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Public Service Commission

August 28, 2009

Beth Keating
Akerman Senterfitt
Highpoint Center, 12th Floor
106 East College Avenue
Tallahassee, FL 32301

STAFF'S THIRD DATA REQUEST NOS. 91-128

Re: Docket No. 090125-GU-Petition for increase in rates by Florida Division of Chesapeake Utilities Corporation.

Dear Ms. Keating:

By this letter, the Commission staff requests that Florida Division of Chesapeake Utilities Corporation (Chesapeake) provide responses to the following data and document requests:

Data Requests

91. For each employee of Florida Division of Chesapeake Utilities Corporation during 2008, 2009, and 2010, whose total compensation is \$100,000 or greater, please provide the actual or projected compensation amount for the following:
 - a. Title
 - b. Base Salary
 - c. Overtime Pay
 - d. Bonuses
 - e. Stock Awards
 - f. Option Award
 - g. Non-Equity Incentive Plan Compensation
 - h. All other Compensation
 - i. Total Compensation
 - j. Amount of Total Compensation Allocated to Florida Division of Chesapeake Utilities
 - k. Amount of Total Compensation included in Adjusted Jurisdictional Other O&M Expenses on MFR Schedule G-2, Page 1 through 22 of 36 (pp. 189-210).

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92. For each employee of Chesapeake Utilities Corporation during 2008, 2009, and 2010, whose total compensation is \$100,000 or greater, please provide the actual or projected compensation amount for the following:
- a. Title
 - b. Base Salary
 - c. Overtime Pay
 - d. Bonuses
 - e. Stock Awards
 - f. Option Award
 - g. Non-Equity Incentive Plan Compensation
 - h. All other Compensation
 - i. Total Compensation
 - j. Amount of Total Compensation Allocated to Florida Division of Chesapeake Utilities
 - k. Amount of Total Compensation included in Adjusted Jurisdictional Other O&M Expenses on MFR Schedule G-2, Pages 1 through 22 of 36 (pp. 189-210).
93. For each director of Florida Division of Chesapeake Utilities, during 2008, 2009, and 2010, please provide the actual or projected compensation amounts for the following:
- a. Title
 - b. Principal Business Affiliation
 - c. Base Compensation
 - d. Travel
 - e. All Other Compensation
 - f. Total compensation
 - g. Amount of Total Compensation Allocated to Florida Division of Chesapeake Utilities.
 - h. Amount of Total Compensation Included in Adjusted Jurisdictional Other O&M Expenses on MFR Schedule G-2, pages 1 through 22 of 36 (pp. 189-210).
94. For each director of Chesapeake Utilities Corporation, during 2008, 2009, and 2010, please provide the actual or projected compensation amounts for the following:
- a. Title
 - b. Principal Business Affiliation
 - c. Base Compensation
 - d. Travel
 - e. All Other Compensation
 - f. Total compensation
 - g. Amount of Total Compensation Allocated to Florida Division of Chesapeake Utilities.
 - h. Amount of Total Compensation Included in Adjusted Jurisdiction Other O&M Expenses on MFR Schedule G-2, pages 1 through 22 of 36 (pp. 189-210).

95. Please explain or describe how the utility arrived at the balances in each of the following accounts in Schedule C-5, pages 43-44:
 - a. Account 878, Meter & House Regulator Expense, \$59,713 in December, 2008.
 - b. Account 881, Rents Expense, of a (\$52,976) in August, 2008 and \$2,001 in September, 2008.
 - c. Account 893, Meters & House Regulators, of \$10,299 in June, 2008.
 - d. Account 904, Uncollectible Accounts, (\$42,921) in June, 2008.
 - e. Account 909, Conservation Advertising, \$142,459 in June, 2008.
 - f. Account 923, Outside Services Employed, \$186,832 in June, 2008.
96. In the MFRs on Schedule C-13, page 54, please supply a supporting schedule and documentation for Other Expenses in rate case expense of \$111,500. Please breakdown the expenses by date, total expense for each item, type of expense, expense per hour or item.
97. On Schedule B-1, line 7, page 10, please explain or define "RWIP"?
98. On Schedule B-1, line 7, page 10, please explain the changes in amounts of \$918 in April 2008, (\$3,234) in May 2008, and \$109,255 in July 2008.
99. On Schedule B-1, line 24, page 10, please explain the change in prepayment account balances of \$16,465 in August 2008, and \$235,165 in November 2008.
100. On page 12 of Witness Pence's testimony, he estimated that Chesapeake would incur additional environmental cleanup cost of approximately \$600,000 to address all remaining Winter Haven manufactured gas plant (MGP) site environmental impacts. Please provide a breakdown of the estimated additional costs, by the categories listed on page 12 of Witness Pence's testimony, by year for the years 2009 through 2013.
101. In pages 35-37 of witness Geoffrey's testimony, he described an estimated under recovery of approximately \$868,000 over the next four years related to environmental cleanup activities at the Winter Haven site. He proposed a surcharge mechanism in order to more timely recovery these costs from consumers and eliminate the environmental cleanup recovery of \$71,114 annually from base rates. As an alternative to the proposed surcharge, would Chesapeake consider amortizing this expense over four years, reducing rates after the fourth year to remove the amortized expense, and requesting recovery for the remaining cleanup expenses in its next rate case subsequent to the expiration of the four-year amortization period? Please explain.
102. Please supply a list of all new positions that have an impact on Chesapeake's gas revenue requirement and the proposed salary for the positions that were included in the filing. As part of this response, please supply the actual salary if the position(s) has(have) been filled and the accounts where these expenses were recorded.

