACTUAL Jan	ACTUAL Feb	ACTUAL Mar	ACTUAL Apr	ACTUAL May	ACTUAL Jun	ACTUAL Jul	ACTUAL Aug	ACTUAL Sep	ACTUAL Oct	ACTUAL Nov	ACTUAL Dec	Year End Total
<b>Qualified Investment</b>														
Qualified Investment - Mains - Current 1070 Activity		\$102,103	\$405,306	\$517,168	\$274,634	\$667,005	\$642,993	\$581,202	\$376,973	\$620,318	\$873,733	\$51,269	\$642,224	\$5,754,927
Qualified Investment - Mains - Closed 1070 Activity to Plant		(\$141,194)	(\$199,112)	(\$190,692)	(\$33,394)		(\$210,564)	(\$553,404)	(\$1,323,444)	(\$187,569)	(\$241,513)	(\$126,709)	(\$1,497,342)	(\$4,704,937)
Qualified Investment - Services - Current 1070 Activity		\$12,238	\$55,112	\$55,583	\$46,307	\$46,477	\$26,705	\$54,751	\$54,596	\$76,385	\$92,270	\$39,219	\$139,417	\$699,060
Qualified Investment - Services - Closed 1070 Activity to Plant		(\$12,238)	(\$19,049)	(\$82,108)	(\$23,567)		(\$89,402)	(\$28,391)	(\$50,959)	(\$50,877)	(\$106,698)	(\$69,911)	(\$147,332)	(\$680,531)
Qualified Investment - Mains - Current 1010 Activity		\$141,194	\$199,112	\$190,692	\$33,394	\$0	\$210,564	\$553,404	\$1,323,444	\$187,569	\$241,513	\$126,709	\$1,497,342	\$4,704,937
Qualified Investment - Services - Current 1010 Activity		\$12,238	\$19,049	\$82,108	\$23,567	\$0	\$89,402	\$28,391	\$50,959	\$50,877	\$106,698	\$69,911	\$147,332	\$680,531
<b>Total Qualified Investment - Mains 1070</b>	\$435,452	\$396,360	\$602,555	\$929,031	\$1,170,270	\$1,837,276	\$2,269,705	\$2,297,502	\$1,351,031	\$1,783,780	\$2,416,001	\$2,340,560	\$1,485,442	\$1,485,442
<b>Total Qualified Investment - Services 1070</b>	\$4,002	\$4,002	\$40,065	\$13,541	\$36,281	\$82,758	\$20,061	\$46,421	\$50,059	\$75,567	\$61,138	\$30,446	\$22,531	\$22,531
<b>Total Qualified Investment - Mains 1010</b>	\$14,799,222	\$14,940,416	\$15,139,527	\$15,330,220	\$15,363,614	\$15,363,614	\$15,574,177	\$16,127,582	\$17,451,026	\$17,638,595	\$17,880,108	\$18,006,817	\$19,504,159	\$19,504,159
<b>Total Qualified Investment - Services 1010</b>	\$1,052,498	\$1,064,736	\$1,083,785	\$1,165,893	\$1,189,459	\$1,189,459	\$1,278,861	\$1,307,252	\$1,358,211	\$1,409,088	\$1,515,786	\$1,585,698	\$1,733,029	\$1,733,029
<b>Total Qualified Investment</b>	\$16,291,174	\$16,405,514	\$16,865,933	\$17,438,684	\$17,759,625	\$18,473,107	\$19,142,804	\$19,778,757	\$20,210,326	\$20,907,030	\$21,873,033	\$21,963,520	\$22,745,161	\$22,745,161
Less: Accumulated Depreciation	(\$530,661)	(\$565,094)	(\$599,861)	(\$635,102)	(\$670,940)	(\$706,904)	(\$742,868)	(\$779,489)	(\$817,373)	(\$858,240)	(\$899,627)	(\$941,778)	(\$984,361)	(\$984,361)
<b>Net Book Value</b>	\$15,760,513	\$15,840,420	\$16,266,072	\$16,803,582	\$17,088,685	\$17,766,203	\$18,399,936	\$18,999,268	\$19,392,953	\$20,048,790	\$20,973,406	\$21,021,742	\$21,760,800	\$21,760,800
<b>Average Net Qualified Investment</b>		\$15,800,467	\$16,053,246	\$16,534,827	\$16,946,133	\$17,427,444	\$18,083,069	\$18,699,602	\$19,196,111	\$19,720,872	\$20,511,098	\$20,997,574	\$21,391,271	
<b>Depreciation Rates</b>														
Approved Depreciation Rate-Mains		2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%
Approved Depreciation Rate-Services		2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%
<b>Return on Average Net Qualified Investment</b>														
Equity - Cost of Capital, inclusive of Income Tax Gross-up		7.9060%	7.9060%	7.9060%	7.9060%	7.9060%	7.9060%	7.9060%	7.9060%	7.9060%	7.9060%	7.9060%	7.9060%	7.9060%
Debt - Cost of Capital		1.1800%	1.1800%	1.1800%	1.1800%	1.1800%	1.1800%	1.1800%	1.1800%	1.1800%	1.1800%	1.1800%	1.1800%	1.1800%
<b>Equity Component - inclusive of Income Tax Gross-up</b>	\$104,099	\$105,764	\$108,957	\$111,647	\$114,818	\$119,137	\$123,199	\$126,470	\$129,928	\$135,134	\$138,339	\$140,933	\$145,405	\$1,458,405
<b>Debt Component</b>	\$15,537	\$15,786	\$16,259	\$16,664	\$17,137	\$17,782	\$18,388	\$18,876	\$19,392	\$20,169	\$20,648	\$21,035	\$21,672	\$217,672
<b>Return Requirement</b>	\$119,636	\$121,550	\$125,196	\$128,310	\$131,955	\$136,919	\$141,587	\$145,347	\$149,320	\$155,303	\$158,987	\$161,968	\$167,077	\$1,676,077
<b>Investment Expenses</b>														
Depreciation Expense - Mains		\$32,065	\$32,371	\$32,802	\$33,215	\$33,288	\$33,288	\$33,744	\$34,943	\$37,811	\$38,217	\$38,740	\$39,015	\$419,499
Depreciation Expense - Services		\$2,368	\$2,396	\$2,439	\$2,623	\$2,676	\$2,676	\$2,877	\$2,941	\$3,056	\$3,170	\$3,411	\$3,568	\$34,201
Property Taxes		\$26,268	\$26,268	\$26,268	\$26,268	\$26,268	\$26,268	\$26,268	\$26,268	\$26,268	\$26,268	\$26,268	\$26,268	\$315,216
General Public Notice Expense and Customer Notice Expense		\$0	\$3,445	\$449	\$3,825	\$0	\$3,532	\$6,175	\$14,419	\$0	\$0	\$0	(\$2,118)	\$29,727
<b>Total Expense</b>	\$60,701	\$64,480	\$61,509	\$62,535	\$66,057	\$62,232	\$62,889	\$67,684	\$73,310	\$82,074	\$82,074	\$82,074	\$82,074	\$798,643
<b>Total Revenue Requirements</b>	\$180,337	\$186,030	\$186,705	\$190,865	\$198,011	\$199,151	\$204,476	\$215,031	\$222,630	\$237,377	\$227,406	\$228,701	\$247,720	\$2,474,720
<b>GRIP Surcharge Revenues Collected Month</b>	\$	250,285	\$ 247,074	\$ 240,794	\$ 220,518	\$ 199,295	\$ 183,434	\$ 188,574	\$ 199,309	\$ 192,124	\$ 210,257	\$ 224,383	\$ 234,324	\$2,590,372
<b>Beginning True-Up</b>														
(Over) and Under Recovery for the Month	\$	(69,948)	\$ (61,044)	\$ (54,089)	\$ (29,653)	\$ (1,284)	\$ 15,717	\$ 15,902	\$ 15,722	\$ 30,506	\$ 27,120	\$ 3,023	\$ (5,623)	\$ 125,419
Monthly Interest (Expense)/Income	\$	25	\$ 7	\$ (9)	\$ (21)	\$ (28)	\$ (26)	\$ (20)	\$ (17)	\$ (10)	\$ -	\$ 5	\$ 6	(\$88)
<b>Ending (Over) and Under Recovery</b>	\$ 125,419	\$ 53,495	\$ (5,542)	\$ (59,640)	\$ (89,314)	\$ (90,625)	\$ (74,934)	\$ (59,052)	\$ (45,347)	\$ (14,851)	\$ 12,269	\$ 15,296	\$ 9,679	\$ 9,679
<b>Beg of Month Annual Interest Rate</b>		0.34%	0.34%	0.35%	0.32%	0.36%	0.38%	0.36%	0.35%	0.43%	0.39%	0.43%	0.47%	
<b>End of Month Annual Interest Rate</b>		0.34%	0.35%	0.32%	0.36%	0.38%	0.36%	0.35%	0.43%	0.39%	0.43%	0.47%	0.63%	
<b>Average Monthly Interest Rate</b>		0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.04%	0.05%	



