

September 3, 2020

**E-PORTAL FILING**

Mr. Adam Teitzman, Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

**Re: New Filing** – Joint Petition for Approval of GRIP Cost Recovery Factors by Florida Public Utilities Company, Florida Public Utilities Company-Fort Meade, and Florida Division of Chesapeake Utilities Corporation.

Dear Mr. Teitzman:

Attached for filing, please find the Joint Petition for Approval of GRIP Cost Recovery Factors by Florida Public Utilities Company, Florida Public Utilities Company-Fort Meade, and Florida Division of Chesapeake Utilities Corporation, along with the Direct Testimony and Exhibits DMC-1 and DMC-2 of Mr. Derrick M. Craig. Also included with this filing are the following revised tariff pages:

**Revised Tariff Sheets**

*(Clean and Legislative Versions)*

CFG Ninth Revised Sheet No. 105.1

CFG Ninth Revised Sheet No. 105.2

FPUC NG Fifteenth Revised Sheet No. 35.4

FPUC-FORT MEADE Fourth Revised Sheet No. 64

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

MEK

cc://(Certificate of Service)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Joint Petition for Approval of Gas Reliability Infrastructure Program (GRIP) True-Up by Florida Public Utilities Company and the Florida Division of Chesapeake Utilities Corporation and Florida Public Utilities Company-Fort Meade	DOCKET NO. DATED: September 3, 2020
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**JOINT PETITION FOR APPROVAL OF GRIP  
COST RECOVERY FACTORS BY FLORIDA PUBLIC UTILITIES COMPANY,  
FLORIDA PUBLIC UTILITIES COMPANY-FORT MEADE, AND THE FLORIDA  
DIVISION OF CHESAPEAKE UTILITIES CORPORATION**

Florida Public Utilities Company, Florida Public Utilities Company-Fort Meade (“Fort Meade”) (herein jointly “FPUC”), and the Florida Division of Chesapeake Utilities Corporation (“CFG”)(also referred to herein individually as “Company” and jointly as “Companies”), by and through their undersigned counsel, hereby file this Petition, pursuant to Section 366.06, Florida Statutes, and Order No. PSC-2012-0490-TRF-GU, seeking approval from the Florida Public Service Commission (“FPSC” or “Commission”) of FPUC’s and CFG’s GRIP cost recovery factors for the period January 2021 through December 2021. In support of this request, the Companies hereby state:

- 1). FPUC is a natural gas utility subject to the Commission's jurisdiction under Chapter 366, Florida Statutes.<sup>1</sup> Its principal business address is:

Florida Public Utilities Company  
208 Wildlight Avenue  
Yulee, FL 32097

Florida Public Utilities Company – Fort Meade is a division of FPUC with its principal business address being the same as FPUC.

- 2) CFG is also a natural gas utility subject to the Commission’s jurisdiction under Chapter 366, Florida Statutes. Its principal business address is:

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<sup>1</sup> FPUC’s Indiantown Division does not participate in a GRIP program.

GRIP True-Up

Florida Division of Chesapeake Utilities Corporation  
208 Wildlight Avenue  
Yulee, FL 32097

3) The name and mailing address of the persons authorized to receive notices are:

Beth Keating, Esq.  
Gunster, Yoakley & Stewart, P.A.  
215 South Monroe Street, Suite 601  
Tallahassee, Florida 32301-1839  
(850) 521-1706

Mike Cassel  
AVP, Regulatory and Governmental Affairs  
Florida Public Utilities Company/Chesapeake  
208 Wildlight Ave.  
Yulee, FL 32097  
mcassel@fpuc.com

4) The Commission is vested with jurisdiction in this matter in accordance with Sections 366.04, 366.041, 366.05, and 366.06, Florida Statutes, pursuant to which the Commission is authorized to establish rates and charges for public utilities, including the relief requested herein, and to consider, among other things, the adequacy of facilities, as well as the utility's ability to improve such facilities. Likewise, in accordance with Section 368.05(2), Florida Statutes, the Commission has the authority to require improvements to natural gas distribution systems as may be necessary to promote the protection of the public.

5) Consistent with the requirements of Order No. PSC-12-0490-TRF-GU, issued September 24, 2012, the Companies have included with this filing Schedules A-D, which support the Companies' calculations of the yearly GRIP surcharge factors for the calendar year 2019.

6) The Companies have included with this filing Schedule E, which supports the Companies' determination of whether a limitation provision is met and what the calculation of the weighted average cost of capital would have been for the 2021 projection period if a proration adjustment was necessary.

7) The Companies are also submitting, contemporaneously with this Petition, the Direct Testimony and Exhibit DMC-1, which includes the referenced schedules, of Mr. Derrick M.

## GRIP True-Up

Craig in support of the Companies' request for approval of the requested factors. Therein, Mr. Craig explains that projects in high consequence areas continue to be a priority. As also noted by Mr. Craig, the Companies continue to discover new bare steel, cast iron, and steel tubing beyond that which was originally anticipated.

8) As reflected on Schedule B-1, the final GRIP true-up amount for the period January 2019 through December 2019 was an over-recovery of \$2,065,712 for FPUC, an over-recovery of \$599,885 for CFG, and an over-recovery of \$2,113 for Fort Meade.

9) The Company projects total revenue requirements for the program of \$10,947,591 for FPUC, \$3,843,929 for CHPK, and \$25,474 for Fort Meade for the period January 2021 through December 2021. As set forth in the Testimony and Exhibit of Mr. Craig, the Company's total true-up amounts to be collected or refunded during the period January 2021 through December 2021 are, a net over-recovery of \$331,231 for FPUC and \$5,987 for Fort Meade, and a net under-recovery \$294,754 for CFG. After adding the projected revenue requirements for the programs and the true-up amounts then dividing this total among the Companies' rate classes, the following are the GRIP Cost Recovery factors for which the Companies seek approval in this petition:

<u>RATE</u> <u>CLASS</u>	<u>GRIP</u> <u>FACTORS</u> <u>PER THERM</u>
FTS-A	\$ 0.74443
FTS-B	\$ 0.21667
FTS-1	\$ 0.11567
FTS-2	\$ 0.13791

GRIP True-Up

FTS-2.1	\$ 0.14624
FTS-3	\$ 0.06057
FTS-3.1	\$ 0.07469
FTS-4	\$ 0.07904
FTS-5	\$ 0.09368
FTS-6	\$ 0.06387
FTS-7	\$ 0.07896
FTS-8	\$ 0.08472
FTS-9	\$ 0.17979
FTS-10	\$ 0.10789
FTS-11/FTS-NGV	\$ 0.14366
FTS-12	\$ 0.03326
FTS-13	N/A

CFG  
Experimental

<u>CLASS</u> <u>Rate Schedule</u>	<u>GRIP</u> <u>FACTORS</u> <u>Rate per bill</u>
FTS-A (Exp)	\$ 4.41
FTS-B (Exp)	\$ 2.24
FTS-1 (Exp)	\$ 1.70
FTS-2 (Exp)	\$ 7.94
FTS-2.1 (Exp)	\$ 16.26

GRIP True-Up

FTS-3 (Exp)	\$	17.66
FTS-3.1 (Exp)	\$	42.92

FPUC

<u>RATE</u> <u>SCHEDULE</u>	<u>GRIP FACTORS</u> <u>PER THERM</u>
RESIDENTIAL	\$0.22417
COMMERCIAL SMALL (General Service 1 & 2 & GS 1 & 2 Transportation)	\$0.15180
COMM. LRG VOLUME (Large Vol & LV Transportation)	\$0.10221
INTERRUPTIBLE SERVICE (Int Service & IS Transportation)	\$0.06114
GENERAL LIGHTING SERVICE (Gen Light Service & GLS Transportation)	\$0.80046
Rate Schedule NGV	\$0.15180
Rate Schedule NGVTS	\$0.15180

GRIP True-Up

**Fort Meade**

<u>RATE</u> <u>SCHEDULE</u>	<u>FACTORS</u> <u>PER THERM</u>
RESIDENTIAL	\$0.16325
COMMERCIAL SMALL  (General Service & GS Transportation)	\$0.01959
COMM. LRG VOLUME  (Large Vol & LV Transportation)	\$0.00000
INTERRUPTIBLE SERVICE (Int Service & IS Transportation)	\$0.00000
GENERAL LIGHTING SERVICE	\$0.00000

9) The Companies attest that these factors have been calculated correctly and consistent with Commission requirements. Thus, the Companies ask that the Commission approve the proposed factors as set forth herein.

10) In addition, the Company notes that, consistent with Order No. PSC-2019-0502-TRF-GU, issued in Docket No. 20190173-GU, the Company has addressed the change to the corporate income tax rate in the testimony of Mr. Craig, as well as the calculation of the Weighted Average Cost of Capital, which is further addressed in Mr. Craig's Exhibit DMC-2.

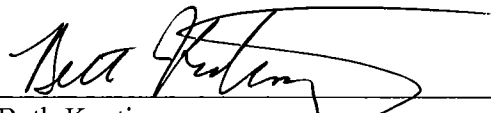
11) Attached to this Petition as Attachment A are proposed tariff pages, in clean and legislative format, reflecting the GRIP factors set forth herein.

**WHEREFORE**, FPUC, FPUC-Fort Meade, and CFG respectfully request that the Commission approve the proposed GRIP cost recovery factors to be effective for all meter

GRIP True-Up

readings for the period January 2021 through December 2021.

RESPECTFULLY SUBMITTED this 3<sup>rd</sup> day of September, 2020, by:



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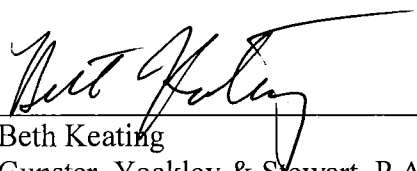
Beth Keating  
Gunster, Yoakley & Stewart, P.A.  
215 South Monroe St., Suite 601  
Tallahassee, FL 32301  
(850) 521-1706  
*Attorneys for Florida Public Utilities  
Company and the Florida Division of  
Chesapeake Utilities Corporation*



**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true and correct copy of the foregoing has been served upon the following by Electronic Mail this 3rd day of September, 2020.

Jennifer Crawford Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, FL 32399-0850 <a href="mailto:jcrawfor@psc.state.fl.us">jcrawfor@psc.state.fl.us</a>	J.R. Kelly/P. Christensen Office of Public Counsel c/o The Florida Legislature 111 W. Madison Street, Room 812 Tallahassee, FL 32399-1400 <a href="mailto:Kelly.JR@leg.state.fl.us">Kelly.JR@leg.state.fl.us</a>
Mike Cassel 208 Wildlight Avenue Yulee, FL 32097 <a href="mailto:Mcassel@fpuc.com">Mcassel@fpuc.com</a>	

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

ATTACHMENT A

Florida Public Utilities Company, Florida Public Utilities Company – Indiantown Division,  
Florida Public Utilities Company-Fort Meade, and  
The Florida Division of Chesapeake Utilities Corporation

**Revised Tariff Sheets**

*(Clean and Legislative Versions)*

CFG Sixth Revised Sheet No. 105.1  
CFG Seventh Revised Sheet No. 105.2  
FPUC NG Thirteenth Revised Sheet No. 35.4  
FPUC-FORT MEADE Second Revised Sheet No. 64

ATTACHMENT A

Florida Public Utilities Company, Florida Public Utilities Company – Indiantown Division,  
Florida Public Utilities Company-Fort Meade, and  
The Florida Division of Chesapeake Utilities Corporation

**Revised Tariff Sheets**

*(Clean and Legislative Versions)*

CFG Ninth Revised Sheet No. 105.1

CFG Ninth Revised Sheet No. 105.2

FPUC NG Fifteenth Revised Sheet No. 35.4

FPUC-FORT MEADE Fourth Revised Sheet No. 64

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*BILLING ADJUSTMENTS*

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(Continued from Sheet No. 35.3)

Gas Reliability Infrastructure Program (GRIP)

Applicability

The bill for gas or transportation service supplied to a Customer in any Billing Period shall be adjusted as follows:

The GRIP factors for the period from the first billing cycle for January 2021 through the last billing cycle for December 2021 are as follows:

<u>Rate Class</u>	<u>Rates Per Therm</u>
Rate Schedule RS	\$0.22417
Schedule GS-1	\$0.15180
Rate Schedule GS-2	\$0.15180
Rate Schedule GSTS-1	\$0.15180
Rate Schedule GSTS-2	\$0.15180
Rate Schedule LVS	\$0.10221
Schedule LVTS	\$0.10221
Schedule IS	\$0.06114
Schedule ITS	\$0.06114
Schedule GLS	\$0.80046
Rate Schedule GLSTS	\$0.80046
Rate Schedule NGV	\$0.15180
Rate Schedule NGVTS	\$0.15180

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*BILLING ADJUSTMENTS*

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(Continued from Sheet No. 35.3)

Gas Reliability Infrastructure Program (GRIP)

Applicability

The bill for gas or transportation service supplied to a Customer in any Billing Period shall be adjusted as follows:

The GRIP factors for the period from the first billing cycle for January 2020<sub>1</sub> through the last billing cycle for December 202<sub>1</sub> are as follows:

<u>Rate Class</u>	<u>Rates Per Therm</u>
Rate Schedule RS	\$0. <del>223122</del> 2417
Schedule GS-1	\$0. <del>14188</del> 15180
Rate Schedule GS-2	\$0. <del>14188</del> 15180
Rate Schedule GSTS-1	\$0. <del>14188</del> 15180
Rate Schedule GSTS-2	\$0. <del>14188</del> 15180
Rate Schedule LVS	\$0. <del>09269</del> 10221
Schedule LVTS	\$0. <del>09269</del> 10221
Schedule IS	\$0. <del>05864</del> 06114
Schedule ITS	\$0. <del>05864</del> 06114
Schedule GLS	\$0. <del>49288</del> 80046
Rate Schedule GLSTS	\$0. <del>49288</del> 80046
Rate Schedule NGV	\$0. <del>14188</del> 15180
Rate Schedule NGVTS	\$0. <del>14188</del> 15180

