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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 FOURTH DATA REQUEST NOS. 129-164

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

129. Please provide witness Dewey's calculation of Chesapeake's proposed amount of accumulated deferred income taxes (ADITs) for the projected test year including any references or work papers associated with his calculations.
130. Please provide witness Dewey's calculation of Chesapeake's proposed amount of investment tax credits (ITCs) for the projected test year including any references or work papers associated with his calculations.
131. Please refer to MFR Schedule G-2, page 3 of 11. Please provide all data, work papers, source documents, and calculations used to determine the proposed long-term cost rate of 5.76 percent.
132. Please refer to MFR Schedule G-2, page 4 of 11. Please provide all data, work papers, source documents, and calculations used to determine the proposed short-term cost rate of 2.90 percent.
133. Please refer to page 5, lines 9-13 of witness Dewey's testimony. Please provide the calculations used to make the cost of capital adjustments for the historic base year.

DOCUMENT NUMBER: DATA

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134. Please refer to page 12, lines 1-7 of witness Dewey's testimony. Please provide the calculations used to make adjustments to the capital accounts.
135. Please refer to page 15, lines 7-14 of witness Dewey's testimony. Please provide the calculations used to make the cost of capital adjustments for the projected test year.
136. Please refer to page 15, lines 22-23 through page 16, lines 1-5 of witness Dewey's testimony. Please provide the calculations used to determine the capital structure for the projected test year.
137. Please refer to page 4, lines 19-24 through page 5, lines 1-7 of witness Moul's testimony. Please explain or describe the basis witness Moul used to determine his proposed cost of equity of 11.50 percent from the results of the four models summarized on page 5, line 1. Please show the derivation witness Moul used to determine his proposed cost of equity of 11.50 percent.
138. Please refer to page 5, lines 12-15 of witness Moul's testimony. Please provide a copy of the document referred to as "study dated December 9, 2008, prepared for the American Gas Foundation"
139. Please refer to page 6, lines 19-21 of witness Moul's testimony. Witness Moul states the company projects construction expenditures of \$24.8 million during the period 2009-2013. Please provide supporting documentation detailing the amounts projected to be expended and the timing of those expenditures. As part of this response, please provide a schedule that demonstrates how the construction expenditures will affect Chesapeake's financial profile and risk profile for the projected test year.
140. Please refer to page 7, lines 4-8 of witness Moul's testimony. Please describe or explain in detail witness Moul's understanding of the "heightened competitive environment" and provide specific examples of the "heightened competitive environment" in Chesapeake's service territory.
141. Please refer to page 43, lines 7-8 of witness Moul's testimony. Please describe and explain the "Company's risk characteristics."
142. Please refer to page 10, lines 18-22 through page 11, lines 1-3 of witness Moul's testimony. Please provide a schedule showing the calculations used to determine the return on book equity and to derive the five-year period coefficients of variation for the Company, the Gas Group, and the S&P Public Utilities.
143. Please refer to page 11, lines 10-16 of witness Moul's testimony. Please provide a schedule showing the calculations used to determine the level of fixed charge coverage for the Company, the Gas Group, and the S&P Public Utilities. As part of this response, please explain how witness Moul determined the fixed charges and interest expense of Chesapeake (the Company).

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144. Please refer to Exhibit PRM-1, Schedule 2, attached to the testimony of witness Moul. Provide copies of the work papers, source data, and information used to create Schedule 2.
145. Please refer to Exhibit PRM-1, Schedule 5, attached to the testimony of witness Moul. Please provide copies of the work papers, source data, and information used to create the chart titled *Gas Group Monthly Dividend Yield*.
146. Please refer to Exhibit PRM-1, Schedule 6, attached to the testimony of witness Moul. Please provide the date range for each column included in the chart titled *Gas Group Historical Growth Rates*. As part of this response, please provide copies of the work papers, source data, and information used to create the chart titled *Gas Group Historical Growth Rates*.
147. Please refer to Exhibit PRM-1, Schedule 7, attached to the testimony of witness Moul. Please provide the date range for each column included in the chart titled *Gas Group Five-Year Projected Growth Rates?* As part of this response, please provide copies of the work papers, source data, and information used to create the chart titled *Gas Group Five-Year Projected Growth Rates*.
148. Please refer to page 12, lines 6-13 of witness Moul's testimony. Please provide the Value Line beta for Chesapeake Utilities Corporation.
149. For the following series of questions please refer to Exhibit PRM-1, Schedule 3, attached to witness Moul's testimony:
 - a. For each company listed in the Gas Group on Exhibit PRM-1, Schedule 3, page 2, please provide the relative percentage of each proxy company's revenues that are generated from regulated utility operations. If a proxy company has more than one regulated utility, please provide the information for each utility and on a total company basis. Please provide the information for 2008.
 - b. Please identify the regulated natural gas distribution companies associated with each of the proxy companies listed on Exhibit PRM-1, Schedule 3.
 - c. For each regulated natural gas distribution company identified in 23b., please provide the equity ratio as of the end of 2008. For purposes of this response, equity ratio is defined as common equity divided by the sum of common equity, preferred stock, long-term debt, and short-term debt.
 - d. Please identify the current authorized return on equity (ROE) for each regulated natural gas distribution company identified in response to 23b. For purposes of this response, please provide the authorized ROE, the commission order number, and the date the order was issued.