**Florida Division of Chesapeake Utilities Corporation**  
 Gas Reliability Infrastructure Program (GRIP)  
 Calculation of the Projected Revenue Requirements  
 January 1, 2017 through December 31, 2017

Schedule C-1  
 Exhibit  
 Michael Cassel (MC-1)  
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Item	Beginning Balance	Actual Jan	Actual Feb	Actual Mar	Actual Apr	Actual May	Actual Jun	Actual Jul	Projection Aug	Projection Sep	Projection Oct	Projection Nov	Projection Dec	Year End Total
<b>Qualified Investment</b>														
Qualified Investment - Mains - Current 1070 Activity		\$422,786	\$197,035	\$250,549	\$226,760	\$273,400	\$369,218	\$153,649	\$125,783	\$125,783	\$125,783	\$125,783	\$125,783	\$2,522,313
Qualified Investment - Mains - Closed 1070 Activity to Plant		\$0	(\$91,990)	(\$1,752,836)	(\$299,429)	(\$188,904)	(\$177,424)	(\$510,323)	(\$119,494)	(\$119,494)	(\$119,494)	(\$119,494)	(\$119,494)	(\$3,618,376)
Qualified Investment - Services - Current 1070 Activity		\$37,298	\$45,767	\$97,326	\$29,062	\$5,770	\$34,094	\$33,801	\$9,468	\$9,468	\$9,468	\$9,468	\$9,468	\$330,458
Qualified Investment - Services - Closed 1070 Activity to Plant		\$0	(\$46,569)	(\$61,466)	\$2,530	(\$103,456)	(\$47,750)	(\$28,159)	(\$9,468)	(\$9,468)	(\$9,468)	(\$9,468)	(\$9,468)	(\$332,209)
Qualified Investment - Mains - Current 1010 Activity		\$0	\$91,990	\$1,752,836	\$299,429	\$188,904	\$177,424	\$510,323	\$119,494	\$119,494	\$119,494	\$119,494	\$119,494	\$3,618,376
Qualified Investment - Services - Current 1010 Activity		\$0	\$46,569	\$61,466	(\$2,530)	\$103,456	\$47,750	\$28,159	\$9,468	\$9,468	\$9,468	\$9,468	\$9,468	\$332,209
<b>Total Qualified Investment - Mains 1070</b>	\$1,485,442	\$1,908,228	\$2,013,274	\$510,986	\$438,318	\$522,813	\$714,607	\$357,934	\$364,223	\$370,512	\$376,801	\$383,090	\$389,379	\$389,379
<b>Total Qualified Investment - Services 1070</b>	\$22,531	\$59,829	\$59,027	\$94,887	\$126,479	\$28,793	\$15,137	\$20,780	\$20,780	\$20,780	\$20,780	\$20,780	\$20,780	\$20,780
<b>Total Qualified Investment - Mains 1010</b>	\$19,504,159	\$19,504,159	\$19,596,149	\$21,348,986	\$21,648,414	\$21,837,319	\$22,014,743	\$22,525,065	\$22,644,559	\$22,764,053	\$22,883,547	\$23,003,041	\$23,122,535	\$23,122,535
<b>Total Qualified Investment - Services 1010</b>	\$1,733,029	\$1,733,029	\$1,779,598	\$1,841,065	\$1,838,534	\$1,941,990	\$1,989,740	\$2,017,899	\$2,027,367	\$2,036,835	\$2,046,303	\$2,055,771	\$2,065,239	\$2,065,239
<b>Total Qualified Investment</b>	\$22,745,161	\$23,205,245	\$23,448,048	\$23,795,923	\$24,051,746	\$24,330,915	\$24,734,227	\$24,921,678	\$25,056,929	\$25,192,180	\$25,327,431	\$25,462,682	\$25,597,933	\$25,597,933
Less: Accumulated Depreciation	(\$984,361)	(\$1,020,519)	(\$1,076,677)	(\$1,123,139)	(\$1,173,537)	(\$1,224,579)	(\$1,276,262)	(\$1,328,438)	(\$1,381,782)	(\$1,435,407)	(\$1,489,312)	(\$1,543,497)	(\$1,597,962)	(\$1,597,962)
<b>Net Book Value</b>	\$21,760,800	\$22,174,726	\$22,371,371	\$22,672,784	\$22,878,209	\$23,106,336	\$23,457,965	\$23,593,240	\$23,675,147	\$23,756,773	\$23,838,119	\$23,919,185	\$23,999,971	\$23,999,971
<b>Average Net Qualified Investment</b>		\$21,967,763	\$22,273,048	\$22,522,077	\$22,775,496	\$22,992,272	\$23,282,151	\$23,525,603	\$23,634,194	\$23,715,960	\$23,797,446	\$23,878,652	\$23,959,578	