BILLING ADJUSTMENTS

Gas Reliability Infrastructure Program (GRIP)

Applicability

The bill for gas or transportation service supplied to a Customer in any Billing Period shall be adjusted as follows:

The GRIP factors for the period from the first billing cycle for January 2021 through the last billing cycle for December 2021 are as follows:

<u>Rate Class</u>	<u>Rates Per Therm</u>
Rate Schedule RS	\$0.16325
Rate Schedule GS-1	\$0.01959
Rate Schedule GS-2	\$0.01959
Rate Schedule GSTS-1	\$0.01959
Rate Schedule GSTS-2	\$0.01959
Rate Schedule LVS	\$0.00000
Rate Schedule LVTS	\$0.00000
Rate Schedule IS	\$0.00000
Rate Schedule ITS	\$0.00000
Rate Schedule GLS	\$0.00000
Rate Schedule GLSTS	\$0.00000
Rate Schedule NGV	\$0.00000
Rate Schedule NGVTS	\$0.00000

Issued by: Jeffry Householder, President & CEO

Effective:

Chesapeake Utilities Corporation

BILLING ADJUSTMENTS

Gas Reliability Infrastructure Program (GRIP)

Applicability

The bill for gas or transportation service supplied to a Customer in any Billing Period shall be adjusted as follows:

The GRIP factors for the period from the first billing cycle for January 2020~~1~~ through the last billing cycle for December 2020~~1~~ are as follows:

<u>Rate Class</u>	<u>Rates Per Therm</u>
Rate Schedule RS	\$0.24865-16325
Rate Schedule GS-1	\$0.0770501959
Rate Schedule GS-2	\$0.07705-01959
Rate Schedule GSTS-1	\$0.07705-01959
Rate Schedule GSTS-2	\$0.07705-01959
Rate Schedule LVS	\$0.00000
Rate Schedule LVTS	\$0.00000
Rate Schedule IS	\$0.00000
Rate Schedule ITS	\$0.00000
Rate Schedule GLS	\$0.00000
Rate Schedule GLSTS	\$0.00000
Rate Schedule NGV	\$0.00000
Rate Schedule NGVTS	\$0.00000

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Issued by: Jeffrey Householder, President & CEO

Effective: JAN-01-2018

Chesapeake Utilities Corporation

*RATE SCHEDULES*  
*MONTHLY RATE ADJUSTMENTS*

Rate Schedule MRA

7. GAS REPLACEMENT INFRASTRUCTURE PROGRAM (GRIP):

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, 2021 through December 31, 2021 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	\$0.74443
FTS-B	> 130 therms up to 250 therms	\$0.21667
FTS-1	> 0 up to 500 therms	\$0.11567
FTS-2	> 500 therms up to 1,000 therms	\$0.13791
FTS-2.1	> 1,000 therms up to 2,500 therms	\$0.14624
FTS-3	> 2,500 therms up to 5,000 therms	\$0.06057
FTS-3.1	> 5,000 therms up to 10,000 therms	\$0.07469
FTS-4	> 10,000 therms up to 25,000- therms	\$0.07904
FTS-5	> 25,000 therms up to 50,000 therms	\$0.09368
FTS-6	> 50,000 therms up to 100,000 therms	\$0.06387
FTS-7	> 100,000 therms up to 200,000 therms	\$0.07896
FTS-8	> 200,000 therms up to 400,000 therms	\$0.08472
FTS-9	> 400,000 therms up to 700,000 therms	\$0.17979
FTS-10	> 700,000 therms up to 1,000,000 therms	\$0.10789
FTS-11	> 1,000,000 therms up to 2,500,000	\$0.14366
FTS-12	> 2,500,000 therms up to 12,500,000	\$0.03326
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 (GRIP):

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, 2020~~1~~ through December 31, 2020~~1~~ 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	\$0.5863474443
FTS-B	> 130 therms up to 250 therms	\$0.1792321667
FTS-1	> 0 up to 500 therms	\$0.1058511567
FTS-2	> 500 therms up to 1,000 therms	\$0.1196913791
FTS-2.1	> 1,000 therms up to 2,500 therms	\$0.1181814624
FTS-3	> 2,500 therms up to 5,000 therms	\$0.0493606057
FTS-3.1	> 5,000 therms up to 10,000 therms	\$0.0590007469
FTS-4	> 10,000 therms up to 25,000- therms	\$0.0663207904
FTS-5	> 25,000 therms up to 50,000 therms	\$0.0741109368
FTS-6	> 50,000 therms up to 100,000 therms	\$0.0524606387
FTS-7	> 100,000 therms up to 200,000 therms	\$0.0704307896
FTS-8	> 200,000 therms up to 400,000 therms	\$0.0689808472
FTS-9	> 400,000 therms up to 700,000 therms	\$0.1457517979
FTS-10	> 700,000 therms up to 1,000,000 therms	\$0.08765107899
FTS-11	> 1,000,000 therms up to 2,500,000	\$0.0958114366
FTS-12	> 2,500,000 therms up to 12,500,000	\$0.0297003326
FTS-13	> 12,500,000 therms	N/A

(Continued to Sheet No. 105.2)

Issued by: ~~Michael P. Masters~~ Jeffry Householder, President

Effective: JAN-01-2020

Chesapeake Utilities Corporation

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*RATE SCHEDULES*  
*MONTHLY RATE ADJUSTMENTS*

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Rate Schedule MRA  
(Continued from Sheet No. 105.1)

7. GAS INFRASTRUCTURE REPLACEMENT PROGRAM (GRIP) (Experimental):

Applicability:

All Customers, assigned to a TTS Shipper, receiving Transportation Service from the Company and are assigned to or have selected rate schedules FTS-A (Exp), FTS-B (Exp), FTS-1 (Exp), FTS-2 (Exp), FTS-2.1 (Exp), FTS-3 (Exp), and FTS-3.1 (Exp).

The Firm Transportation Charge 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, 2021 through December 31, 2021 for each rate classification are as follows:

Consumer Rate Schedule	Rate per bill
FTS-A (Exp)	\$ 4.41
FTS-B (Exp)	\$ 2.24
FTS-1 (Exp)	\$ 1.70
FTS-2 (Exp)	\$ 7.94
FTS-2.1 (Exp)	\$ 16.26
FTS-3 (Exp)	\$ 17.66
FTS-3.1 (Exp)	\$ 42.92

(Continued to Sheet No. 105.3)

*RATE SCHEDULES*  
*MONTHLY RATE ADJUSTMENTS*

Rate Schedule MRA  
 (Continued from Sheet No. 105.1)

7. GAS INFRASTRUCTURE REPLACEMENT PROGRAM (GRIP) (Experimental):

Applicability:

All Customers, assigned to a TTS Shipper, receiving Transportation Service from the Company and are assigned to or have selected rate schedules FTS-A (Exp), FTS-B (Exp), FTS-1 (Exp), FTS-2 (Exp), FTS-2.1 (Exp), FTS-3 (Exp), and FTS-3.1 (Exp).

The Firm Transportation Charge 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, 2020<sub>1</sub> through December 31, 2020<sub>1</sub> for each rate classification are as follows:

Consumer Rate Schedule	Rate per bill	
FTS-A (Exp)	\$	<u>3.624.41</u>
FTS-B (Exp)	\$	<u>1.852.24</u>
FTS-1 (Exp)	\$	<u>1.561.70</u>
FTS-2 (Exp)	\$	<u>6.937.94</u>
FTS-2.1 (Exp)	\$	<u>13.5916.26</u>
FTS-3 (Exp)	\$	<u>15.5817.66</u>
FTS-3.1 (Exp)	\$	<u>35.7742.92</u>

(Continued to Sheet No. 105.3)

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Gas Reliability Infrastructure Program

DIRECT TESTIMONY OF DERRICK MAURICE CRAIG

On behalf of

Florida Public Utilities Company,

Florida Division of Chesapeake Utilities Corporation and Florida Public Utilities

Company-Fort Meade

**Q. Please state your name, occupation, and business address.**

A. My name is Derrick Maurice Craig. I am employed by Florida Public Utilities Company (FPUC or Company) as a Senior Regulatory Analyst. My business address is 208 Wildlight Avenue; Yulee, Florida 32097.

**Q. Describe briefly your education and relevant professional background.**

A. In 1991, I received a Bachelor of Electrical Engineering degree from the Georgia Institute of Technology in Atlanta, Georgia, and in 1997, I received a Masters of Business Administration from the University of Virginia (Darden Graduate Business School) in Charlottesville, Virginia. I have worked in various engineering and financial analysis roles for several utilities, including Baltimore Gas and Electric, Oglethorpe Power Company and the Southern Company. I have been in my current position as Senior Regulatory Analyst with Florida Public Utilities Company (FPUC) since April 2019. My responsibilities include the fulfillment of many regulatory activities for FPUC, which range from instances of regulatory analysis to various filings (Purchased Gas Adjustment, Swing Service and the Gas Reliability Infrastructure Program) before the Florida Public Service Commission.

**Q. Have you previously filed testimony in this Docket?**

A. Yes, I have.

1 Q. Are you familiar with the Gas Reliability Infrastructure Program (“GRIP”) of  
2 the Company and the associated projected and actual revenues and costs?

3 A. Yes.

4 Q. What is the purpose of your testimony in this docket?

5 A. My testimony will provide both the actual true-up for January 2019 to December  
6 2019, including the effect of the reduction of the state corporate income tax rate on  
7 this true up for 2019, as well as the actual/estimated true-up based on seven months  
8 of actual 2020 data and five months of projected 2020 data. My testimony will  
9 describe the Company’s forecast of GRIP investment for natural gas mains and  
10 services for 2021. My testimony will also provide information confirming the  
11 appropriate calculation of the weighted average cost of capital used in last year’s  
12 GRIP projection filing, shown in Exhibit DMC-2. Finally, the testimony will  
13 summarize the computations that are contained in composite Exhibit DMC-1  
14 supporting the January through December 2021 projected GRIP surcharge factors for  
15 FPUC, Florida Division of Chesapeake Utilities Corporation (CFG), and Fort Meade  
16 natural gas divisions.

17 Q. Which set of schedules has your company completed and filed?

18 A. The Company has prepared and filed in composite Exhibit DMC-1, Schedules A, B,  
19 C, D and E that support the calculation of the yearly GRIP surcharge factors for  
20 January 2021 through December 2021 for FPUC, CFG and Fort Meade. The  
21 Company has also prepared and filed in composite Exhibit DMC-2, Schedule E,  
22 which confirms the appropriate calculation of the weighted average cost of capital  
23 used for the 2020 GRIP Projection filing (as it pertains to the normalization method  
24 of accounting identified by the Internal Revenue Code).

25 Q. Were the schedules filed by the Company completed by you or under your  
26 direct supervision?

1 A. Yes, they were completed by me.

2 **Q. What is the projection period for this filing?**

3 A. The projection period is January through December 2021.

4 **Q. What is the appropriate final GRIP true-up amount for the period**  
5 **January through December 2019?**

6 A. As shown on Schedule B-1, page 2 of 18, the total over-recovery for FPUC is  
7 \$2,065,712 inclusive of interest, and for CFG, Schedule B-1, page 8 of 18, has a total  
8 over-recovery of \$599,885 inclusive of interest. For Fort Meade, Schedule B-1, page  
9 14 of 18, has a total over-recovery of \$2,113 inclusive of interest. These amounts  
10 include the effects of the reduction in the State corporate income tax rate in 2019.

11 **Q. Did the Companies address the change in the state corporate income tax rate**  
12 **from 5.5 percent to 4.458 percent in this filing?**

13 A. Yes.

14 **Q. What was the impact to the GRIP true-up amount for the period**  
15 **January through December 2019 due to the reduction of the state corporate**  
16 **income tax rate?**

17 A. The reduction in the state corporate income tax rate resulted in a \$52,377 increase in  
18 the over-recovery for FPUC, an increase of \$17,623 in the over-recovery for CFG,  
19 and an increase of \$100 in the over-recovery for Fort Meade.

20 **Q. What is the projected GRIP true-up amount for the period January through**  
21 **December 2020?**

22 A. For FPUC, the projected GRIP true-up amount is an under-recovery of \$1,734,481  
23 inclusive of interest, for the period January through December 2020. CFG has a  
24 projected under-recovery for the same period of \$894,639 inclusive of interest. Fort  
25 Meade has a projected over-recovery for the same period of \$3,874 inclusive of  
26 interest.

1 **Q. What is the total projected GRIP true-up amount to be collected or refunded to**  
2 **customers for the period January through December 2020?**

3 A. As shown on Schedule C-1, page 3 of 18, the total net over-recovery to be refunded  
4 for FPUC is \$331,231, and for CFG, Schedule C-1, page 9 of 18, has a total net  
5 under-recovery of \$294,754 to be collected for the period January through December  
6 2020. Fort Meade, Schedule C-1 page 15 of 18, has a total net over-recovery of  
7 \$5,987 to be refunded.