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103. Please refer to the testimony of Witness Geoffrey, page 39. Please list the non-recurring expenses incurred in 2008 related to the unconsumated acquisition expenses of \$155,634. As part of this response, please explain or describe whether these are the expenses the utility wants to record as a deferred regulatory asset.
104. In Witness Geoffrey's testimony, page 42, he states that "several approvals need to be obtained before the closing of this potential transaction [merger] can occur." Please explain or describe the approvals that need to occur prior to the closing of this potential transaction.
105. Please refer to the testimony of Witness Geoffrey, page 52. Please explain or describe in detail the difference between transaction costs and transition costs. As part of this response, please provide a list of the transaction costs and transition costs broken down by category and type with the corresponding amounts.
106. Please explain in detail why the per books rate base needs to be allocated up to the adjusted cost capital on Schedules F-8, page 156 and Schedules G-3, pages 1-2 of 11 (pp. 225-226). As part of this response, please explain or describe how these pro rata adjustments in Schedules F-8 and G-3 are consistent with Order No. PSC-00-2263-FOF-GU?
107. In Witness Dewey's testimony, page 5, there is a decrease to working capital of \$599,753 for an Area Expansion Program (AEP). Please explain or describe what the Area Expansion Program represents. As part of this response, please explain or describe what is the accounting treatment for these expenses, the accounts, and the journal entries for this program?
108. In Witness Dewey's testimony, page 5, there is a Customer Accounts Receivable for gas related to the Flexible Gas Service customers.
 - a. Please explain or describe whether this receivable is related to the 50 percent of the revenues allocated to the ratepayers.
 - b. Please list and describe the accounts and journal entries that determined the receivable of \$9,004.
109. In Witness Dewey's testimony, page 5, there is decrease to working capital for a Competitive Rate Adjustment in the amount of \$106,203, please explain and list or describe the accounts and journal entries.
110. Regarding Various Environmental Cleanup Amounts: In Witness Dewey's testimony, page 5, there is an adjustment to decrease working capital of \$815,037 in Deferred Environmental Charges. On page 6 of Dewey's testimony, there is an increase to working capital of \$703,716 in Deferred Environmental Liabilities. In the utility's petition, page 11, the utility states that to date it under-recovered \$268,257 in actual expenses associated with the MGP site. Please explain or describe why there appears to be a difference in these three amounts related to environmental cleanup costs.

111. Please refer to page 5 of Witness Dewey's testimony where he mentions "Deferred TCR in the amount of \$69,388."
 - a. Please explain or define "Deferred TCR" (alternatively, what does "Deferred TCR" represent?)
 - b. Please explain or describe what is the accounting treatment of these costs?
 - c. Provide the accounts and journal entries for these costs.
112. In Witness Taylor's testimony, on page 13, he states that approximately \$1,600,000 in various accounts associated with the construction of facilities to serve the Suwannee Correctional Institution (SCI) was transferred to its affiliate Peninsula Pipeline Company, Inc.
 - a. Please explain or describe the relationship of both the Florida Division of Chesapeake Utilities Corporation (Chesapeake) and Chesapeake Utilities Corporation to Peninsula Pipeline Company, Inc.
 - b. Please provide a copy of the agreement for the transfer of the \$1,600,000 in assets to the Peninsula Pipeline Company, Inc.
113. Was this transfer recorded as a retirement on MFR, Schedule G-1, page 21 of 26 (p. 183)? If not, please explain or describe where in the filings this transfer was recorded.
114. Will this transfer affect the revenues and expenses recovered under the Company's Flexible Gas Service (FGS) agreement in 2009 and 2010?
 - a. If there is a loss in revenues, what would be the estimated loss in 2009 and 2010 to Chesapeake?
 - b. What are the estimated increase in expenses from the transfer of the SCI facilities from Chesapeake to its affiliate Peninsula Pipeline Company, Inc.?
115. In the last rate case, Chesapeake used a ratio of unregulated activities payroll to total payroll for each plant account. Chesapeake now proposes to use the ratio of unregulated net plant in its central and north regions to the total of regulated and unregulated net plant in these same regions during the historic base year. Please explain or describe the basis for using the unregulated activities payroll to total payroll to allocate common plant previously.
116. Please provide a schedule of training expenses incurred to monitor the Energy Plus Partner program.
117. Please explain how the utility determined that it was appropriate to trend up salary expense 3.50 percent in 2009 and 3.50 percent in 2010.