<b>Depreciation Rates</b>														
Approved Depreciation Rate-Mains		2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%
Approved Depreciation Rate-Services		2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%
<b>Return on Average Net Qualified Investment</b>														
Equity - Cost of Capital, inclusive of Income Tax Gross-up		7.5750%	7.5750%	7.5750%	7.5750%	7.5750%	7.5750%	7.5750%	7.5750%	7.5750%	7.5750%	7.5750%	7.5750%	7.5750%
Debt - Cost of Capital		1.0800%	1.0800%	1.0800%	1.0800%	1.0800%	1.0800%	1.0800%	1.0800%	1.0800%	1.0800%	1.0800%	1.0800%	1.0800%
<b>Equity Component - inclusive of Income Tax Gross-up</b>	\$138,672	\$140,599	\$142,171	\$143,770	\$145,139	\$146,969	\$148,505	\$149,191	\$149,707	\$150,221	\$150,734	\$151,245	\$151,756	\$1,756,922
<b>Debt Component</b>	\$19,771	\$20,046	\$20,270	\$20,498	\$20,693	\$20,954	\$21,173	\$21,271	\$21,344	\$21,418	\$21,491	\$21,564	\$21,637	\$250,492
<b>Return Requirement</b>	\$158,442	\$160,644	\$162,440	\$164,268	\$165,832	\$167,923	\$169,678	\$170,462	\$171,051	\$171,639	\$172,225	\$172,808	\$173,391	\$2,007,414
<b>Investment Expenses</b>														
Depreciation Expense - Mains		\$42,259	\$42,259	\$42,458	\$46,256	\$46,905	\$47,314	\$47,699	\$48,804	\$49,063	\$49,322	\$49,581	\$49,840	\$561,760
Depreciation Expense - Services		\$3,899	\$3,899	\$4,004	\$4,142	\$4,137	\$4,369	\$4,477	\$4,540	\$4,562	\$4,583	\$4,604	\$4,625	\$51,841
Property Taxes		\$36,268	\$36,268	\$36,268	\$36,268	\$36,268	\$36,268	\$36,268	\$36,268	\$36,268	\$36,268	\$36,268	\$36,268	\$435,216
General Public Notice Expense and Customer Notice Expense		(\$1,963)	\$0	\$0	\$0	\$0	\$3,392	\$0	\$0	\$0	\$0	\$0	\$0	\$1,429
<b>Total Expense</b>		\$80,463	\$82,426	\$82,730	\$86,666	\$87,310	\$91,343	\$88,444	\$89,612	\$89,893	\$90,173	\$90,453	\$90,733	\$1,050,246
<b>Total Revenue Requirements</b>	\$238,906	\$243,070	\$245,170	\$250,934	\$253,142	\$259,266	\$258,122	\$260,074	\$260,944	\$261,812	\$262,678	\$263,541	\$264,404	\$3,057,660
<b>GRIP Surcharge Revenues Collected Month</b>	\$ 320,712	\$ 297,164	\$ 304,997	\$ 268,374	\$ 158,855	\$ 220,099	\$ 215,254	\$ 208,887	\$ 209,762	\$ 228,825	\$ 236,881	\$ 255,010	\$ 255,010	\$2,924,819
<b>Beginning True-Up (Over) and Under Recovery for the Month</b>	\$ (81,806)	\$ (54,094)	\$ (59,827)	\$ (17,440)	\$ 94,287	\$ 39,167	\$ 42,868	\$ 51,187	\$ 51,183	\$ 32,987	\$ 25,797	\$ 8,532	\$ 8,532	\$132,840
<b>Monthly Interest (Expense)/Income</b>	\$ (16)	\$ (52)	\$ (94)	\$ (133)	\$ (111)	\$ (66)	\$ (41)	\$ (2)	\$ 44	\$ 82	\$ 109	\$ 124	\$ (156)	(\$156)
<b>Ending (Over) and Under Recovery</b>	\$ 9,679	\$ (72,143)	\$ (126,289)	\$ (186,209)	\$ (203,782)	\$ (109,606)	\$ (70,506)	\$ (27,678)	\$ 23,506	\$ 74,733	\$ 107,802	\$ 133,708	\$ 142,364	\$ 142,364
<b>Beg of Month Annual Interest Rate</b>		0.63%	0.62%	0.63%	0.80%	0.84%	0.86%	0.90%	1.08%	1.08%	1.08%	1.08%	1.08%	1.08%
<b>End of Month Annual Interest Rate</b>		0.62%	0.63%	0.80%	0.84%	0.86%	0.90%	1.08%	1.08%	1.08%	1.08%	1.08%	1.08%	1.08%
<b>Average Monthly Interest Rate</b>		0.05%	0.05%	0.06%	0.07%	0.07%	0.07%	0.08%	0.09%	0.09%	0.09%	0.09%	0.09%	0.09%

**Florida Division of Chesapeake Utilities Corporation**  
 Gas Reliability Infrastructure Program (GRIP)  
 Calculation of the Projected Revenue Requirements  
 January 1, 2018 through December 31, 2018