8 **Q. Please describe how the forecasts for the replacement of qualifying distribution**  
9 **mains and services were developed for the projection period.**

10 A. In the initial joint petition for approval of GRIP (Order No. PSC-12-0490-TRF-GU),  
11 FPUC and CFG reviewed the remaining eligible infrastructure and developed a  
12 replacement plan based on our Distribution Integrity Management Program  
13 (“DIMP”) and estimated it would take approximately 10 years to replace our bare  
14 steel and cast iron facilities at an accelerated pace. Both companies prioritized the  
15 potential replacement projects focusing initially on areas of high consequence and  
16 areas more susceptible to corrosion. FPUC provides service to large metropolitan  
17 areas and the replacement of eligible infrastructure in high-density, urban areas  
18 typically cost more than areas that are primarily rural. FPUC and CFG have  
19 continued to replace eligible infrastructure aggressively. The Company continues to  
20 discover new bare steel, cast iron and steel tubing mains and services for replacement  
21 that was not included in the original petition.

22 **Q. Please describe how the forecasts of the revenue requirements are developed for**  
23 **the projection period.**

24 A. The projected revenue requirements include several components: 1) the return on  
25 estimated qualified investments for the projection period as calculated using the  
26 equity and debt components of the weighted average cost of capital from each

1 companies respective prior rate cases. 2) depreciation expense (respectively  
2 calculated using the currently approved depreciation rates) and 3) expenses for  
3 customer and general public notifications associated with GRIP and ad valorem  
4 taxes, grossed up for federal and state income taxes. Since FPUC has a bare steel  
5 replacement and recovery program, originally approved in the Company's 2004 rate  
6 case proceeding, the revenue requirement is net of the existing bare steel program,  
7 which equates to \$747,727 embedded in base rate revenues. CFG and Fort Meade do  
8 not have any recovery amounts embedded in their base rates. The 2021 projected  
9 mains and services to be replaced are shown on Exhibit DMC-1, Schedule C-2, pages  
10 4, 10 and 16. FPUC is expecting to invest \$12,750,000 in mains and \$5,000,000 for  
11 services. CFG is expecting to invest \$200,000 in mains, and \$50,000 in services.  
12 Fort Meade has no investments expected in 2021.

13 **Q. Did the Companies determine if the weighted average cost of capital (WACC)**  
14 **complies with the Internal Revenue Service (IRS) normalization rules to avoid a**  
15 **normalization violation as referenced in Order No. PSC-2019-0502-TRF-GU for**  
16 **Docket No. 20190173-GU?**

17 **A. Yes.**

18 **Q. Please describe whether the companies comply with the normalization rule.**

19 **A.** Per the attached Exhibit DMC-2, FPUC, CFG and Fort Meade have all met the  
20 limitation provision; therefore, there is no need to incorporate a proration adjustment  
21 and as such, no adjustment to the WACC and prior period true-up was necessary for  
22 2020 projection period. In addition, Schedule E in the attached Exhibit DMC-1,  
23 composed of pages 6, 12, and 18, shows what the WACC calculation for the 2021  
24 projection period would have been if FPUC, CFG, and Fort Meade had not met the  
25 limitation provision.

26



1

2 **Q. What are the resulting net total projected revenue requirements to be recovered**  
3 **during the 2021 projection period?**

4 A. The total projected revenue requirements to be recovered are \$10,616,361 for FPUC,  
5 Schedule D-1 page 5 of 18, \$4,138,683 for CFG, Schedule D-1 page 11 of 18, and  
6 \$19,487 for Fort Meade, Schedule D-1 page 17 of 18.

7 **Q. Have you prepared a schedule that shows the calculation of the proposed GRIP**  
8 **surcharge factors for each rate class to be applied during the billing period**  
9 **January 1, 2021 through December 31, 2021?**

10 A. Yes, Please see Schedule D-1 pages 5, 11 and 17 for FPUC, CFG, and Fort Meade,  
11 respectively. For CFG, rate class FTS-13 is excluded from the GRIP surcharge factor  
12 calculation because there are no customers in the rate class and it is closed.

13 **Q. What should be the effective date of the GRIP surcharge factors for billing**  
14 **purposes?**

15 A. The GRIP surcharge factors should be effective for all meter reading during the  
16 period of January 1, 2021 through December 31, 2021.

17 **Q. Does this conclude your testimony?**

18 A. Yes, it does.

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

Schedule A-1  
Exhibit \_\_\_\_\_  
Derrick M. Craig (DMC-1)  
Page 1 of 18

Earnings Surveillance Report - December 31, 2019

Equity Cost Rate	10.85%
Weighted Equity Cost Rate	4.02%
Revenue Expansion Factor	1.34
Weighted Equity Cost Rate , times Revenue Expansion Factor	<u>5.37%</u>
Long Term Debt-CU	0.85%
Short Term Debt	0.60%
Long Term Debt-FC	0.23%
Short Term Debt-Refinanced LTD	0.00%
Customer Deposits	0.08%
Weighted Debt Cost Rate	<u>1.76%</u>
Overall Weighted Cost Rate	<u><u>5.78%</u></u>

**Florida Public Utilities Company**  
 Gas Reliability Infrastructure Program (GRIP)  
 Calculation of the Projected Revenue Requirements  
 January 1, 2019 through December 31, 2019

Schedule B-1  
 Exhibit  
 Derrick M. Craig (DMC-1)  
 Page 2 of 18

Item	Beginning Balance	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year End Total/Balance
<b>Qualified Investment</b>														
Qualified Investment - Mains - Current Year 1070 Activity		\$190,735	\$521,052	\$364,636	\$436,204	\$328,314	\$1,200,781	\$887,101	\$1,145,381	\$551,723	\$1,212,511	\$470,015	\$666,964	\$7,975,418
Qualified Investment - Mains - Closed 1070 Activity to Plant		\$0	(\$63,893)	(\$676,052)	(\$302,366)	\$21,368	(\$199,841)	(\$43,355)	(\$1,672,471)	(\$933,412)	(\$469,420)	(\$404,185)	(\$3,070,112)	(\$7,813,740)
Qualified Investment - Services - Current Year 1070 Activity		\$145,710	\$205,652	\$205,094	\$107,854	\$145,124	\$256,208	\$516,898	\$222,378	\$595,845	\$714,142	\$206,710	\$242,065	\$3,563,680
Qualified Investment - Services - Closed 1070 Activity to Plant		\$0	(\$155,346)	(\$40,644)	(\$417,089)	(\$70,523)	(\$264,843)	(\$146,160)	(\$484,627)	(\$282,623)	(\$775,617)	(\$259,265)	(\$664,295)	(\$3,561,032)
Qualified Investment - Mains - Current 1010 Activity		\$0	\$63,893	\$676,052	\$302,366	(\$21,368)	\$199,841	\$43,355	\$1,672,471	\$933,412	\$469,420	\$404,185	\$3,070,112	\$7,813,740
Qualified Investment - Services - Current 1010 Activity		\$0	\$155,346	\$40,644	\$417,089	\$70,523	\$264,843	\$146,160	\$484,627	\$282,623	\$775,617	\$259,265	\$664,295	\$3,561,032
<b>Total Qualified Investment - Mains 1070</b>	\$127,139	\$317,874	\$775,033	\$463,617	\$597,455	\$947,137	\$1,948,077	\$2,791,823	\$2,264,733	\$1,883,044	\$2,626,135	\$2,691,965	\$288,817	\$288,817
<b>Total Qualified Investment - Service 1070</b>	\$1	\$145,711	\$196,017	\$360,468	\$51,233	\$125,833	\$117,199	\$487,936	\$225,687	\$538,909	\$477,433	\$424,878	\$2,649	\$2,649
<b>Total Qualified Investment - Mains 1010</b>	\$71,898,468	\$71,898,468	\$71,962,361	\$72,638,413	\$72,940,779	\$72,919,412	\$73,119,252	\$73,162,608	\$74,835,078	\$75,768,491	\$76,237,911	\$76,642,096	\$79,712,208	\$79,712,208
<b>Total Qualified Investment - Service 1010</b>	\$22,872,673	\$22,872,673	\$23,028,019	\$23,068,663	\$23,485,752	\$23,556,275	\$23,821,118	\$23,967,279	\$24,451,905	\$24,734,529	\$25,510,146	\$25,769,411	\$26,433,706	\$26,433,706
<b>Total Qualified Investment</b>	\$94,898,281	\$95,234,726	\$95,961,430	\$96,531,161	\$97,075,219	\$97,548,657	\$99,005,647	\$100,409,645	\$101,777,404	\$102,924,972	\$104,851,625	\$105,528,350	\$106,437,379	\$106,437,379
Less: Accumulated Depreciation	(\$7,996,944)	(\$8,164,699)	(\$8,332,455)	(\$8,500,607)	(\$8,670,017)	(\$8,840,720)	(\$9,011,516)	(\$9,183,147)	(\$9,355,121)	(\$9,530,911)	(\$9,708,853)	(\$9,889,038)	(\$10,070,405)	(\$10,070,405)
<b>Net Book Value</b>	\$86,901,337	\$87,070,026	\$87,628,975	\$88,030,554	\$88,405,203	\$88,707,937	\$89,994,131	\$91,226,499	\$92,422,283	\$93,394,061	\$95,142,772	\$95,639,312	\$96,366,974	\$96,366,974
<b>Average Net Qualified Investment</b>	\$86,985,682	\$87,349,501	\$87,829,765	\$88,217,878	\$88,556,570	\$89,351,034	\$90,610,315	\$91,824,391	\$92,908,172	\$94,268,417	\$95,391,042	\$96,003,143		
<b>Depreciation Rates</b>														
Approved Depreciation Rate-Mains		2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	
Approved Depreciation Rate-Services		2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	
<b>Return on Average Net Qualified Investment</b>														
Equity - Cost of Capital, inclusive of Income Tax Gross-up		5.78%	5.78%	5.78%	5.78%	5.78%	5.78%	5.78%	5.78%	5.78%	5.78%	5.78%	5.78%	
Debt - Cost of Capital		1.65%	1.65%	1.65%	1.65%	1.65%	1.65%	1.65%	1.65%	1.65%	1.65%	1.65%	1.65%	
<b>Equity Component - inclusive of Income Tax Gross-up</b>	\$418,981	\$420,733	\$423,047	\$424,916	\$426,547	\$430,374	\$436,440	\$442,287	\$447,508	\$454,060	\$459,467	\$462,415	\$5,246,775	
<b>Debt Component</b>	\$119,605	\$120,106	\$120,766	\$121,300	\$121,765	\$122,858	\$124,589	\$126,259	\$127,749	\$129,619	\$131,163	\$132,004	\$1,497,782	
<b>Return Requirement</b>	\$538,586	\$540,839	\$543,813	\$546,216	\$548,313	\$553,232	\$561,029	\$568,546	\$575,256	\$583,679	\$590,630	\$594,419	\$6,744,557	
<b>Investment Expenses</b>														
Depreciation Expense - Mains		\$125,822	\$125,822	\$125,934	\$127,117	\$127,646	\$127,609	\$127,959	\$128,055	\$130,961	\$132,595	\$133,416	\$134,124	\$1,547,041
Depreciation Expense - Services		\$41,933	\$41,933	\$42,218	\$42,293	\$43,057	\$43,187	\$43,672	\$43,940	\$44,828	\$45,347	\$46,769	\$47,244	\$526,420
Property Taxes		\$144,836	\$144,836	\$144,836	\$144,836	\$144,836	\$144,836	\$144,836	\$144,836	\$144,836	\$144,836	\$144,836	\$144,836	\$1,738,027
General Public Notice Expense & Customer Notice Expense		\$343	\$5,837	\$0	\$1,544	\$0	\$0	\$0	\$220	\$0	\$825	\$0	\$3,855	\$12,623
<b>Total Expense</b>	\$312,954	\$318,428	\$318,988	\$318,789	\$315,539	\$315,631	\$316,466	\$317,030	\$320,625	\$323,602	\$325,021	\$330,058	\$3,824,111	
<b>Total Revenue Requirements</b>	\$851,520	\$859,267	\$856,800	\$862,005	\$863,852	\$868,863	\$877,495	\$885,576	\$895,882	\$907,281	\$915,630	\$924,478	\$10,568,668	
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	\$62,317	\$747,727
<b>Net Annual Revenue Requirements</b>	\$789,210	\$796,957	\$794,490	\$799,695	\$801,542	\$806,553	\$815,185	\$823,266	\$833,572	\$844,971	\$853,340	\$862,161	\$9,820,941	
<b>GRIP Surcharge Revenues Collected Month</b>	\$1,035,933	\$1,030,245	\$824,210	\$813,776	\$739,994	\$651,609	\$570,551	\$606,295	\$601,590	\$636,807	\$751,519	\$948,004	\$9,210,533	
<b>Beginning True-Up (Over) and Under Recovery for the Month</b>		(\$246,723)	(\$233,289)	(\$29,719)	(\$14,081)	\$61,548	\$154,944	\$244,635	\$216,971	\$231,982	\$208,163	\$101,821	(\$85,843)	\$ (2,616,870)
<b>Monthly Interest (Expense)/Income</b>	\$ (5,617)	\$ (6,031)	\$ (6,309)	\$ (6,366)	\$ (6,331)	\$ (5,943)	\$ (5,308)	\$ (4,599)	\$ (3,996)	\$ (3,309)	\$ (2,754)	\$ (2,687)	\$ (59,250)	
<b>Ending (Over) and Under Recovery</b>	\$ (2,616,870)	\$ (2,869,210)	\$ (3,108,530)	\$ (3,144,558)	\$ (3,165,006)	\$ (3,109,789)	\$ (2,960,788)	\$ (2,721,461)	\$ (2,509,090)	\$ (2,281,103)	\$ (2,076,249)	\$ (1,977,182)	\$ (2,065,712)	\$ (2,065,712)
<b>Begin of Month Annual Interest Rate</b>		2.50%	2.42%	2.42%	2.43%	2.42%	2.42%	2.28%	2.21%	2.02%	1.98%	1.66%	1.61%	
<b>End of Month Annual Interest Rate</b>		2.42%	2.42%	2.43%	2.42%	2.42%	2.28%	2.21%	2.02%	1.98%	1.66%	1.61%	1.59%	
<b>Average Monthly Interest Rate</b>		0.205%	0.202%	0.202%	0.202%	0.202%	0.196%	0.187%	0.176%	0.167%	0.152%	0.136%	0.133%	