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150. For the following series of questions please refer to Exhibit PRM-1, Schedule 4, attached to witness Moul's testimony:
 - a. For each company listed on Exhibit PRM-1, Schedule 4, page 3, please provide the relative percentage of each proxy company's revenues that are generated from regulated utility operations. If a proxy company has more than one regulated utility, please provide the information for each utility and on a total company basis. Please provide the information for 2008.
 - b. Please identify the regulated companies associated with each of the proxy companies listed on Exhibit PRM-1, Schedule 4, page 3.
 - c. For each regulated natural gas distribution company in 24b., please provide the equity ratio as of 2008. For purposes of this response, equity ratio is defined as common equity divided by the sum of common equity, preferred stock, long-term debt, and short-term debt.
 - d. Please identify the current authorized return on equity (ROE) for each regulated natural gas distribution company identified in response to 24b. For purposes of this response, please provide the authorized ROE, the commission order number, and the date the order was issued.
151. Please refer to page 21, lines 16-24 through page 23, lines 1-7 of witness Moul's testimony. Please identify and provide a list of all Florida Public Service Commission (Commission) decisions that have specifically acknowledged and incorporated a "leverage adjustment" in its determination of the authorized ROE. For the purposes of this response, provide the name of the utility and cite the order number.
152. Please refer to page 29, lines 18-19 of witness Moul's testimony. Please provide copies of the Moody's index and the Blue Chip forecasts witness Moul relied upon to form his opinion of a 6.50 percent yield.
153. Please refer to page 32, lines 10-11 of witness Moul's testimony. Please explain witness Moul's rationale for his estimate of a 6.50 percent yield on A-rated public utility bonds. Please provide any calculations used to estimate the yield.
154. Please provide a copy of the April 1, 2009 Blue Chip Financial Forecast.
155. Please provide copies of any and all reports or reviews of Chesapeake Utilities Corporation prepared by investment banking firms since January 1, 2008.
156. Please provide copies of any and all reports or reviews of Chesapeake Utilities Corporation prepared by the Securities Valuation Office of the National Association of Insurance Commissioners.

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157. Please refer to page 34, lines 12-24 through page 35, lines 1-5 of witness Moul's testimony. Please show the derivation used to determine a common equity risk premium of 5.50 percent for the Gas Group.
158. Please refer to page 35, lines 3-5 of witness Moul's testimony. By assigning a lower risk premium to the Gas Group than to the S&P Public Utilities, is witness Moul indicating that the Gas Group is less risky than the S&P Public Utilities?
159. For the following questions, please refer to page 4 of Appendix I attached to witness Moul's testimony:
 - a. Please explain the reason witness Moul used the Value Line Investment Survey dated September 12, 2008, for the forecasted data used to derive the forecasted market premium in his capital asset pricing model (CAPM).
 - b. Please explain why witness Moul did not use a more recent issue of the Value Line Investment Survey?
160. Please refer to pages 40-42 of witness Moul's testimony. Please provide a list of all orders issued by the Commission wherein the Commission acknowledged and incorporated the comparable earnings approach to determine the appropriate ROE for regulated utilities in prior rate cases. For the purposes of this response, provide the names of the utilities and cite the orders numbers.
161. Provide a list of rate cases in other states wherein regulatory agencies that considered the comparable earnings approach in determining the appropriate ROE for a regulated entity in prior rate cases?
162. Please refer to pages 40-42 of witness Moul's testimony. Please define "returns" as used in witness Moul's Comparable Earnings Approach.
163. Please refer to pages 40-42 of witness Moul's testimony. Please provide copies of all Value Line data, source data, work papers, and other materials witness Moul used to develop his Comparable Earnings Approach.
164. Please refer to Schedule 12 in Exhibit PRM-1 attached to witness Moul's testimony. Please provide the following for each company listed on Schedule 12, page 2 of 2:
 - a. Equity ratio for each year.
 - b. Market capitalization for each year.
 - c. Annual revenues for each year.

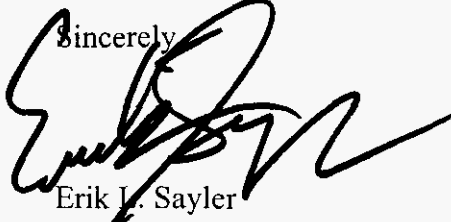
Docket No. 090125-GU, Staff's Fourth Data Request

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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,



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