Schedule C-2  
 Exhibit  
 Michael Cassel (MC-1)  
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Item	Beginning Balance	Year												Year End Total
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
<b>Qualified Investment</b>														
Qualified Investment - Mains - Current 1070 Activity		\$255,750	\$255,750	\$255,750	\$255,750	\$255,750	\$255,750	\$255,750	\$255,750	\$255,750	\$255,750	\$255,750	\$255,750	\$255,750
Qualified Investment - Mains - Closed 1070 Activity to Plant		(\$242,963)	(\$242,963)	(\$242,963)	(\$242,963)	(\$242,963)	(\$242,963)	(\$242,963)	(\$242,963)	(\$242,963)	(\$242,963)	(\$242,963)	(\$242,963)	(\$242,963)
Qualified Investment - Services - Current 1070 Activity		\$19,250	\$19,250	\$19,250	\$19,250	\$19,250	\$19,250	\$19,250	\$19,250	\$19,250	\$19,250	\$19,250	\$19,250	\$19,250
Qualified Investment - Services - Closed 1070 Activity to Plant		(\$19,250)	(\$19,250)	(\$19,250)	(\$19,250)	(\$19,250)	(\$19,250)	(\$19,250)	(\$19,250)	(\$19,250)	(\$19,250)	(\$19,250)	(\$19,250)	(\$19,250)
Qualified Investment - Mains - Current 1010 Activity		\$242,963	\$242,963	\$242,963	\$242,963	\$242,963	\$242,963	\$242,963	\$242,963	\$242,963	\$242,963	\$242,963	\$242,963	\$242,963
Qualified Investment - Services - Current 1010 Activity		\$19,250	\$19,250	\$19,250	\$19,250	\$19,250	\$19,250	\$19,250	\$19,250	\$19,250	\$19,250	\$19,250	\$19,250	\$19,250
<b>Total Qualified Investment - Mains 1070</b>	\$389,379	\$402,166	\$414,953	\$427,740	\$440,527	\$453,314	\$466,101	\$478,888	\$491,675	\$504,462	\$517,249	\$530,036	\$542,823	\$542,823
<b>Total Qualified Investment - Services 1070</b>	\$20,780	\$20,780	\$20,780	\$20,780	\$20,780	\$20,780	\$20,780	\$20,780	\$20,780	\$20,780	\$20,780	\$20,780	\$20,780	\$20,780
<b>Total Qualified Investment - Mains 1010</b>	\$23,122,535	\$23,365,498	\$23,608,461	\$23,851,424	\$24,094,387	\$24,337,350	\$24,580,313	\$24,823,276	\$25,066,239	\$25,309,202	\$25,552,165	\$25,795,128	\$26,038,091	\$26,038,091
<b>Total Qualified Investment - Services 1010</b>	\$2,065,239	\$2,084,489	\$2,103,739	\$2,122,989	\$2,142,239	\$2,161,489	\$2,180,739	\$2,199,989	\$2,219,239	\$2,238,489	\$2,257,739	\$2,276,989	\$2,296,239	\$2,296,239
<b>Total Qualified Investment</b>	<b>\$25,597,933</b>	<b>\$25,872,933</b>	<b>\$26,147,933</b>	<b>\$26,422,933</b>	<b>\$26,697,933</b>	<b>\$26,972,933</b>	<b>\$27,247,933</b>	<b>\$27,522,933</b>	<b>\$27,797,933</b>	<b>\$28,072,933</b>	<b>\$28,347,933</b>	<b>\$28,622,933</b>	<b>\$28,897,933</b>	<b>\$28,897,933</b>
Less: Accumulated Depreciation	(\$1,597,962)	(\$1,652,708)	(\$1,708,023)	(\$1,763,908)	(\$1,820,363)	(\$1,877,388)	(\$1,934,982)	(\$1,993,146)	(\$2,051,880)	(\$2,111,183)	(\$2,171,057)	(\$2,231,500)	(\$2,292,512)	(\$2,292,512)
<b>Net Book Value</b>	<b>\$23,999,971</b>	<b>\$24,220,225</b>	<b>\$24,439,910</b>	<b>\$24,659,025</b>	<b>\$24,877,570</b>	<b>\$25,095,545</b>	<b>\$25,312,951</b>	<b>\$25,529,787</b>	<b>\$25,746,053</b>	<b>\$25,961,750</b>	<b>\$26,176,876</b>	<b>\$26,391,433</b>	<b>\$26,605,421</b>	<b>\$26,605,421</b>
<b>Average Net Qualified Investment</b>	<b>\$24,110,098</b>	<b>\$24,330,068</b>	<b>\$24,549,468</b>	<b>\$24,768,298</b>	<b>\$24,986,558</b>	<b>\$25,204,248</b>	<b>\$25,421,369</b>	<b>\$25,637,920</b>	<b>\$25,855,902</b>	<b>\$26,069,313</b>	<b>\$26,284,155</b>	<b>\$26,498,427</b>		
<b>Depreciation Rates</b>														
Approved Depreciation Rate-Mains		2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%
Approved Depreciation Rate-Services		2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%
<b>Return on Average Net Qualified Investment</b>														
Equity - Cost of Capital, inclusive of Income Tax Gross-up		7.5750%	7.5750%	7.5750%	7.5750%	7.5750%	7.5750%	7.5750%	7.5750%	7.5750%	7.5750%	7.5750%	7.5750%	7.5750%
Debt - Cost of Capital		1.0800%	1.0800%	1.0800%	1.0800%	1.0800%	1.0800%	1.0800%	1.0800%	1.0800%	1.0800%	1.0800%	1.0800%	1.0800%
Equity Component - inclusive of Income Tax Gross-up	\$152,195	\$153,584	\$154,969	\$156,350	\$157,728	\$159,102	\$160,472	\$161,839	\$163,203	\$164,563	\$165,919	\$167,271	\$168,623	\$191,719
Debt Component	\$21,699	\$21,897	\$22,095	\$22,291	\$22,488	\$22,684	\$22,879	\$23,074	\$23,269	\$23,462	\$23,656	\$23,849	\$24,042	\$273,342
<b>Return Requirement</b>	<b>\$173,894</b>	<b>\$175,481</b>	<b>\$177,063</b>	<b>\$178,641</b>	<b>\$180,216</b>	<b>\$181,786</b>	<b>\$183,352</b>	<b>\$184,913</b>	<b>\$186,471</b>	<b>\$188,025</b>	<b>\$189,574</b>	<b>\$191,120</b>	<b>\$192,672</b>	<b>\$273,342</b>
<b>Investment Expenses</b>														
Depreciation Expense - Mains	\$50,099	\$50,625	\$51,152	\$51,678	\$52,205	\$52,731	\$53,257	\$53,784	\$54,310	\$54,837	\$55,363	\$55,889	\$56,415	\$635,930
Depreciation Expense - Services	\$4,647	\$4,690	\$4,733	\$4,777	\$4,820	\$4,863	\$4,907	\$4,950	\$4,993	\$5,037	\$5,080	\$5,123	\$5,166	\$58,620
Property Taxes	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$480,000
General Public Notice Expense and Customer Notice Expense	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$18,000
<b>Total Expense</b>	<b>\$96,246</b>	<b>\$96,815</b>	<b>\$97,385</b>	<b>\$97,955</b>	<b>\$98,525</b>	<b>\$99,094</b>	<b>\$99,664</b>	<b>\$100,234</b>	<b>\$100,803</b>	<b>\$101,374</b>	<b>\$101,943</b>	<b>\$102,512</b>	<b>\$103,081</b>	<b>\$1,192,550</b>
<b>Total Revenue Requirements</b>	<b>\$270,140</b>	<b>\$272,296</b>	<b>\$274,448</b>	<b>\$276,596</b>	<b>\$278,741</b>	<b>\$280,880</b>	<b>\$283,016</b>	<b>\$285,147</b>	<b>\$287,274</b>	<b>\$289,399</b>	<b>\$291,517</b>	<b>\$293,632</b>	<b>\$295,747</b>	<b>\$3,383,086</b>