**Florida Public Utilities Company**  
 Gas Reliability Infrastructure Program (GRIP)  
 Calculation of the Projected Revenue Requirements  
 January 1, 2021 through December 31, 2021

Schedule C-2  
 Exhibit \_\_\_\_\_  
 Derrick M. Craig (DMC-1)  
 Page 4 of 18

Item	Beginning Balance	Forecast Jan	Forecast Feb	Forecast Mar	Forecast Apr	Forecast May	Forecast Jun	Forecast Jul	Forecast Aug	Forecast Sep	Forecast Oct	Forecast Nov	Forecast Dec	Year End Total/Balance
<b>Qualified Investment</b>														
Qualified Investment - Mains - Current Year 1070 Activity		\$637,500	\$637,500	\$637,500	\$850,000	\$850,000	\$850,000	\$1,402,500	\$1,402,500	\$1,402,500	\$1,360,000	\$1,360,000	\$1,360,000	\$12,750,000
Qualified Investment - Mains - Closed 1070 Activity to Plant		(\$637,500)	(\$637,500)	(\$637,500)	(\$850,000)	(\$850,000)	(\$850,000)	(\$1,402,500)	(\$1,402,500)	(\$1,402,500)	(\$1,360,000)	(\$1,360,000)	(\$1,360,000)	(\$12,750,000)
Qualified Investment - Services - Current Year 1070 Activity		\$250,000	\$250,000	\$250,000	\$333,333	\$333,333	\$333,333	\$550,000	\$550,000	\$550,000	\$533,333	\$533,333	\$533,333	\$5,000,000
Qualified Investment - Services - Closed 1070 Activity to Plant		(\$250,000)	(\$250,000)	(\$250,000)	(\$333,333)	(\$333,333)	(\$333,333)	(\$550,000)	(\$550,000)	(\$550,000)	(\$533,333)	(\$533,333)	(\$533,333)	(\$5,000,000)
Qualified Investment - Mains - Current 1010 Activity		\$637,500	\$637,500	\$637,500	\$850,000	\$850,000	\$850,000	\$1,402,500	\$1,402,500	\$1,402,500	\$1,360,000	\$1,360,000	\$1,360,000	\$12,750,000
Qualified Investment - Services - Current 1010 Activity		\$250,000	\$250,000	\$250,000	\$333,333	\$333,333	\$333,333	\$550,000	\$550,000	\$550,000	\$533,333	\$533,333	\$533,333	\$5,000,000
<b>Total Qualified Investment - Mains 1070</b>	\$288,818	\$288,818	\$288,818	\$288,818	\$288,818	\$288,818	\$288,818	\$288,818	\$288,818	\$288,818	\$288,818	\$288,818	\$288,818	\$288,818
<b>Total Qualified Investment - Service 1070</b>	\$2,647	\$2,647	\$2,647	\$2,647	\$2,647	\$2,647	\$2,647	\$2,647	\$2,647	\$2,647	\$2,647	\$2,647	\$2,647	\$2,647
<b>Total Qualified Investment - Mains 1010</b>	\$79,712,208	\$80,349,708	\$80,987,208	\$81,624,708	\$82,262,208	\$82,899,708	\$83,537,208	\$84,174,708	\$84,812,208	\$85,449,708	\$86,087,208	\$86,724,708	\$87,362,208	\$92,462,208
<b>Total Qualified Investment - Service 1010</b>	\$26,433,705	\$26,683,705	\$26,933,705	\$27,183,705	\$27,433,705	\$27,683,705	\$27,933,705	\$28,183,705	\$28,433,705	\$28,683,705	\$28,933,705	\$29,183,705	\$29,433,705	\$31,433,705
<b>Total Qualified Investment</b>	\$106,437,378	\$107,324,878	\$108,212,378	\$109,099,878	\$110,283,211	\$111,466,544	\$112,649,878	\$114,602,378	\$116,554,878	\$118,507,378	\$120,400,711	\$122,294,044	\$124,187,378	\$124,187,378
<b>Less: Accumulated Depreciation</b>	(\$10,070,403)	(\$10,258,361)	(\$10,447,893)	(\$10,639,000)	(\$10,831,680)	(\$11,026,458)	(\$11,223,335)	(\$11,422,311)	(\$11,624,750)	(\$11,830,651)	(\$12,040,015)	(\$12,252,737)	(\$12,468,817)	(\$12,468,817)
<b>Net Book Value</b>	\$96,366,975	\$97,066,516	\$97,764,484	\$98,460,878	\$99,451,532	\$100,440,086	\$101,426,542	\$103,180,066	\$104,930,128	\$106,676,727	\$108,360,696	\$110,041,308	\$111,718,561	\$111,718,561
<b>Average Net Qualified Investment</b>	\$96,716,746	\$97,415,500	\$98,112,681	\$98,956,205	\$99,945,809	\$100,933,314	\$102,303,304	\$104,055,097	\$105,805,427	\$107,518,711	\$109,201,002	\$110,879,934		
<b>Depreciation Rates</b>														
Approved Depreciation Rate-Mains		2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%
Approved Depreciation Rate-Services		2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%
<b>Return on Average Net Qualified Investment</b>														
Equity - Cost of Capital, inclusive of Income Tax Gross-up		5.37%	5.37%	5.37%	5.37%	5.37%	5.37%	5.37%	5.37%	5.37%	5.37%	5.37%	5.37%	5.37%
Debt - Cost of Capital		1.76%	1.76%	1.76%	1.76%	1.76%	1.76%	1.76%	1.76%	1.76%	1.76%	1.76%	1.76%	1.76%
<b>Equity Component - inclusive of Income Tax Gross-up</b>	\$432,680	\$435,806	\$438,925	\$442,099	\$447,126	\$451,544	\$457,672	\$465,509	\$473,331	\$481,005	\$488,531	\$496,042	\$510,868	\$5,510,868
<b>Debt Component</b>	\$141,851	\$142,876	\$143,899	\$145,136	\$146,587	\$148,036	\$150,045	\$152,614	\$155,178	\$157,694	\$160,161	\$162,624	\$165,066	\$1,806,701
<b>Return Requirement</b>	\$574,531	\$578,682	\$582,824	\$587,234	\$593,713	\$599,579	\$607,717	\$618,124	\$628,509	\$638,699	\$648,692	\$658,665	\$668,934	\$7,317,570
<b>Investment Expenses</b>														
Depreciation Expense - Mains	\$139,496	\$140,612	\$141,728	\$142,843	\$144,331	\$145,818	\$147,306	\$149,760	\$152,214	\$154,669	\$157,049	\$159,429	\$161,809	\$1,775,255
Depreciation Expense - Services	\$48,462	\$48,920	\$49,378	\$49,837	\$50,448	\$51,059	\$51,670	\$52,678	\$53,687	\$54,695	\$55,703	\$56,711	\$57,719	\$623,158
Property Taxes	\$160,612	\$160,612	\$160,612	\$160,612	\$160,612	\$160,612	\$160,612	\$160,612	\$160,612	\$160,612	\$160,612	\$160,612	\$160,612	\$1,927,339
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	\$4,333	\$51,996
<b>Total Expense</b>	\$352,903	\$354,477	\$356,051	\$357,625	\$359,723	\$361,822	\$363,920	\$367,383	\$370,846	\$374,309	\$377,666	\$381,024	\$384,749	\$4,377,749
<b>Total Revenue Requirements</b>	\$927,434	\$933,159	\$938,874	\$945,459	\$953,436	\$961,401	\$971,638	\$985,507	\$999,355	\$1,013,007	\$1,026,358	\$1,039,690	\$1,053,018	\$11,695,318
<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>	\$865,124	\$870,849	\$876,564	\$883,149	\$891,126	\$899,091	\$909,328	\$923,197	\$937,045	\$950,697	\$964,048	\$977,373	\$990,708	\$10,947,591

**Florida Public Utilities Company**  
 Gas Reliability Infrastructure Program (GRIP)  
 Projection of Qualified Mains & Services Revenue Requirements  
 Surcharge Calculation - January 1, 2021 through December 31, 2021  
 Per Therm Rate

Schedule D-1  
 Exhibit \_\_\_\_\_  
 Derrick M. Craig (DMC-1)  
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1. 1/1/21-12/31/21 Qualified Mains & Services Replacement Revenue Requirements			\$	10,947,591
Mains	74%	\$8,101,218		
Services	26%	\$2,846,374		
Net		<u>\$10,947,591</u>		
2. TRUE-UP from Prior Period (Over)/Under Recovery Estimated thru 12/2020			\$	(331,231)
3. 2021 Qualified Mains & Services Replacement Revenue Requirements			\$	10,616,361
Mains	74%	\$7,856,107		
Services	26%	\$2,760,254		
Net		<u>\$10,616,361</u>		

RATE SCHEDULE	2021 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	14,926,551	58.00%	22.00%	\$1,600,947	\$1,728,344	\$3,329,291	\$0.22304	1.00503	\$0.22417	250	\$56.04	\$4.67
COMMERCIAL SMALL (General Service & GS Transportation & NGVS & NGVTS)	15,069,859	17.00%	23.00%	\$469,243	\$1,806,905	\$2,276,148	\$0.15104	1.00503	\$0.15180	2,500	\$379.50	\$31.62
COMM. LRG VOLUME (Large Vol & LV Transportation)	42,320,261	25.00%	46.00%	\$690,063	\$3,613,809	\$4,303,873	\$0.10170	1.00503	\$0.10221	25,000	\$2,555.23	\$212.94
INTERRUPTIBLE SERVICE (Int Service & IS Transportation)	10,330,494	0.00%	8.00%	\$0	\$628,489	\$628,489	\$0.06084	1.00503	\$0.06114	50,000	\$3,057.21	\$254.77
GENERAL LIGHTING SERVICE ( Gen Light Service & GLS Transportation)	98,639	0.00%	1.00%	\$0	\$78,561	\$78,561	\$0.79645	1.00503	\$0.80046	500	\$400.23	\$33.35
<b>TOTAL</b>	<u>82,745,804</u>	<u>100%</u>	<u>100%</u>	<u>2,760,254</u>	<u>7,856,107</u>	<u>10,616,361</u>						

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Schedule E-1  
Exhibit \_\_\_\_\_

Derrick M. Craig (DMC-1)  
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2019 YE Forecast Surveillance (13-month average) at ROE% midpoint							
	Per Book	Pro-Rata Adjustment	Specific Adjustment	Adjusted Balance	Cap Ratio	Cost Rate	Weighted Cost
Common Equity	\$92,248,746	\$985,480	(\$2,469,682)	\$90,764,544	37.06%	10.85%	4.02%
Long Term Debt - CU	\$54,611,303	\$583,406	\$0	\$55,194,709	22.54%	3.79%	0.85%
Short Term Debt	\$44,768,551	\$478,257	\$0	\$45,246,808	18.48%	3.26%	0.60%
Long Term Debt - FC	\$5,012,450	\$53,547	\$0	\$5,065,997	2.07%	11.35%	0.23%
Customer Deposits	\$8,466,585	\$0	\$0	\$8,466,585	3.46%	2.38%	0.00%
Deffered Income Taxes	\$40,159,744	\$0	\$0	\$40,159,744	16.40%	0.00%	0.08%
<b>Total</b>	<b>\$245,267,379</b>	<b>\$2,100,690</b>	<b>(\$2,469,682)</b>	<b>\$244,898,387</b>	<b>100%</b>		<b>5.76%</b>

2019 YE Forecast Surveillance with ADFIT Consistency and Proration Adjustments (13-month average)									
	Per Book	Consistency and Pro-Rata Adjustment		Pro-Rata Adjustment	Specific Adjustment	Adjusted Balance	Cap Ratio	Cost Rate	Weighted Cost
Common Equity	\$92,248,746	(\$527,893)	\$91,720,853	\$985,480	(\$2,469,682)	\$90,236,651	36.85%	10.85%	4.00%
Long Term Debt - CU	\$54,611,303	(\$312,513)	\$54,298,790	\$583,406	\$0	\$54,882,196	22.41%	3.79%	0.85%
Short Term Debt	\$44,768,551	(\$256,188)	\$44,512,363	\$478,257	\$0	\$44,990,620	18.37%	3.26%	0.60%
Long Term Debt - FC	\$5,012,450	(\$28,684)	\$4,983,766	\$53,547	\$0	\$5,037,313	2.06%	11.35%	0.23%
Customer Deposits	\$8,466,585		\$8,466,585	\$0	\$0	\$8,466,585	3.46%	2.38%	0.08%
Deffered Income Taxes	\$40,159,744	\$1,125,278	\$41,285,022	\$0	\$0	\$41,285,022	16.86%	0.00%	0.00%
<b>Total</b>	<b>\$245,267,379</b>		<b>\$245,267,379</b>	<b>\$2,100,690</b>	<b>(\$2,469,682)</b>	<b>\$244,898,387</b>	<b>100%</b>		<b>5.76%</b>

Proration Adjustment and Consistency Adjustment To Reflect Projected ADFIT Consistent with Projection Year									
	Month	Total Deferred Income Tax Balance	Deprec Related ADFIT Balance	Deprec Related ADFIT Activity	Days to Prorate	Future Days in Period	Prorated Deprec-Related ADFIT Activity	Prorated Deprec-Related ADFIT Balance	
Projected	Dec-20	30,717,073	31,926,257					31,926,257	
Projected	Jan-21	30,838,344	32,052,302	126,045	31	336	116,030	32,042,287	
Projected	Feb-21	30,959,615	32,178,346	126,045	28	308	106,361	32,148,648	
Projected	Mar-21	31,080,886	32,304,391	126,045	31	277	95,656	32,244,304	
Projected	Apr-21	31,202,157	32,430,436	126,045	30	247	85,296	32,329,600	
Projected	May-21	31,323,428	32,556,481	126,045	31	216	74,591	32,404,191	
Projected	Jun-21	31,444,699	32,682,526	126,045	30	186	64,231	32,468,422	
Projected	Jul-21	31,565,970	32,808,571	126,045	31	155	53,526	32,521,948	
Projected	Aug-21	31,687,241	32,934,616	126,045	31	124	42,821	32,564,769	
Projected	Sep-21	31,808,512	33,060,660	126,045	30	94	32,461	32,597,230	
Projected	Oct-21	31,929,783	33,186,705	126,045	31	63	21,756	32,618,985	
Projected	Nov-21	32,051,054	33,312,750	126,045	30	33	11,396	32,630,381	
Projected	Dec-21	32,172,325	33,438,795	126,045	31	2	691	32,631,072	
		31,444,699	32,682,526	1,512,538	365		704,815	32,394,469	
2019 YE Surveil Bal.		40,159,744	31,269,190				13-Month Avg. Bal	32,682,526	
Consistency Adjustment		(8,715,045)	1,413,335 *				Proration Adj.	(288,057)	
Proration Adjustment			(288,057)						
<b>Total Adjustment</b>			<b>1,125,278</b>						

\* Positive variance shows that the limitation provision is met.