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118. Since the last rate case in 2000, has Chesapeake experienced any outages that fall under the reporting requirements in Rule 25-12.084? As part of this response, if there was an outage, please explain or describe the outage, its duration, and whether was it reported to the Commission's Bureau of Safety.
119. Chesapeake has indicated that some its records were lost/destroyed in the 2005 hurricane season. As part of this response, please provide the following information:
- a. What accounting records were lost/destroyed and for what time period? (please itemize)
 - b. What engineering records were lost/destroyed and for what time period? (please itemize)
 - c. What other records were lost/destroyed and for what time period? (please itemize)
 - d. Please explain or describe what steps were taken to secure alternative copies of any records that were lost/destroyed.
 - e. Please supply a copy of the letter sent to FERC as required with FERC regulations, Title 18, Subchapter F, Part 225, CFR, entitled "Preservation of Records of Natural Gas Companies" 2(f) *Premature destruction or loss of records*. In addition, please supply a copy of the letter which was sent to the Commission regarding these missing records.
 - f. Please explain or describe what steps or procedures has the company taken or implemented to mitigate or prevent the loss of records caused by a hurricane, natural disaster, flood, fire or any other unforeseen event in the future period.
120. Rule 25-7.014(2), Florida Administrative Code (F.A.C.), Records and Reports in General, states, quoted in part below, that the records shall be maintained in such manner as will meet the following basic objectives:
- a. An inventory of property record units which may be readily checked for proof of physical existence;
 - b. The association of costs with such property record units to assure accurate accounting for retirements; and
 - c. The determination of dates of installation and removal of plant to provide data for use in connection with depreciation studies.

Based on the above rule, please explain or describe whether Chesapeake has updated or supplemented its records by the use of an original cost study or an alternative method for this proceeding. If Chesapeake has not, please explain.

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121. Please indicate where in this filing or in testimony that the loss of these records is described or mentioned. If not, please explain.
122. Please refer to Exhibit JMH-9, page 11, first revised Tariff sheet number 29, and MFR schedule E-3, pages 1-3. Please explain why the Total Cost of Connecting Service (as shown MFR Schedule E-3) for the different rate classes differs from the Connection Charges shown in the Tariff Sheet No. 29.

Document Requests

123. Please provide a copy of the contracts that supports the outside professional services of Akerman Senterfitt, Baker & Hostetler LLP, Jeff Householder & Company listed in the MFRs, Schedule, C-31, page 73.
124. Please provide the contracts for outside contractors that provide services to perform variable tasks in the Energy Plus Partner (EPP) program.
125. Please provide supporting documentation that justifies an Assistant Florida Regional Manager salary of \$155,382, as of January 1, 2009, which is 75 percent of his salary based on time allocations.
126. Please provide the documents used to determine the trend up of salaries for 3.50 percent in 2009 and 3.50 percent in 2010.
127. Please provide the cost of service study, with the formulas intact, in excel format.
128. Please refer to page 7 and 8 of witness Taylor's testimony. On page 8, lines 15-16, he states "The Company's Board has approved each of the above budget additions or modifications." Please provide a copy of the Company's Board's Minutes wherein these budget additions or modifications were approved.

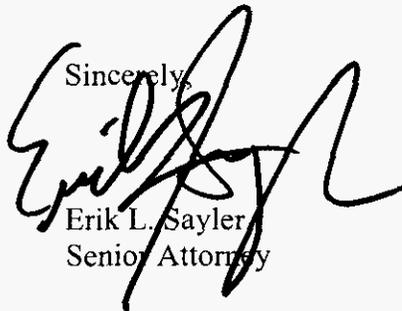
Docket No. 090125-GU, Staff's Third Data Request

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Please file the original and five copies of the requested information by Friday, September 18, 2009, with Ms. Ann Cole, Commission Clerk, Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida, 32399-0850. Please feel free to call me at (850) 413-6084 if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Erik L. Saylor", written over the word "Sincerely,".

Erik L. Saylor
Senior Attorney

ELS/amv

cc: Office of Commission Clerk
Florida Division of Chesapeake Utilities Corporation
Office of Public Counsel – Patricia A. Christensen
Division of Economic Regulation