**Florida Division of Chesapeake Utilities Corporation**  
 Gas Reliability Infrastructure Program (GRIP)  
 Projection of Qualified Mains & Services Revenue Requirements  
 Surcharge Calculation - January 1, 2018 through December 31, 2018  
 Per Therm/Bill Rate

Schedule D-1  
 Exhibit \_\_\_\_\_  
 Michael Cassel (MC-1)  
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1.	1/1/18-12/31/18 Qualified Mains & Services Replacement Revenue Requirements	\$	3,383,086
	Mains	96%	\$3,247,763
	Services	4%	\$135,323
	Net		<u>\$3,383,086</u>
2.	TRUE-UP from Prior Period (Over)/Under Recovery Estimated thru 12/2017	\$	142,364
3.	2018 Qualified Mains & Services Replacement Revenue Requirements	\$	3,525,450
	Mains	96%	\$3,384,432
	Services	4%	\$141,018
	Net		<u>\$3,525,450</u>

RATE CLASS	2018 BILLS	2018 THERMS	SERVICES COS %	MAINS COS %	SERVICES REV REQ	MAINS REV REQ	GRIP REV REQ	DOLLARS PER THERM	EXPANSION FACTOR	GRIP FACTORS PER THERM	\$ PER BILL	EXPANSION FACTOR	Experimental	ANNUAL COST PER BILL	TYPICAL ANNUAL THERMS	ANNUAL COST	AVERAGE MONTHLY COST
													GRIP FACTORS PER BILL				
FTS-A	15,542	95,178	14.34%	0.951%	\$ 20,222	\$ 32,186	\$52,408	\$0.55063	1.00503	\$ 0.55340	\$ 3.37	1.00503	\$ 3.39	\$ 40.67	110	\$60.87	\$5.07
FTS-B	27,931	296,034	9.74%	1.142%	\$ 13,735	\$ 38,650	\$52,385	\$0.17696	1.00503	\$ 0.17785	\$ 1.88	1.00503	\$ 1.88	\$ 22.62	215	\$38.24	\$3.19
FTS-1	137,039	2,089,574	33.87%	5.861%	\$ 47,763	\$ 198,362	\$246,125	\$0.11779	1.00503	\$ 0.11838	\$ 1.80	1.00503	\$ 1.81	\$ 21.66	275	\$32.55	\$2.71
FTS-2	9,870	577,478	12.69%	1.611%	\$ 17,895	\$ 54,523	\$72,418	\$0.12540	1.00503	\$ 0.12603	\$ 7.34	1.00503	\$ 7.37	\$ 88.49	875	\$110.28	\$9.19
FTS-2.1	8,662	989,717	7.83%	3.193%	\$ 11,042	\$ 108,065	\$119,107	\$0.12034	1.00503	\$ 0.12095	\$ 13.75	1.00503	\$ 13.82	\$ 165.84	1,575	\$190.50	\$15.87
FTS-3	3,367	1,098,582	3.93%	1.567%	\$ 5,542	\$ 53,034	\$58,576	\$0.05332	1.00503	\$ 0.05359	\$ 17.40	1.00503	\$ 17.48	\$ 209.82	4,000	\$214.35	\$17.86
FTS-3.1	4,033	2,430,303	3.91%	4.294%	\$ 5,514	\$ 145,328	\$150,842	\$0.06207	1.00503	\$ 0.06238	\$ 37.40	1.00503	\$ 37.59	\$ 451.08	7,300	\$455.37	\$37.95
FTS-4		2,914,525	4.37%	6.162%	\$ 6,162	\$ 208,549	\$214,711	\$0.07367	1.00503	\$ 0.07404					12,500	\$925.50	\$77.12
FTS-5		1,146,649	1.24%	2.570%	\$ 1,749	\$ 86,980	\$88,729	\$0.07738	1.00503	\$ 0.07777					37,500	\$2,916.39	\$243.03
FTS-6		1,528,791	1.25%	2.750%	\$ 1,763	\$ 93,072	\$94,835	\$0.06203	1.00503	\$ 0.06234					75,000	\$4,675.85	\$389.65
FTS-7		3,333,200	2.20%	7.615%	\$ 3,102	\$ 257,724	\$260,826	\$0.07825	1.00503	\$ 0.07864					150,000	\$11,796.68	\$983.06
FTS-8		5,002,772	1.62%	10.708%	\$ 2,284	\$ 362,405	\$364,689	\$0.07290	1.00503	\$ 0.07326					300,000	\$21,979.22	\$1,831.60
FTS-9		4,771,151	1.48%	15.171%	\$ 2,087	\$ 513,452	\$515,539	\$0.10805	1.00503	\$ 0.10860					550,000	\$59,728.29	\$4,977.36
FTS-10		1,736,091	0.45%	6.539%	\$ 635	\$ 221,308	\$221,943	\$0.12784	1.00503	\$ 0.12848					850,000	\$109,211.13	\$9,100.93
FTS-11		3,672,350	0.61%	13.551%	\$ 860	\$ 458,624	\$459,484	\$0.12512	1.00503	\$ 0.12575					1,750,000	\$220,061.16	\$18,338.43
FTS-12		16,953,540	0.47%	16.315%	\$ 663	\$ 552,170	\$552,833	\$0.03261	1.00503	\$ 0.03277					3,000,000	\$98,318.18	\$8,193.18
FTS-13		N/A	N/A	0.000%	\$ -	\$ -	\$0 N/A			N/A					-	N/A	
TOTAL	206,444	48,635,935	100.00%	100.000%	\$ 141,018	\$ 3,384,432	\$ 3,525,450										

# Florida Public Utilities Company -Ft. Meade

Gas Reliability Infrastructure Program (GRIP)  
Investment and Calculation of Equity and Debt Returns

Schedule A-1

Exhibit \_\_\_\_\_

Michael Cassel (MC-1)

Page 11 of 15

Earnings Surveillance Report - December 31, 2016

	<u>Projected Total Investment</u>
Equity Cost Rate	11.00%
Weighted Equity Cost Rate	4.50%
Revenue Expansion Factor	1.6553
Weighted Equity Cost Rate , times Revenue Expansion Factor	<u>7.450%</u>
Long Term Debt-CU	0.720%
Short Term Debt	0.280%
Short Term Debt-Refinanced LTD	0.000%
Customer Deposits	0.040%
Tax Credits-Weighted Cost	0.000%
Weighted Debt Cost Rate	<u>1.040%</u>
Overall Weighted Cost Rate	<u><u>5.54%</u></u>