## Florida Division of Chesapeake Utilities Corporation

Gas Reliability Infrastructure Program (GRIP)

Calculation of Equity and Debt Returns

Schedule A-1

Exhibit \_\_\_\_\_

Derrick M. Craig (DMC-1)

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Earnings Surveillance Report - December 31, 2019

Equity Cost Rate	10.80%
Weighted Equity Cost Rate	4.09%
Revenue Expansion Factor	1.34
Weighted Equity Cost Rate , times Revenue Expansion Factor	<u>5.48%</u>
Long Term Debt-CU	0.91%
Short Term Debt	0.60%
Short Term Debt-Refinanced LTD	0.00%
Customer Deposits	0.03%
Tax Credits-Weighted Cost	0.00%
Weighted Debt Cost Rate	<u>1.54%</u>
Overall Weighted Cost Rate	<u><u>5.63%</u></u>



Florida Division of Chesapeake Utilities Corporation  
 Gas Reliability Infrastructure Program (GRIP)  
 Calculation of the Projected Revenue Requirements  
 January 1, 2019 through December 31, 2019

Schedule B-1  
 Exhibit  
 Derrick M. Craig (DMC-1)  
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Item	Beginning Balance	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year End Total
Qualified Investment														
Qualified Investment - Mains - Current 1070 Activ	\$781,584	\$701,075	\$855,045	\$529,285	\$478,776	\$262,031	\$225,093	\$183,506	\$230,072	\$260,509	\$85,589	\$225,108	\$4,817,674	
Qualified Investment - Mains - Closed 1070 Activit	\$0	(\$71,302)	(\$80,098)	(\$3,062,558)	(\$1,040,982)	(\$404,847)	(\$112,002)	(\$349,476)	(\$131,639)	(\$111,627)	(\$117,124)	(\$76,150)	(\$5,557,805)	
Qualified Investment - Services - Current 1070 Act	\$54,520	\$40,883	\$27,581	\$57,927	\$17,283	\$24,212	\$12,491	\$18,984	\$24,591	\$19,148	\$19,925	\$26,440	\$341,986	
Qualified Investment - Services - Closed 1070 Activ	\$0	(\$72,182)	(\$39,703)	(\$21,833)	(\$53,887)	(\$30,432)	(\$10,452)	(\$14,422)	(\$28,953)	(\$15,910)	(\$19,388)	(\$34,757)	(\$341,918)	
Qualified Investment - Mains - Current 1010 Activ	\$0	\$71,302	\$80,098	\$3,062,558	\$1,040,982	\$404,847	\$112,002	\$349,476	\$131,639	\$111,627	\$117,124	\$76,150	\$5,557,805	
Qualified Investment - Services - Current 1010 Act	\$0	\$72,182	\$39,703	\$21,833	\$53,887	\$30,432	\$10,452	\$14,422	\$28,953	\$15,910	\$19,388	\$34,757	\$341,918	
Total Qualified Investment - Mains	\$1,168,573	\$1,950,157	\$2,579,929	\$3,354,876	\$821,604	\$259,397	\$116,582	\$229,673	\$63,703	\$162,137	\$311,018	\$279,484	\$428,442	
Total Qualified Investment - Serv	\$4,001	\$58,522	\$27,223	\$15,101	\$51,195	\$14,591	\$8,371	\$10,411	\$14,973	\$10,611	\$13,849	\$12,386	\$4,069	
Total Qualified Investment - Mains	\$28,199,967	\$28,199,967	\$28,271,269	\$28,351,367	\$31,413,925	\$32,454,907	\$32,859,754	\$32,971,756	\$33,321,232	\$33,452,871	\$33,564,498	\$33,681,622	\$33,757,772	
Total Qualified Investment - Serv	\$2,728,922	\$2,728,922	\$2,801,104	\$2,840,807	\$2,862,640	\$2,916,527	\$2,946,958	\$2,957,410	\$2,971,832	\$3,000,786	\$3,016,695	\$3,036,083	\$3,070,840	
Total Qualified Investment	\$32,101,463	\$32,937,567	\$33,679,525	\$34,562,151	\$35,149,364	\$35,645,422	\$35,931,666	\$36,169,250	\$36,371,740	\$36,626,404	\$36,906,061	\$37,009,575	\$37,261,123	
Less: Accumulated Depreciation	(\$2,330,929)	(\$2,385,282)	(\$2,439,635)	(\$2,494,245)	(\$2,549,068)	(\$2,609,290)	(\$2,671,433)	(\$2,734,341)	(\$2,797,464)	(\$2,861,224)	(\$2,925,268)	(\$2,989,537)	(\$3,054,046)	
Net Book Value	\$29,770,534	\$30,552,285	\$31,239,890	\$32,067,906	\$32,600,296	\$33,036,132	\$33,260,233	\$33,434,909	\$33,574,276	\$33,765,180	\$33,980,793	\$34,020,038	\$34,207,077	
Average Net Qualified Investment	\$30,161,409	\$30,896,088	\$31,653,898	\$32,334,101	\$32,818,214	\$33,148,183	\$33,347,571	\$33,504,592	\$33,669,728	\$33,872,986	\$34,000,415	\$34,113,557		
Depreciation Rates														
Approved Depreciation Rate-Mains		2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	
Approved Depreciation Rate-Services		2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	
Return on Average Net Qualified Investment														
Equity - Cost of Capital, inclusive of Income Tax G		5.87%	5.87%	5.87%	5.87%	5.87%	5.87%	5.87%	5.87%	5.87%	5.87%	5.87%	5.87%	
Debt - Cost of Capital		1.39%	1.39%	1.39%	1.39%	1.39%	1.39%	1.39%	1.39%	1.39%	1.39%	1.39%	1.39%	
Equity Component - inclusive of Income Tax Gross	\$147,540	\$151,133	\$154,840	\$158,168	\$160,536	\$162,150	\$163,125	\$163,893	\$164,701	\$165,695	\$166,319	\$166,872	\$1,924,972	
Debt Component	\$34,937	\$35,788	\$36,666	\$37,454	\$38,014	\$38,397	\$38,628	\$38,809	\$39,001	\$39,236	\$39,384	\$39,515	\$455,828	
Return Requirement	\$182,477	\$186,921	\$191,506	\$195,621	\$198,550	\$200,547	\$201,753	\$202,703	\$203,702	\$204,932	\$205,703	\$206,387	\$2,380,800	
Investment Expenses														
Depreciation Expense - Mains	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Depreciation Expense - Services	\$49,350	\$49,350	\$49,475	\$49,615	\$49,974	\$50,796	\$51,505	\$52,101	\$52,684	\$53,254	\$53,811	\$54,355	\$659,302	
Property Taxes	\$5,003	\$5,003	\$5,135	\$5,208	\$5,248	\$5,347	\$5,403	\$5,422	\$5,448	\$5,501	\$5,531	\$5,566	\$63,815	
General Public Notice Expense and Customer Notic	\$49,618	\$49,618	\$49,618	\$49,618	\$49,618	\$49,618	\$49,618	\$49,618	\$49,618	\$49,618	\$49,618	\$49,618	\$595,416	
Total Expense	\$2,012	\$2,012	\$1,740	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,752	
Total Revenue Requirements	\$288,459	\$290,892	\$297,474	\$300,062	\$308,390	\$312,308	\$314,279	\$315,444	\$317,080	\$318,594	\$319,590	\$320,514	\$3,703,085	
GRIP Surcharge Revenues Collected Month	\$ 433,474	\$ 388,476	\$ 392,639	\$ 348,297	\$ 336,190	\$ 310,885	\$ 297,495	\$ 303,669	\$ 282,873	\$ 307,219	\$ 332,255	\$ 366,083	\$4,099,554	
Beginning True-Up (Over) and Under Recovery for the Month														
Monthly Interest (Expense)/Income	\$ (145,015)	\$ (97,584)	\$ (95,165)	\$ (48,235)	\$ (27,800)	\$ 1,423	\$ 16,784	\$ 11,775	\$ 34,207	\$ 11,375	\$ (12,666)	\$ (45,569)	\$ (396,469)	
Ending (Over) and Under Recovery	\$ (192,146)	\$ (337,703)	\$ (436,068)	\$ (532,210)	\$ (581,569)	\$ (610,571.75)	\$ (610,344)	\$ (594,686)	\$ (583,947)	\$ (550,687)	\$ (540,141)	\$ (553,550)	\$ (599,885)	
Beg of Month Annual Interest Rate		2.50%	2.42%	2.42%	2.43%	2.42%	2.42%	2.28%	2.21%	2.02%	1.98%	1.66%	1.61%	
End of Month Annual Interest Rate		2.42%	2.42%	2.43%	2.42%	2.42%	2.28%	2.21%	2.02%	1.98%	1.66%	1.61%	1.59%	
Average Monthly Interest Rate		0.21%	0.20%	0.20%	0.20%	0.20%	0.20%	0.19%	0.18%	0.17%	0.15%	0.14%	0.13%	



Florida Division of Chesapeake Utilities Corporation  
 Gas Reliability Infrastructure Program (GRIP)  
 Calculation of the Projected Revenue Requirements  
 January 1, 2021 through December 31, 2021

