

Nickalus Holmes

From: Kathy Shoaf
Sent: Thursday, November 02, 2017 12:38 PM
To: Greg Shafer; Jennifer Crawford; Suzanne Brownless; Sue Ollila; Cindy Muir; Patti Daniel; Apryl Lynn; Braulio Baez; Carlotta Stauffer; Cayce Hinton; CLK - Agenda Staff; Commissioners & Staffs; Jacqueline Moore; Kate Hamrick; Kathy Shoaf; Keith Hetrick; Mark Futrell; Mary Anne Helton
Subject: APPROVED - Request for Oral Modification to Item 14 on the November 7, 2017, Agenda - Docket No. 20170190-GU - FPUC/Chesapeake/Fort Meade GRIP surcharges

Please see the APPROVED Oral Modification to Item 14, Docket No. 20170190-GU, for the November 7, 2017, Commission Agenda Conference.

Thank you.

Kathy Shoaf
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From: Braulio Baez
Sent: Thursday, November 02, 2017 12:07 PM
To: Greg Shafer
Cc: Mark Futrell; Kate Hamrick; Kathy Shoaf; Sue Ollila; Suzanne Brownless
Subject: RE: Request for Oral Modification to Item 14 on the November 7, 2017, Agenda - FPUC/Chesapeake/Fort Meade GRIP surcharges

Approved. Thank you.

From: Greg Shafer
Sent: Thursday, November 02, 2017 12:05 PM
To: Braulio Baez
Cc: Mark Futrell; Kate Hamrick; Kathy Shoaf; Sue Ollila; Suzanne Brownless
Subject: Request for Oral Modification to Item 14 on the November 7, 2017, Agenda - FPUC/Chesapeake/Fort Meade GRIP surcharges

Braulio,

Staff requests approval to make an oral modification to Item 14 scheduled for the November 7, 2017 Commission Agenda Conference. (Docket No. 20170190-GU, Joint Petition for approval of gas reliability infrastructure program (GRIP) by Florida Public Utilities Company, Florida Public Utilities Company – Fort Meade, and Florida Division of Chesapeake Utilities Corporation.) Staff’s proposed modification relates to the 2016 and 2017 expenditure dollar amounts for Fort Meade in Issue 1. Subsequent to filing the recommendation, staff determined that the Fort Meade investment dollar amounts for 2016 and 2017 were incorrect. Staff notes that there is no impact on the revenue requirement calculation and resulting surcharges.

Projected 2018 Costs

Fort Meade projects capital expenditures of \$100,000 for the replacement of cast iron/bare steel infrastructure in 2018. This compares with 2016 final expenditures of ~~\$70,871~~ ~~\$104,346~~ and actual/estimated 2017 expenditures of ~~\$81,716~~ ~~\$81,806~~. The return on investment, depreciation expense, and property tax expense to be recovered in 2018 totals \$25,019. After subtracting the total 2017 over-recovery of \$15,103, the total 2018 revenue requirement is \$9,916. Table 1-3 shows Fort Meade's 2018 revenue requirement calculation.

Table 1-3
Fort Meade 2018 Revenue Requirement Calculation

2018 Projected Expenditures	\$100,000
Return on Investment	\$16,718
Depreciation Expense	\$5,313
Tax Expense	\$2,988
2018 Revenue Requirement	\$25,019
Less 2017 Over-recovery	\$15,103
2018 Total Revenue Requirement	\$9,916

Source: Cassel testimony, page 5 of 5 & Schedule C-2, page 14 of 15

Proposed Surcharges for FPUC, Chesapeake, and Fort Meade

As established in the 2012 order approving the GRIP, the total 2018 revenue requirement is allocated to the rate classes using the same methodology that was used for the allocation of mains and services in the cost of service study used in the companies' most recent rate case. Fort Meade has the same rate schedules as FPUC; therefore, FPUC's allocation factors are used to calculate the GRIP surcharges for Fort Meade. After calculating the percentage of total plant costs attributed to each rate class, the respective percentages were multiplied by the 2018 revenue requirement, resulting in the revenue requirement by rate class. Dividing each rate class' revenue requirement by projected therm sales provides the GRIP surcharge for each rate class.

The proposed 2018 GRIP surcharge for FPUC's residential customers on the RS Schedule is \$0.24395 per therm (compared to the current surcharge of \$0.34225 per therm). The decrease in the surcharge is a result of the decrease in capital expenditures and the 2017 over-recovery discussed earlier. The monthly bill impact is \$4.88 for a residential customer using the typical 20 therms per month. The proposed FPUC tariff page is Attachment B.

The proposed 2018 GRIP surcharge for residential Chesapeake customers on the FTS-1 schedule is \$0.11838 per therm (compared to the current surcharge of \$0.10371 per therm). The monthly bill impact is \$2.37 for a residential customer using the typical 20 therms per month. The proposed Chesapeake tariff pages are contained in Attachment C.

The proposed 2018 GRIP surcharge for residential Fort Meade customers on the RS Schedule is \$0.08198 per therm (compared to the current surcharge of \$0.36931 per therm). The monthly bill impact is \$1.64 for a residential customer using the typical 20 therms per month. The proposed Fort Meade tariff page is provided in Attachment D.

Thanks,
Greg