Florida Public Utilities-Ft. Meade  
 Gas Reliability Infrastructure Program (GRIP)  
 Calculation of the Projected Revenue Requirements  
 January 1, 2016 through December 31, 2016

Schedule B-1  
 Exhibit  
 Michael Cassel (MC-1)  
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Item	Beginning Balance	ACTUAL Jan	ACTUAL Feb	ACTUAL Mar	ACTUAL Apr	ACTUAL May	ACTUAL Jun	ACTUAL Jul	ACTUAL Aug	ACTUAL Sep	ACTUAL Oct	ACTUAL Nov	ACTUAL Dec	Year End Total
<b>Qualified Investment</b>														
Qualified Investment - Mains - Current 1070 Activity		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Qualified Investment - Mains - Closed 1070 Activity to Plant		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Qualified Investment - Services - Current 1070 Activity		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Qualified Investment - Services - Closed 1070 Activity to Plant		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$11,771	\$9,933	\$49,166	\$70,871
Qualified Investment - Mains - Current 1010 Activity		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Qualified Investment - Services - Current 1010 Activity		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$70,871	\$70,871
<b>Total Qualified Investment - Mains 1070</b>														
Total Qualified Investment - Mains 1070	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Qualified Investment - Services 1070</b>														
Total Qualified Investment - Services 1070	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$11,771	\$21,704	(\$1)	(\$1)
<b>Total Qualified Investment - Mains 1010</b>														
Total Qualified Investment - Mains 1010	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Qualified Investment - Services 1010</b>														
Total Qualified Investment - Services 1010	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$70,871	\$70,871
<b>Total Qualified Investment</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$11,771</b>	<b>\$21,704</b>	<b>\$70,871</b>	<b>\$70,871</b>
<b>Less: Accumulated Depreciation</b>														
Less: Accumulated Depreciation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Net Book Value</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$11,771</b>	<b>\$21,704</b>	<b>\$70,871</b>	<b>\$70,871</b>
<b>Average Net Qualified Investment</b>														
Average Net Qualified Investment		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,886	\$16,738	\$46,287	
<b>Depreciation Rates</b>														
Approved Depreciation Rate-Mains		2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%
Approved Depreciation Rate-Services		2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%
<b>Return on Average Net Qualified Investment</b>														
Equity - Cost of Capital, inclusive of Income Tax Gross-up		7.0000%	7.0000%	7.0000%	7.0000%	7.0000%	7.0000%	7.0000%	7.0000%	7.0000%	7.0000%	7.0000%	7.0000%	7.0000%
Debt - Cost of Capital		1.0700%	1.0700%	1.0700%	1.0700%	1.0700%	1.0700%	1.0700%	1.0700%	1.0700%	1.0700%	1.0700%	1.0700%	1.0700%
Equity Component - inclusive of Income Tax Gross-up		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$34	\$98	\$270	\$402
Debt Component		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5	\$15	\$41	\$61
<b>Return Requirement</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$40</b>	<b>\$113</b>	<b>\$311</b>	<b>\$463</b>
<b>Investment Expenses</b>														
Depreciation Expense - Mains		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Depreciation Expense - Services		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Property Taxes		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
General Public Notice Expense and Customer Notice Expense		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,118	\$2,118
<b>Total Expense</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,118</b>	<b>\$2,118</b>
<b>Total Revenue Requirements</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$40</b>	<b>\$113</b>	<b>\$2,429</b>	<b>\$2,581</b>
<b>GRIP Surcharge Revenues Collected Month</b>														
GRIP Surcharge Revenues Collected Month														\$0
<b>Beginning True-Up</b>														
Beginning True-Up														\$ -
(Over) and Under Recovery for the Month	\$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	40 \$	113 \$	2,429 \$	\$2,581
Monthly Interest (Expense)/Income	\$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	1 \$	\$1
Ending (Over) and Under Recovery	\$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	40 \$	152 \$	2,582 \$	2,582
<b>Beg of Month Annual Interest Rate</b>														
Beg of Month Annual Interest Rate		0.34%	0.34%	0.35%	0.32%	0.36%	0.38%	0.36%	0.35%	0.35%	0.39%	0.43%	0.47%	
<b>End of Month Annual Interest Rate</b>														
End of Month Annual Interest Rate		0.34%	0.35%	0.32%	0.36%	0.38%	0.36%	0.35%	0.35%	0.35%	0.43%	0.47%	0.63%	
<b>Average Monthly Interest Rate</b>														
Average Monthly Interest Rate		0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.04%	0.05%	

**Florida Public Utilities-Ft. Meade**  
 Gas Reliability Infrastructure Program (GRIP)  
 Calculation of the Projected Revenue Requirements  
 January 1, 2017 through December 31, 2017