Schedule C-2  
 Exhibit \_\_\_\_\_  
 Derrick M. Craig (DMC-1)  
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Item	Beginning Balance	Forecast Jan	Forecast Feb	Forecast Mar	Forecast Apr	Forecast May	Forecast Jun	Forecast Jul	Forecast Aug	Forecast Sep	Forecast Oct	Forecast Nov	Forecast Dec	Year End Total
<b>Qualified Investment</b>														
Qualified Investment - Mains - Current 1070 Activity		\$16,667	\$16,667	\$16,667	\$16,667	\$16,667	\$16,667	\$16,667	\$16,667	\$16,667	\$16,667	\$16,667	\$16,667	\$200,000
Qualified Investment - Mains - Closed 1070 Activity to Plant		(\$16,667)	(\$16,667)	(\$16,667)	(\$16,667)	(\$16,667)	(\$16,667)	(\$16,667)	(\$16,667)	(\$16,667)	(\$16,667)	(\$16,667)	(\$16,667)	(\$200,000)
Qualified Investment - Services - Current 1070 Activity		\$4,167	\$4,167	\$4,167	\$4,167	\$4,167	\$4,167	\$4,167	\$4,167	\$4,167	\$4,167	\$4,167	\$4,167	\$50,000
Qualified Investment - Services - Closed 1070 Activity to Plant		(\$4,167)	(\$4,167)	(\$4,167)	(\$4,167)	(\$4,167)	(\$4,167)	(\$4,167)	(\$4,167)	(\$4,167)	(\$4,167)	(\$4,167)	(\$4,167)	(\$50,000)
Qualified Investment - Mains - Current 1010 Activity		\$16,667	\$16,667	\$16,667	\$16,667	\$16,667	\$16,667	\$16,667	\$16,667	\$16,667	\$16,667	\$16,667	\$16,667	\$200,000
Qualified Investment - Services - Current 1010 Activity		\$4,167	\$4,167	\$4,167	\$4,167	\$4,167	\$4,167	\$4,167	\$4,167	\$4,167	\$4,167	\$4,167	\$4,167	\$50,000
<b>Total Qualified Investment - Mains 1070</b>	\$418,598	\$418,598	\$418,598	\$418,598	\$418,598	\$418,598	\$418,598	\$418,598	\$418,598	\$418,598	\$418,598	\$418,598	\$418,598	\$418,598
<b>Total Qualified Investment - Services 1070</b>	\$4,004	\$4,004	\$4,004	\$4,004	\$4,004	\$4,004	\$4,004	\$4,004	\$4,004	\$4,004	\$4,004	\$4,004	\$4,004	\$4,004
<b>Total Qualified Investment - Mains 1010</b>	\$33,764,597	\$33,781,264	\$33,797,931	\$33,814,597	\$33,831,264	\$33,847,931	\$33,864,597	\$33,881,264	\$33,897,931	\$33,914,597	\$33,931,264	\$33,947,931	\$33,964,597	\$33,964,597
<b>Total Qualified Investment - Services 1010</b>	\$3,073,919	\$3,078,086	\$3,082,252	\$3,086,419	\$3,090,586	\$3,094,752	\$3,098,919	\$3,103,086	\$3,107,252	\$3,111,419	\$3,115,586	\$3,119,752	\$3,123,919	\$3,123,919
<b>Total Qualified Investment</b>	<b>\$37,261,118</b>	<b>\$37,281,952</b>	<b>\$37,302,785</b>	<b>\$37,323,618</b>	<b>\$37,344,452</b>	<b>\$37,365,285</b>	<b>\$37,386,118</b>	<b>\$37,406,952</b>	<b>\$37,427,785</b>	<b>\$37,448,618</b>	<b>\$37,469,452</b>	<b>\$37,490,285</b>	<b>\$37,511,118</b>	<b>\$37,511,118</b>
Less: Accumulated Depreciation	(\$3,054,047)	(\$3,118,771)	(\$3,183,531)	(\$3,248,328)	(\$3,313,162)	(\$3,378,033)	(\$3,442,941)	(\$3,507,885)	(\$3,572,866)	(\$3,637,884)	(\$3,702,939)	(\$3,768,031)	(\$3,833,160)	(\$3,833,160)
<b>Net Book Value</b>	<b>\$34,207,071</b>	<b>\$34,163,180</b>	<b>\$34,119,254</b>	<b>\$34,075,290</b>	<b>\$34,031,289</b>	<b>\$33,987,252</b>	<b>\$33,943,177</b>	<b>\$33,899,066</b>	<b>\$33,854,919</b>	<b>\$33,810,734</b>	<b>\$33,766,512</b>	<b>\$33,722,254</b>	<b>\$33,677,958</b>	<b>\$33,677,958</b>
<b>Average Net Qualified Investment</b>	<b>\$34,185,126</b>	<b>\$34,141,217</b>	<b>\$34,097,272</b>	<b>\$34,053,290</b>	<b>\$34,009,271</b>	<b>\$33,965,214</b>	<b>\$33,921,122</b>	<b>\$33,876,993</b>	<b>\$33,832,826</b>	<b>\$33,788,623</b>	<b>\$33,744,383</b>	<b>\$33,700,106</b>		
<b>Depreciation Rates</b>														
Approved Depreciation Rate-Mains		2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%
Approved Depreciation Rate-Services		2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%
<b>Return on Average Net Qualified Investment</b>														
Equity - Cost of Capital, inclusive of Income Tax Gross-up		5.48%	5.48%	5.48%	5.48%	5.48%	5.48%	5.48%	5.48%	5.48%	5.48%	5.48%	5.48%	5.48%
Debt - Cost of Capital		1.54%	1.54%	1.54%	1.54%	1.54%	1.54%	1.54%	1.54%	1.54%	1.54%	1.54%	1.54%	1.54%
<b>Equity Component - inclusive of Income Tax Gross-up</b>	<b>\$156,022</b>	<b>\$155,822</b>	<b>\$155,621</b>	<b>\$155,421</b>	<b>\$155,220</b>	<b>\$155,019</b>	<b>\$154,817</b>	<b>\$154,616</b>	<b>\$154,414</b>	<b>\$154,213</b>	<b>\$154,011</b>	<b>\$153,809</b>	<b>\$153,607</b>	<b>\$1,859,005</b>
<b>Debt Component</b>	<b>\$43,782</b>	<b>\$43,726</b>	<b>\$43,670</b>	<b>\$43,614</b>	<b>\$43,557</b>	<b>\$43,501</b>	<b>\$43,444</b>	<b>\$43,388</b>	<b>\$43,331</b>	<b>\$43,275</b>	<b>\$43,218</b>	<b>\$43,161</b>	<b>\$43,104</b>	<b>\$521,668</b>
<b>Return Requirement</b>	<b>\$199,805</b>	<b>\$199,548</b>	<b>\$199,291</b>	<b>\$199,034</b>	<b>\$198,777</b>	<b>\$198,519</b>	<b>\$198,262</b>	<b>\$198,004</b>	<b>\$197,746</b>	<b>\$197,487</b>	<b>\$197,229</b>	<b>\$196,970</b>	<b>\$196,712</b>	<b>\$2,380,672</b>
<b>Investment Expenses</b>														
Depreciation Expense - Mains		\$59,088	\$59,117	\$59,146	\$59,176	\$59,205	\$59,234	\$59,263	\$59,292	\$59,321	\$59,351	\$59,380	\$59,409	\$710,982
Depreciation Expense - Services		\$5,636	\$5,643	\$5,651	\$5,658	\$5,666	\$5,674	\$5,681	\$5,689	\$5,697	\$5,704	\$5,712	\$5,720	\$68,131
Property Taxes		\$57,012	\$57,012	\$57,012	\$57,012	\$57,012	\$57,012	\$57,012	\$57,012	\$57,012	\$57,012	\$57,012	\$57,012	\$684,144
General Public Notice Expense and Customer Notice Expense		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Expense</b>	<b>\$121,736</b>	<b>\$121,772</b>	<b>\$121,809</b>	<b>\$121,846</b>	<b>\$121,883</b>	<b>\$121,920</b>	<b>\$121,956</b>	<b>\$121,993</b>	<b>\$122,030</b>	<b>\$122,067</b>	<b>\$122,104</b>	<b>\$122,141</b>	<b>\$122,178</b>	<b>\$1,463,257</b>
<b>Total Revenue Requirements</b>	<b>\$321,541</b>	<b>\$321,320</b>	<b>\$321,100</b>	<b>\$320,880</b>	<b>\$320,660</b>	<b>\$320,439</b>	<b>\$320,218</b>	<b>\$319,997</b>	<b>\$319,776</b>	<b>\$319,554</b>	<b>\$319,333</b>	<b>\$319,111</b>	<b>\$318,889</b>	<b>\$3,843,929</b>



CFG

Schedule E-1

Exhibit \_\_\_\_\_

Derrick M. Craig (DMC-1)

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2019 YE Forecast Surveillance (13-month average) at ROE% midpoint							
	Per Book	Pro-Rata Adjustment	Specific Adjustment	Adjusted Balance	Cap Ratio	Cost Rate	Weighted Cost
Common Equity	\$38,290,359	\$0	(\$249,880)	\$38,040,479	37.86%	10.80%	4.09%
Long Term Debt	\$24,253,761	\$0	(\$158,278)	\$24,095,483	23.98%	3.79%	0.91%
Short Term Debt	\$18,582,408	\$0	(\$121,267)	\$18,461,141	18.37%	3.26%	0.60%
Long Term Debt - FC	\$0	\$0	\$0	\$0	0.00%	0.00%	0.00%
Customer Deposits	\$1,248,353	\$0	\$0	\$1,248,353	1.24%	2.31%	0.03%
Deffered Income Taxes	\$18,627,088	\$0	\$0	\$18,627,088	18.54%	0.00%	0.00%
<b>Total</b>	<b>\$101,001,969</b>	<b>\$0</b>	<b>(\$529,426)</b>	<b>\$100,472,543</b>	<b>100%</b>		<b>5.63%</b>

2018 YE Forecast Surveillance with ADFIT Consistency and Proration Adjustments (13-month average)									
	Per Book	Consistency and Pro-Rata Adjustment	Books Adjusted	Pro-Rata Adjustment	Specific Adjustment	Adjusted Balance	Cap Ratio	Cost Rate	Weighted Cost
Common Equity	\$38,290,359	(\$371,721)	\$37,918,638	\$0	(\$249,880)	\$37,668,757	37.49%	10.80%	4.05%
Long Term Debt	\$24,253,761	(\$235,455)	\$24,018,306	\$0	(\$158,278)	\$23,860,028	23.75%	3.79%	0.90%
Short Term Debt	\$18,582,408	(\$180,397)	\$18,402,011	\$0	(\$121,267)	\$18,280,744	18.19%	3.26%	0.59%
Long Term Debt - FC	\$0	\$0	\$0	\$0	\$0	\$0	0.00%	0.00%	0.00%
Customer Deposits	\$1,248,353		\$1,248,353	\$0	\$0	\$1,248,353	1.24%	2.31%	0.03%
Deffered Income Taxes	\$18,627,088	\$787,573	\$19,414,661	\$0	\$0	\$19,414,661	19.32%	0.00%	0.00%
<b>Total</b>	<b>\$101,001,969</b>		<b>\$101,001,969</b>	<b>\$0</b>	<b>(\$529,426)</b>	<b>\$100,472,543</b>	<b>100%</b>		<b>5.57%</b>

Proration Adjustment and Consistency Adjustment To Reflect Projected ADFIT Consistent with Projection Year									
	Month	Total Deferred Income Tax Balance	Deprec Related ADFIT Balance	Deprec Related ADFIT Activity	Days to Prorate	Future Days in Period	Prorated Deprec-Related ADFIT Activity	Prorated Deprec-Related ADFIT Balance	
Projected	Dec-19	11,153,813	13,522,767					13,522,767	
Projected	Jan-20	11,152,162	13,579,812	57,045	31	336	52,513	13,575,280	
Projected	Feb-20	11,199,009	13,636,857	57,045	28	308	48,136	13,623,416	
Projected	Mar-20	11,245,856	13,693,902	57,045	31	277	43,292	13,666,708	
Projected	Apr-20	11,292,703	13,750,947	57,045	30	247	38,603	13,705,311	
Projected	May-20	11,339,550	13,807,991	57,045	31	216	33,758	13,739,069	
Projected	Jun-20	11,386,397	13,865,036	57,045	30	186	29,069	13,768,138	
Projected	Jul-20	11,433,244	13,922,081	57,045	31	155	24,225	13,792,363	
Projected	Aug-20	11,480,091	13,979,126	57,045	31	124	19,380	13,811,742	
Projected	Sep-20	11,526,938	14,036,171	57,045	30	94	14,691	13,826,433	
Projected	Oct-20	11,573,785	14,093,216	57,045	31	63	9,846	13,836,279	
Projected	Nov-20	11,620,632	14,150,261	57,045	30	33	5,157	13,841,437	
Projected	Dec-20	11,667,479	14,207,305	57,045	31	2	313	13,841,749	
		11,390,128	13,865,036	684,538	365		318,982	13,734,669	
2019 YE Surveil. Bal.		18,627,088	12,947,095				13-Month Avg. Bal	13,865,036	
Consistency Adjustment		(7,236,960)	917,941	*			Proration Adj.	(130,368)	
Proration Adjustment			(130,368)						
<b>Total Adjustment</b>			<b>787,573</b>						

\* Positive variance shows that the limitation provision is met.

## Florida Public Utilities Company -Ft. Meade

Gas Reliability Infrastructure Program (GRIP)

Investment and Calculation of Equity and Debt Returns

Schedule A-1

Exhibit \_\_\_\_\_

Derrick M. Craig (DMC-1)

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### Earnings Surveillance Report - December 31, 2019

Equity Cost Rate	11.00%
Weighted Equity Cost Rate	3.74%
Revenue Expansion Factor	1.34
Weighted Equity Cost Rate , times Revenue Expansion Factor	<u>5.00%</u>
Long Term Debt-CU	0.82%
Short Term Debt	0.54%
Short Term Debt-Refinanced LTD	0.00%
Customer Deposits	0.03%
Tax Credits-Weighted Cost	0.00%
Weighted Debt Cost Rate	<u>1.39%</u>
Overall Weighted Cost Rate	<u><u>5.12%</u></u>

**Florida Public Utilities-Ft. Meade**  
 Gas Reliability Infrastructure Program (GRIP)  
 Calculation of the Projected Revenue Requirements  
 January 1, 2019 through December 31, 2019

Schedule B-1  
 Exhibit  
 Derrick M. Craig (DMC-1)  
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Item	Beginning Balance	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	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
Qualified Investment - Mains - Closed 1070 Activity to Plant				\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Qualified Investment - Services - Current 1070 Activity		\$2,536	\$0	\$3,971	(\$2,761)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,746
Qualified Investment - Services - Closed 1070 Activity to Plant		\$0	(\$2,536)	\$0	(\$1,870)	\$0	\$660	\$0	\$0	\$0	\$0	\$0	\$0	(\$3,746)
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	\$2,536	\$0	\$1,870	\$0	(\$660)	\$0	\$0	\$0	\$0	\$0	\$0	\$3,746
<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)	\$2,535	(\$1)	\$3,970	(\$661)	(\$661)	(\$1)	(\$1)	(\$1)	(\$1)	(\$1)	(\$1)	(\$1)	(\$1)
<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>	\$250,188	\$250,188	\$252,724	\$252,724	\$254,594	\$254,594	\$253,934	\$253,934	\$253,934	\$253,934	\$253,934	\$253,934	\$253,934	\$253,934
<b>Total Qualified Investment</b>	\$250,188	\$252,723	\$252,723	\$256,694	\$253,933	\$253,933	\$253,933	\$253,933	\$253,933	\$253,933	\$253,933	\$253,933	\$253,933	\$253,933
Less: Accumulated Depreciation	(\$9,162)	(\$9,621)	(\$10,080)	(\$10,543)	(\$11,006)	(\$11,473)	(\$11,940)	(\$12,406)	(\$12,872)	(\$13,338)	(\$13,804)	(\$14,270)	(\$14,736)	(\$14,736)
<b>Net Book Value</b>	\$241,026	\$243,102	\$242,643	\$246,151	\$242,927	\$242,460	\$241,993	\$241,527	\$241,061	\$240,595	\$240,129	\$239,663	\$239,197	\$239,197
<b>Average Net Qualified Investment</b>		\$242,064	\$242,873	\$244,397	\$244,539	\$242,694	\$242,227	\$241,760	\$241,294	\$240,828	\$240,362	\$239,896	\$239,430	
<b>Depreciation Rates</b>														
Approved Depreciation Rate-Mains		2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%
Approved Depreciation Rate-Services		2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%
<b>Return on Average Net Qualified Investment</b>														
Equity - Cost of Capital, inclusive of Income Tax Gross-up		4.61%	4.61%	4.61%	4.61%	4.61%	4.61%	4.61%	4.61%	4.61%	4.61%	4.61%	4.61%	4.61%
Debt - Cost of Capital		1.05%	1.05%	1.05%	1.05%	1.05%	1.05%	1.05%	1.05%	1.05%	1.05%	1.05%	1.05%	1.05%
Equity Component - inclusive of Income Tax Gross-up	\$930	\$933	\$939	\$939	\$932	\$931	\$929	\$927	\$925	\$923	\$922	\$920	\$920	\$11,150
Debt Component	\$212	\$213	\$214	\$214	\$212	\$212	\$212	\$212	\$211	\$211	\$210	\$210	\$210	\$2,540
<b>Return Requirement</b>	\$1,142	\$1,146	\$1,153	\$1,153	\$1,145	\$1,143	\$1,140	\$1,138	\$1,136	\$1,134	\$1,132	\$1,129	\$1,129	\$13,689
<b>Investment Expenses</b>														
Depreciation Expense - Mains	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Depreciation Expense - Services	\$459	\$459	\$463	\$463	\$467	\$467	\$466	\$466	\$466	\$466	\$466	\$466	\$466	\$5,574
Property Taxes	\$402	\$402	\$402	\$402	\$402	\$402	\$402	\$402	\$402	\$402	\$402	\$402	\$402	\$4,824
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>	\$861	\$861	\$865	\$865	\$869	\$869	\$868	\$868	\$868	\$868	\$868	\$868	\$868	\$10,398
<b>Total Revenue Requirements</b>	\$2,003	\$2,007	\$2,018	\$2,018	\$2,014	\$2,012	\$2,008	\$2,006	\$2,004	\$2,002	\$2,000	\$1,997	\$1,997	\$24,087
<b>GRIP Surcharge Revenues Collected Month</b>	\$3,685	\$3,385	\$2,293	\$2,264	\$70	\$1,828	\$2,116	\$2,248	\$2,174	\$2,467	\$2,898	\$4,495	\$29,923	
<b>Beginning True-Up (Over) and Under Recovery for the Month</b>	\$	(\$1,682)	(\$1,379)	(\$275)	(\$246)	\$1,944	\$183	(\$108)	(\$242)	(\$170)	(\$465)	(\$898)	(\$2,498)	\$3,693
<b>Monthly Interest (Expense)/Income</b>	\$	6	3	1	-	2	4	4	4	3	2	1	(1)	\$29
<b>Ending (Over) and Under Recovery</b>	\$3,693	\$2,017	\$641	\$367	\$121	\$2,067	\$2,255	\$2,151	\$1,913	\$1,746	\$1,283	\$386	\$(2,113)	\$(2,113)
<b>Beg of Month Annual Interest Rate</b>	2.50%	2.42%	2.42%	2.43%	2.42%	2.42%	2.42%	2.28%	2.21%	2.02%	1.98%	1.66%	1.61%	
<b>End of Month Annual Interest Rate</b>	2.42%	2.42%	2.43%	2.42%	2.42%	2.28%	2.21%	2.02%	1.98%	1.66%	1.61%	1.59%	1.59%	
<b>Average Monthly Interest Rate</b>	0.21%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.19%	0.18%	0.17%	0.15%	0.14%	0.13%	





**Florida Public Utilities-Ft. Meade**  
 Gas Reliability Infrastructure Program (GRIP)  
 Calculation of the Projected Revenue Requirements  
 January 1, 2021 through December 31, 2021

Schedule C-2  
 Exhibit  
 Derrick M. Craig (DMC-1)  
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Item	Beginning Balance	Forecast Jan	Forecast Feb	Forecast Mar	Forecast Apr	Forecast May	Forecast Jun	Forecast Jul	Forecast Aug	Forecast Sep	Forecast Oct	Forecast Nov	Forecast 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	\$0	\$0	\$0	\$0
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
<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>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<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>	\$253,934	\$253,934	\$253,934	\$253,934	\$253,934	\$253,934	\$253,934	\$253,934	\$253,934	\$253,934	\$253,934	\$253,934	\$253,934	\$253,934
<b>Total Qualified Investment</b>	\$253,934	\$253,934	\$253,934	\$253,934	\$253,934	\$253,934	\$253,934	\$253,934	\$253,934	\$253,934	\$253,934	\$253,934	\$253,934	\$253,934
<b>Less: Accumulated Depreciation</b>	(\$14,733)	(\$15,199)	(\$15,665)	(\$16,131)	(\$16,597)	(\$17,063)	(\$17,529)	(\$17,995)	(\$18,461)	(\$18,927)	(\$19,393)	(\$19,859)	(\$20,325)	(\$20,325)
<b>Net Book Value</b>	\$239,201	\$238,735	\$238,269	\$237,803	\$237,337	\$236,871	\$236,405	\$235,939	\$235,473	\$235,007	\$234,541	\$234,075	\$233,609	\$233,609
<b>Average Net Qualified Investment</b>		\$238,968	\$238,502	\$238,036	\$237,570	\$237,104	\$236,638	\$236,172	\$235,706	\$235,240	\$234,774	\$234,308	\$233,842	
<b>Depreciation Rates</b>														
Approved Depreciation Rate-Mains		2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%
Approved Depreciation Rate-Services		2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%
<b>Return on Average Net Qualified Investment</b>														
Equity - Cost of Capital, inclusive of Income Tax Gross-up		5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Debt - Cost of Capital		1.39%	1.39%	1.39%	1.39%	1.39%	1.39%	1.39%	1.39%	1.39%	1.39%	1.39%	1.39%	1.39%
<b>Equity Component - inclusive of Income Tax Gross-up</b>	\$995	\$993	\$991	\$989	\$987	\$985	\$983	\$981	\$979	\$978	\$978	\$976	\$974	\$11,813
<b>Debt Component</b>	\$276	\$276	\$275	\$275	\$274	\$274	\$273	\$273	\$272	\$272	\$272	\$271	\$271	\$3,282
<b>Return Requirement</b>	\$1,271	\$1,269	\$1,267	\$1,264	\$1,262	\$1,259	\$1,257	\$1,254	\$1,252	\$1,249	\$1,249	\$1,247	\$1,244	\$15,094
<b>Investment Expenses</b>														
Depreciation Expense - Mains	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Depreciation Expense - Services	\$466	\$466	\$466	\$466	\$466	\$466	\$466	\$466	\$466	\$466	\$466	\$466	\$466	\$5,592
Property Taxes	\$399	\$399	\$399	\$399	\$399	\$399	\$399	\$399	\$399	\$399	\$399	\$399	\$399	\$4,788
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>	\$865	\$865	\$865	\$865	\$865	\$865	\$865	\$865	\$865	\$865	\$865	\$865	\$865	\$10,380
<b>Total Revenue Requirements</b>	\$2,136	\$2,134	\$2,132	\$2,129	\$2,127	\$2,124	\$2,122	\$2,119	\$2,117	\$2,114	\$2,114	\$2,112	\$2,109	\$25,474

**Florida Public Utilities Company-Fort Meade**  
 Gas Reliability Infrastructure Program (GRIP)  
 Projection of Qualified Mains & Services Revenue Requirements  
 Surcharge Calculation - January 1, 2021 through December 31, 2021  
 Per Therm Rate

Schedule D-1  
 Exhibit \_\_\_\_\_  
 Derrick M. Craig (DMC-1)  
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1. 1/1/21-12/31/21 Qualified Mains & Services Replacement Revenue Requirements		\$	25,474
Mains	0%	\$0	
Services	100%	<u>\$25,474</u>	
Net		<u><u>\$25,474</u></u>	
2. TRUE-UP from Prior Period (Over)/Under Recovery Estimated thru 12/2020		\$	(5,987)
3. 2021 Qualified Mains & Services Replacement Revenue Requirements		\$	19,487
Mains	0%	\$0	
Services	100%	<u>\$19,487</u>	
Net		<u><u>\$19,487</u></u>	

RATE SCHEDULE	2021 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	69,581	58.00%	22.00%	\$11,302	\$0	\$11,302	\$0.16244	1.00503	\$0.16325	250	\$40.81	\$3.40
COMMERCIAL SMALL (General Service & GS Transportation)	169,923	17.00%	23.00%	\$3,313	\$0	\$3,313	\$0.01950	1.00503	\$0.01959	2,500	\$48.98	\$4.08
COMM. LRG VOLUME (Large Vol & LV Transportation)	0	25.00%	46.00%	\$4,872	\$0	\$4,872	\$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>239,504</u>	<u>100.00%</u>	<u>100.00%</u>	<u>\$19,487</u>	<u>\$0</u>	<u>\$19,487</u>						

**Fort Meade**

Schedule E-1

Exhibit \_\_\_\_\_

Derrick M. Craig (DMC-1)

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2019 YE Forecast Surveillance (13-month average) at ROE% midpoint								
	Per Book	Pro-Rata Adjustment	Specific Adjustment	Adjusted Balance	Cap Ratio	Cost Rate	Weighted Cost	
Common Equity	\$357,164	\$0	\$0	\$357,164	33.97%	11.00%	3.74%	
Long Term Debt	\$226,234	\$0	\$0	\$226,234	21.52%	3.79%	0.82%	
Short Term Debt	\$173,333	\$0	\$0	\$173,333	16.49%	3.26%	0.54%	
Long Term Debt - FC	\$0	\$0	\$0	\$0	0.00%	0.00%	0.00%	
Customer Deposits	\$18,582	\$0	\$0	\$18,582	1.77%	1.98%	0.03%	
Deffered Income Taxes	\$276,087	\$0	\$0	\$276,087	26.26%	0.00%	0.00%	
<b>Total</b>	<b>\$1,051,400</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,051,400</b>	<b>100%</b>		<b>4.93%</b>	

2018 YE Forecast Surveillance with ADFIT Consistency and Proration Adjustments (13-month average)									
	Per Book	Consistency and Pro-Rata Adjustment	Books Adjusted	Pro-Rata Adjustment	Specific Adjustment	Adjusted Balance	Cap Ratio	Cost Rate	Weighted Cost
Common Equity	\$357,164	(\$13,744)	\$343,420	\$0	\$0	\$343,420	32.66%	11.00%	3.59%
Long Term Debt	\$226,234	(\$8,705)	\$217,529	\$0	\$0	\$217,529	20.69%	3.79%	0.78%
Short Term Debt	\$173,333	(\$6,670)	\$166,663	\$0	\$0	\$166,663	15.85%	3.26%	0.52%
Long Term Debt - FC	\$0	\$0	\$0	\$0	\$0	\$0	0.00%	0.00%	0.00%
Customer Deposits	\$18,582	\$0	\$18,582	\$0	\$0	\$18,582	1.77%	1.98%	0.03%
Deffered Income Taxes	\$276,087	\$29,119	\$305,205	\$0	\$0	\$305,205	29.03%	0.00%	0.00%
<b>Total</b>	<b>\$1,051,400</b>		<b>\$1,051,400</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,051,400</b>	<b>100%</b>		<b>4.93%</b>

Proration Adjustment and Consistency Adjustment To Reflect Projected ADFIT Consistent with Projection Year								
	Month	Total Deferred Income Tax Balance	Deprec Related ADFIT Balance	Deprec Related ADFIT Activity	Days to Prorate	Future Days in Period	Prorated Deprec-Related ADFIT Activity	Prorated Deprec-Related ADFIT Balance
Projected	Dec-19	224,620	120,418					120,418
Projected	Jan-20	227,034	121,712	1,294	31	336	1,191	121,609
Projected	Feb-20	229,448	123,006	1,294	28	308	1,092	122,701
Projected	Mar-20	231,862	124,300	1,294	31	277	982	123,683
Projected	Apr-20	234,276	125,594	1,294	30	247	876	124,559
Projected	May-20	236,690	126,888	1,294	31	216	766	125,325
Projected	Jun-20	239,104	128,183	1,294	30	186	659	125,984
Projected	Jul-20	241,518	129,477	1,294	31	155	550	126,534
Projected	Aug-20	243,932	130,771	1,294	31	124	440	126,974
Projected	Sep-20	246,346	132,065	1,294	30	94	333	127,307
Projected	Oct-20	248,760	133,359	1,294	31	63	223	127,530
Projected	Nov-20	251,174	134,653	1,294	30	33	117	127,647
Projected	Dec-20	253,588	135,947	1,294	31	2	7	127,654
		239,104	128,183	15,530	365		7,237	125,225
2019 YE Surveil Bal.		276,087	96,106				13-Month Avg. Bal	128,183
Consistency Adjustment		(36,983)	32,076 *				Proration Adj.	(2,958)
Proration Adjustment			(2,958)					
<b>Total Adjustment</b>			<b>29,119</b>					

\* Positive variance shows that the limitation provision is met.