Schedule C-2  
 Exhibit  
 Michael Cassel (MC-1)  
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Item	Beginning Balance	Actual Jan	Actual Feb	Actual Mar	Actual Apr	Actual May	Actual Jun	Actual Jul	Projection Aug	Projection Sep	Projection Oct	Projection Nov	Projection Dec	Year End Total
<b>Qualified Investment</b>														
Qualified Investment - Mains - Current 1070 Activity		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Qualified Investment - Mains - Closed 1070 Activity to Plant		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Qualified Investment - Services - Current 1070 Activity		\$38,132	(\$762)	(\$2,592)	\$24,406	\$16,625	\$1,701	\$4,206	\$0	\$0	\$0	\$0	\$0	\$81,717
Qualified Investment - Services - Closed 1070 Activity to Plant		\$0	\$0	(\$26,283)	\$0	(\$32,901)	(\$17,919)	(\$3,023)	\$0	\$0	\$0	\$0	\$0	(\$80,127)
Qualified Investment - Mains - Current 1010 Activity		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Qualified Investment - Services - Current 1010 Activity		\$0	\$0	\$26,283	\$0	\$32,901	\$17,919	\$3,023	\$0	\$0	\$0	\$0	\$0	\$80,127
<b>Total Qualified Investment - Mains 1070</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Qualified Investment - Services 1070</b>	(\$1)	\$38,132	\$37,369	\$8,495	\$32,901	\$16,625	\$407	\$1,589	\$1,589	\$1,589	\$1,589	\$1,589	\$1,589	\$1,589
<b>Total Qualified Investment - Mains 1010</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Qualified Investment - Services 1010</b>	\$70,871	\$70,871	\$70,871	\$97,154	\$97,154	\$130,056	\$147,975	\$150,998	\$150,998	\$150,998	\$150,998	\$150,998	\$150,998	\$150,998
<b>Total Qualified Investment</b>	\$70,871	\$109,003	\$108,240	\$105,649	\$130,055	\$146,680	\$148,382	\$152,587	\$152,587	\$152,587	\$152,587	\$152,587	\$152,587	\$152,587
<b>Less: Accumulated Depreciation</b>	\$0	(\$159)	(\$318)	(\$477)	(\$696)	(\$915)	(\$1,208)	(\$1,541)	(\$1,881)	(\$2,221)	(\$2,561)	(\$2,901)	(\$3,241)	(\$3,241)
<b>Net Book Value</b>	\$70,871	\$108,844	\$107,922	\$105,172	\$129,359	\$145,765	\$147,174	\$151,046	\$150,706	\$150,666	\$149,686	\$149,466	\$149,346	\$149,346
<b>Average Net Qualified Investment</b>		\$89,857	\$108,383	\$106,547	\$117,265	\$137,562	\$146,470	\$149,110	\$150,876	\$150,536	\$150,196	\$149,856	\$149,516	
<b>Depreciation Rates</b>														
Approved Depreciation Rate-Mains		2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%
Approved Depreciation Rate-Services		2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%
<b>Return on Average Net Qualified Investment</b>														
Equity - Cost of Capital, inclusive of Income Tax Gross-up		7.4500%	7.4500%	7.4500%	7.4500%	7.4500%	7.4500%	7.4500%	7.4500%	7.4500%	7.4500%	7.4500%	7.4500%	7.4500%
Debt - Cost of Capital		1.0400%	1.0400%	1.0400%	1.0400%	1.0400%	1.0400%	1.0400%	1.0400%	1.0400%	1.0400%	1.0400%	1.0400%	1.0400%
<b>Equity Component - inclusive of Income Tax Gross-up</b>	\$558	\$673	\$661	\$728	\$854	\$909	\$926	\$937	\$935	\$932	\$930	\$928	\$928	\$9,972
<b>Debt Component</b>	\$78	\$94	\$92	\$102	\$119	\$127	\$129	\$131	\$130	\$130	\$130	\$130	\$130	\$1,392
<b>Return Requirement</b>	\$636	\$767	\$754	\$830	\$973	\$1,036	\$1,055	\$1,067	\$1,065	\$1,063	\$1,060	\$1,058	\$1,058	\$11,364
<b>Investment Expenses</b>														
Depreciation Expense - Mains	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Depreciation Expense - Services	\$159	\$159	\$159	\$219	\$219	\$293	\$333	\$340	\$340	\$340	\$340	\$340	\$340	\$3,241
Property Taxes	\$118	\$118	\$118	\$118	\$118	\$118	\$118	\$118	\$118	\$118	\$118	\$118	\$118	\$1,416
General Public Notice Expense and Customer Notice Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Expense</b>	\$277	\$277	\$277	\$337	\$337	\$411	\$451	\$458	\$458	\$458	\$458	\$458	\$458	\$4,657
<b>Total Revenue Requirements</b>	\$913	\$1,044	\$1,031	\$1,167	\$1,310	\$1,447	\$1,506	\$1,525	\$1,523	\$1,521	\$1,518	\$1,516	\$1,516	\$16,021
<b>GRIP Surcharge Revenues Collected Month</b>	\$ 3,807	\$ 4,084	\$ 3,222	\$ 2,988	\$ 2,243	\$ 2,200	\$ 1,892	\$ 2,638	\$ 2,638	\$ 2,638	\$ 2,638	\$ 2,638	\$ 2,638	\$33,624
<b>Beginning True-Up (Over) and Under Recovery for the Month</b>	\$ 2,582													\$ 2,582
<b>Monthly Interest (Expense)/Income</b>	(\$ 2,894)	(\$ 3,040)	(\$ 2,191)	(\$ 1,821)	(\$ 933)	(\$ 753)	(\$ 386)	(\$ 1,112)	(\$ 1,115)	(\$ 1,117)	(\$ 1,119)	(\$ 1,122)	(\$ 1,122)	(\$17,603)
<b>Ending (Over) and Under Recovery</b>	\$ 2,582	(\$ 311)	(\$ 3,352)	(\$ 5,546)	(\$ 7,372)	(\$ 8,310)	(\$ 9,069)	(\$ 9,463)	(\$ 10,584)	(\$ 11,709)	(\$ 12,837)	(\$ 13,968)	(\$ 15,103)	(\$ 15,103)
<b>Beg of Month Annual Interest Rate</b>	0.63%	0.62%	0.63%	0.80%	0.84%	0.86%	0.90%	1.08%	1.08%	1.08%	1.08%	1.08%	1.08%	1.08%
<b>End of Month Annual Interest Rate</b>	0.62%	0.63%	0.80%	0.84%	0.86%	0.90%	1.08%	1.08%	1.08%	1.08%	1.08%	1.08%	1.08%	1.08%
<b>Average Monthly Interest Rate</b>	0.05%	0.05%	0.060%	0.068%	0.07%	0.07%	0.08%	0.09%	0.09%	0.09%	0.09%	0.09%	0.09%	0.09%

**Florida Public Utilities-Ft. Meade**  
 Gas Reliability Infrastructure Program (GRIP)  
 Calculation of the Projected Revenue Requirements  
 January 1, 2018 through December 31, 2018