**FPU**

2018 YE Forecast Surveillance (13-month average) at ROE% midpoint								
	Per Book	Pro-Rata Adjustment	Specific Adjustment	Adjusted Balance	Cap Ratio	Cost Rate	Weighted Cost	
Common Equity	\$94,385,921	\$1,538,972	(\$2,469,682)	\$93,455,211	39.94%	10.85%	4.33%	
Long Term Debt - CU	\$39,631,777	\$646,200	\$0	\$40,277,977	17.21%	4.04%	0.70%	
Short Term Debt	\$46,141,408	\$752,340	\$0	\$46,893,748	20.04%	2.94%	0.59%	
Long Term Debt - FC	\$5,491,366	\$89,537	\$0	\$5,580,903	2.39%	11.70%	0.28%	
Customer Deposits	\$8,146,930	\$0	\$0	\$8,146,930	3.48%	2.40%	0.08%	
Deffered Income Taxes	\$39,621,946	\$0	\$0	\$39,621,946	16.93%	0.00%	0.00%	
<b>Total</b>	<b>\$233,419,347</b>	<b>\$3,027,049</b>	<b>(\$2,469,682)</b>	<b>\$233,976,714</b>	<b>100%</b>		<b>5.98%</b>	

2018 YE Forecast Surveillance with ADFIT Consistency and Proration Adjustments (13-month average)									
	Per Book	Consistency and Pro-Rata Adjustment	Books Adjusted	Pro-Rata Adjustment	Specific Adjustment	Adjusted Balance	Cap Ratio	Cost Rate	Weighted Cost
Common Equity	\$94,385,921	(\$61,034)	\$94,324,887	\$1,538,972	(\$2,469,682)	\$93,394,177	39.92%	10.85%	4.33%
Long Term Debt - CU	\$39,631,777	(\$25,628)	\$39,606,149	\$646,200	\$0	\$40,252,349	17.20%	4.04%	0.70%
Short Term Debt	\$46,141,408	(\$29,837)	\$46,111,571	\$752,340	\$0	\$46,863,911	20.03%	2.94%	0.59%
Long Term Debt - FC	\$5,491,366	(\$3,551)	\$5,487,815	\$89,537	\$0	\$5,577,352	2.38%	11.70%	0.28%
Customer Deposits	\$8,146,930		\$8,146,930	\$0	\$0	\$8,146,930	3.48%	2.40%	0.08%
Deffered Income Taxes	\$39,621,946	\$120,049	\$39,741,995	\$0	\$0	\$39,741,995	16.99%	0.00%	0.00%
<b>Total</b>	<b>\$233,419,347</b>		<b>\$233,419,347</b>	<b>\$3,027,049</b>	<b>(\$2,469,682)</b>	<b>\$233,976,714</b>	<b>100%</b>		<b>5.98%</b>

Proration Adjustment and Consistency Adjustment To Reflect Projected ADFIT Consistent with Projection Year								
	Month	Total Deferred Income Tax Balance	Deprec Related ADFIT Balance	Deprec Related ADFIT Activity	Days to Prorate	Future Days in Period	Prorated Deprec-Related ADFIT Activity	Prorated Deprec-Related ADFIT Balance
Projected	Dec-19	29,713,596	31,039,436					31,039,436
Projected	Jan-20	29,778,334	31,107,063	67,627	31	336	62,254	31,101,690
Projected	Feb-20	29,843,072	31,174,689	67,627	28	308	57,066	31,158,756
Projected	Mar-20	29,907,810	31,242,316	67,627	31	277	51,322	31,210,078
Projected	Apr-20	29,972,548	31,309,943	67,627	30	247	45,764	31,255,841
Projected	May-20	30,037,286	31,377,569	67,627	31	216	40,020	31,295,862
Projected	Jun-20	30,102,024	31,445,196	67,627	30	186	34,462	31,330,323
Projected	Jul-20	30,166,762	31,512,823	67,627	31	155	28,718	31,359,042
Projected	Aug-20	30,231,500	31,580,449	67,627	31	124	22,975	31,382,016
Projected	Sep-20	30,296,238	31,648,076	67,627	30	94	17,416	31,399,432
Projected	Oct-20	30,360,976	31,715,703	67,627	31	63	11,673	31,411,105
Projected	Nov-20	30,425,714	31,783,329	67,627	30	33	6,114	31,417,219
Projected	Dec-20	30,490,452	31,850,956	67,627	31	2	371	31,417,590
		30,102,024	31,445,196	811,520	365		378,153	31,290,645
2018 YE Surveil Bal.		39,621,946	31,170,596				13-Month Avg. Bal	31,445,196
Consistency Adjustment		(9,519,922)	274,600 *				Proration Adj.	(154,551)
Proration Adjustment			(154,551)					
<b>Total Adjustment</b>			<b>120,049</b>					

\* Positive variance shows that the limitation provision is met.

CFG

Schedule E-1

Exhibit \_\_\_\_\_

Derrick M. Craig (DMC-2)

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2018 YE Forecast Surveillance (13-month average) at ROE% midpoint							
	Per Book	Pro-Rata Adjustment	Specific Adjustment	Adjusted Balance	Cap Ratio	Cost Rate	Weighted Cost
Common Equity	\$37,890,035	\$0	(\$68,216)	\$37,821,820	40.73%	10.80%	4.40%
Long Term Debt	\$17,595,675	\$0	(\$31,678)	\$17,563,997	18.91%	4.04%	0.77%
Short Term Debt	\$18,522,885	\$0	(\$33,347)	\$18,489,538	19.91%	2.94%	0.59%
Long Term Debt - FC	\$0	\$0	\$0	\$0	0.00%	0.00%	0.00%
Customer Deposits	\$1,138,435	\$0	\$0	\$1,138,435	1.23%	2.33%	0.03%
Deferred Income Taxes	\$17,844,457	\$0	\$0	\$17,844,457	19.22%	0.00%	0.00%
<b>Total</b>	<b>\$92,991,487</b>	<b>\$0</b>	<b>(\$133,241)</b>	<b>\$92,858,246</b>	<b>100%</b>		<b>5.79%</b>

2018 YE Forecast Surveillance with ADFIT Consistency and Proration Adjustments (13-month average)									
	Per Book	Consistency and Pro-Rata Adjustment	Books Adjusted	Pro-Rata Adjustment	Specific Adjustment	Adjusted Balance	Cap Ratio	Cost Rate	Weighted Cost
Common Equity	\$37,890,035	(\$387,583)	\$37,502,452	\$0	(\$68,216)	\$37,434,236	40.31%	10.80%	4.35%
Long Term Debt	\$17,595,675	(\$179,989)	\$17,415,686	\$0	(\$31,678)	\$17,384,008	18.72%	4.04%	0.76%
Short Term Debt	\$18,522,885	(\$189,474)	\$18,333,411	\$0	(\$33,347)	\$18,300,064	19.71%	2.94%	0.58%
Long Term Debt - FC	\$0	\$0	\$0	\$0	\$0	\$0	0.00%	0.00%	0.00%
Customer Deposits	\$1,138,435		\$1,138,435	\$0	\$0	\$1,138,435	1.23%	2.33%	0.03%
Deferred Income Taxes	\$17,844,457	\$757,046	\$18,601,503	\$0	\$0	\$18,601,503	20.03%	0.00%	0.00%
<b>Total</b>	<b>\$92,991,487</b>		<b>\$92,991,487</b>	<b>\$0</b>	<b>(\$133,241)</b>	<b>\$92,858,246</b>	<b>100%</b>		<b>5.72%</b>

Proration Adjustment and Consistency Adjustment To Reflect Projected ADFIT Consistent with Projection Year								
	Month	Total Deferred Income Tax Balance	Deprec Related ADFIT Balance	Deprec Related ADFIT Activity	Days to Prorate	Future Days in Period	Prorated Deprec-Related ADFIT Activity	Prorated Deprec-Related ADFIT Balance
Projected	Dec-19	10,656,610	13,010,140					13,010,140
Projected	Jan-20	10,709,198	13,074,343	64,202	31	336	59,101	13,069,242
Projected	Feb-20	10,761,786	13,138,545	64,202	28	308	54,176	13,123,418
Projected	Mar-20	10,814,374	13,202,747	64,202	31	277	48,723	13,172,141
Projected	Apr-20	10,866,962	13,266,949	64,202	30	247	43,446	13,215,587
Projected	May-20	10,919,550	13,331,151	64,202	31	216	37,994	13,253,581
Projected	Jun-20	10,972,138	13,395,353	64,202	30	186	32,717	13,286,298
Projected	Jul-20	11,024,726	13,459,555	64,202	31	155	27,264	13,313,561
Projected	Aug-20	11,077,314	13,523,758	64,202	31	124	21,811	13,335,373
Projected	Sep-20	11,129,902	13,587,960	64,202	30	94	16,534	13,351,907
Projected	Oct-20	11,182,490	13,652,162	64,202	31	63	11,081	13,362,988
Projected	Nov-20	11,235,078	13,716,364	64,202	30	33	5,805	13,368,793
Projected	Dec-20	11,287,666	13,780,566	64,202	31	2	352	13,369,145
		10,972,138	13,395,353	770,426	365		359,004	13,248,629
2018 YE Surveil Bal.		17,844,457	12,491,583					
Consistency Adjustment		(6,872,318)	903,771 *				13-Month Avg. Bal	13,395,353
Proration Adjustment			(146,725)				Proration Adj.	(146,725)
<b>Total Adjustment</b>			<b>757,046</b>					

\* Positive variance shows that the limitation provision is met.

**Fort Meade**

Schedule F-1

Exhibit \_\_\_\_\_

Derrick M. Craig (DMC-2)

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**2018 YE Forecast Surveillance (13-month average) at ROE% midpoint**

	Per Book	Pro-Rata Adjustment	Specific Adjustment	Adjusted Balance	Cap Ratio	Cost Rate	Weighted Cost
Common Equity	\$167,554	\$0	\$0	\$167,554	31.27%	11.00%	3.44%
Long Term Debt	\$77,810	\$0	\$0	\$77,810	14.52%	4.04%	0.59%
Short Term Debt	\$81,910	\$0	\$0	\$81,910	15.28%	2.94%	0.45%
Long Term Debt - FC	\$0	\$0	\$0	\$0	0.00%	0.00%	0.00%
Customer Deposits	\$15,095	\$0	\$0	\$15,095	2.82%	0.22%	0.01%
Deffered Income Taxes	\$193,518	\$0	\$0	\$193,518	36.11%	0.00%	0.00%
<b>Total</b>	<b>\$535,887</b>	<b>\$0</b>	<b>\$0</b>	<b>\$535,887</b>	<b>100%</b>		<b>4.49%</b>

**2018 YE Forecast Surveillance with ADFIT Consistency and Proration Adjustments (13-month average)**

	Per Book	Consistency and Pro-Rata Adjustment	Books Adjusted	Pro-Rata Adjustment	Specific Adjustment	Adjusted Balance	Cap Ratio	Cost Rate	Weighted Cost
Common Equity	\$167,554	(\$16,963)	\$150,591	\$0	\$0	\$150,591	28.10%	11.00%	3.09%
Long Term Debt	\$77,810	(\$7,877)	\$69,933	\$0	\$0	\$69,933	13.05%	4.04%	0.53%
Short Term Debt	\$81,910	(\$8,292)	\$73,618	\$0	\$0	\$73,618	13.74%	2.94%	0.40%
Long Term Debt - FC	\$0	\$0	\$0	\$0	\$0	\$0	0.00%	0.00%	0.00%
Customer Deposits	\$15,095		\$15,095	\$0	\$0	\$15,095	2.82%	0.22%	0.01%
Deffered Income Taxes	\$193,518	\$33,132	\$226,650	\$0	\$0	\$226,650	42.29%	0.00%	0.00%
<b>Total</b>	<b>\$535,887</b>		<b>\$535,887</b>	<b>\$0</b>	<b>\$0</b>	<b>\$535,887</b>	<b>100%</b>		<b>4.03%</b>

**Proration Adjustment and Consistency Adjustment To Reflect Projected ADFIT Consistent with Projection Year**

	Month	Total Deferred Income Tax Balance	Deprec Related ADFIT Balance	Deprec Related ADFIT Activity	Days to Prorate	Future Days in Period	Prorated Deprec-Related ADFIT Activity	Prorated Deprec-Related ADFIT Balance
Projected	Dec-19	205,728	104,304					104,304
Projected	Jan-20	209,756	106,346	2,042	31	336	1,880	106,184
Projected	Feb-20	213,784	108,388	2,042	28	308	1,723	107,907
Projected	Mar-20	217,812	110,430	2,042	31	277	1,550	109,457
Projected	Apr-20	221,840	112,472	2,042	30	247	1,382	110,839
Projected	May-20	225,868	114,515	2,042	31	216	1,209	112,047
Projected	Jun-20	229,896	116,557	2,042	30	186	1,041	113,088
Projected	Jul-20	233,924	118,599	2,042	31	155	867	113,955
Projected	Aug-20	237,952	120,641	2,042	31	124	694	114,649
Projected	Sep-20	241,980	122,683	2,042	30	94	526	115,175
Projected	Oct-20	246,008	124,726	2,042	31	63	352	115,527
Projected	Nov-20	250,036	126,768	2,042	30	33	185	115,712
Projected	Dec-20	254,064	128,810	2,042	31	2	11	115,723
		229,896	116,557	24,506	365		11,419	111,890
2018 YE Surveil Bal.		193,518	78,758				13-Month Avg. Bal	116,557
Consistency Adjustment		36,379	37,799 *				Proration Adj.	(4,667)
Proration Adjustment			(4,667)					
<b>Total Adjustment</b>			<b>33,132</b>					

\* Positive variance shows that the limitation provision is met.