Schedule C-2  
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Item	Beginning													Year End
	Balance	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Qualified Investment														
Qualified Investment - Mains - Current 1070 Activity		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Qualified Investment - Mains - Closed 1070 Activity to Plant		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Qualified Investment - Services - Current 1070 Activity		\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$100,000
Qualified Investment - Services - Closed 1070 Activity to Plant		(\$8,333)	(\$8,333)	(\$8,333)	(\$8,333)	(\$8,333)	(\$8,333)	(\$8,333)	(\$8,333)	(\$8,333)	(\$8,333)	(\$8,333)	(\$8,333)	(\$100,000)
Qualified Investment - Mains - Current 1010 Activity		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Qualified Investment - Services - Current 1010 Activity		\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$100,000
<b>Total Qualified Investment - Mains 1070</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Qualified Investment - Services 1070</b>	<b>\$1,589</b>	<b>\$1,589</b>	<b>\$1,589</b>	<b>\$1,589</b>	<b>\$1,589</b>	<b>\$1,589</b>	<b>\$1,589</b>	<b>\$1,589</b>	<b>\$1,589</b>	<b>\$1,589</b>	<b>\$1,589</b>	<b>\$1,589</b>	<b>\$1,589</b>	<b>\$1,589</b>
<b>Total Qualified Investment - Mains 1010</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Qualified Investment - Services 1010</b>	<b>\$150,998</b>	<b>\$159,331</b>	<b>\$167,665</b>	<b>\$175,998</b>	<b>\$184,331</b>	<b>\$192,665</b>	<b>\$200,998</b>	<b>\$209,331</b>	<b>\$217,665</b>	<b>\$225,998</b>	<b>\$234,331</b>	<b>\$242,665</b>	<b>\$250,998</b>	<b>\$250,998</b>
<b>Total Qualified Investment</b>	<b>\$152,587</b>	<b>\$160,920</b>	<b>\$169,254</b>	<b>\$177,587</b>	<b>\$185,920</b>	<b>\$194,254</b>	<b>\$202,587</b>	<b>\$210,920</b>	<b>\$219,254</b>	<b>\$227,587</b>	<b>\$235,920</b>	<b>\$244,254</b>	<b>\$252,587</b>	<b>\$252,587</b>
Less: Accumulated Depreciation	(\$3,241)	(\$3,581)	(\$3,939)	(\$4,316)	(\$4,712)	(\$5,127)	(\$5,560)	(\$6,012)	(\$6,483)	(\$6,975)	(\$7,481)	(\$8,008)	(\$8,554)	(\$8,554)
<b>Net Book Value</b>	<b>\$149,346</b>	<b>\$157,339</b>	<b>\$165,315</b>	<b>\$173,271</b>	<b>\$181,208</b>	<b>\$189,127</b>	<b>\$197,027</b>	<b>\$204,908</b>	<b>\$212,771</b>	<b>\$220,614</b>	<b>\$228,439</b>	<b>\$236,246</b>	<b>\$244,033</b>	<b>\$244,033</b>
<b>Average Net Qualified Investment</b>	<b>\$153,343</b>	<b>\$161,327</b>	<b>\$169,293</b>	<b>\$177,240</b>	<b>\$185,168</b>	<b>\$193,077</b>	<b>\$200,968</b>	<b>\$208,840</b>	<b>\$216,692</b>	<b>\$224,527</b>	<b>\$232,343</b>	<b>\$240,139</b>		
<b>Depreciation Rates</b>														
Approved Depreciation Rate-Mains		2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%
Approved Depreciation Rate-Services		2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%
<b>Return on Average Net Qualified Investment</b>														
Equity - Cost of Capital, inclusive of Income Tax Gross-up		7.4500%	7.4500%	7.4500%	7.4500%	7.4500%	7.4500%	7.4500%	7.4500%	7.4500%	7.4500%	7.4500%	7.4500%	7.4500%
Debt - Cost of Capital		1.0400%	1.0400%	1.0400%	1.0400%	1.0400%	1.0400%	1.0400%	1.0400%	1.0400%	1.0400%	1.0400%	1.0400%	1.0400%
Equity Component - inclusive of Income Tax Gross-up		\$952	\$1,002	\$1,051	\$1,100	\$1,150	\$1,199	\$1,248	\$1,297	\$1,345	\$1,394	\$1,442	\$1,491	\$14,670
Debt Component		\$133	\$140	\$147	\$154	\$160	\$167	\$174	\$181	\$188	\$195	\$201	\$208	\$2,048
Return Requirement		\$1,085	\$1,141	\$1,198	\$1,254	\$1,310	\$1,366	\$1,422	\$1,478	\$1,533	\$1,589	\$1,644	\$1,699	\$16,718
<b>Investment Expenses</b>														
Depreciation Expense - Mains		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Depreciation Expense - Services		\$340	\$358	\$377	\$396	\$415	\$433	\$452	\$471	\$490	\$508	\$527	\$546	\$5,313
Property Taxes		\$249	\$249	\$249	\$249	\$249	\$249	\$249	\$249	\$249	\$249	\$249	\$249	\$2,988
General Public Notice Expense and Customer Notice Expense		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Expense		\$589	\$607	\$626	\$645	\$664	\$682	\$701	\$720	\$739	\$757	\$776	\$795	\$8,301
<b>Total Revenue Requirements</b>	<b>\$1,674</b>	<b>\$1,748</b>	<b>\$1,824</b>	<b>\$1,899</b>	<b>\$1,974</b>	<b>\$2,048</b>	<b>\$2,123</b>	<b>\$2,198</b>	<b>\$2,272</b>	<b>\$2,346</b>	<b>\$2,420</b>	<b>\$2,494</b>	<b>\$25,019</b>	

**Florida Public Utilities Company-Fort Meade**  
 Gas Reliability Infrastructure Program (GRIP)  
 Projection of Qualified Mains & Services Revenue Requirements  
 Surcharge Calculation - January 1, 2018 through December 31, 2018  
 Per Therm Rate

Schedule D-1  
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1. 1/1/18-12/31/18 Qualified Mains & Services Replacement Revenue Requirements		\$	25,019
Mains	0%	\$0	
Services	100%	<u>\$25,019</u>	
Net		<u><u>\$25,019</u></u>	
2. TRUE-UP from Prior Period (Over)/Under Recovery Estimated thru 12/2017		\$	(15,103)
3. 2018 Qualified Mains & Services Replacement Revenue Requirements		\$	9,916
Mains	0%	\$0	
Services	100%	<u>\$9,916</u>	
Net		<u><u>\$9,916</u></u>	

RATE SCHEDULE	2018 THERMS	SERVICES COS %	MAINS COS %	SERVICES REV REQ	MAINS REV REQ	GRIP REV REQ	DOLLARS PER THERM	TAX FACTOR	GRIP FACTORS PER THERM	TYPICAL ANNUAL THERMS	ANNUAL COST	AVERAGE MONTHLY COST
RESIDENTIAL	70,505	58.00%	22.00%	\$5,751	\$0	\$5,751	\$0.08157	1.00503	\$0.08198	250	\$20.50	\$1.71
COMMERCIAL SMALL (General Service & GS Transportation)	72,869	17.00%	23.00%	\$1,686	\$0	\$1,686	\$0.02313	1.00503	\$0.02325	2,500	\$58.12	\$4.84
COMM. LRG VOLUME (Large Vol & LV Transportation)	0	25.00%	46.00%	\$2,479	\$0	\$2,479	\$0.00000	1.00503	\$0.00000	25,000	\$0.00	\$0.00
INTERRUPTIBLE SERVICE (Int Service & IS Transportation)	0	0.00%	8.00%	\$0	\$0	\$0	\$0.00000	1.00503	\$0.00000	50,000	\$0.00	\$0.00
GENERAL LIGHTING SERVICE	0	0.00%	1.00%	\$0	\$0	\$0	\$0.00000	1.00503	\$0.00000	500	\$0.00	\$0.00
<b>TOTAL</b>	<u>143,374</u>	<u>100.00%</u>	<u>100.00%</u>	<u>\$9,916</u>	<u>\$0</u>	<u>\$9,916</u>						