



**GUNSTER**  
FLORIDA'S LAW FIRM FOR BUSINESS

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Writer's E-Mail Address: bkeating@gunster.com

March 5, 2015

**ELECTRONIC FILING - E-PORTAL**

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

Re: **NEW FILING** - Petition of the Florida Division of Chesapeake Utilities Corporation for  
Approval of Revised Flexible Gas Service Tariff

Dear Ms. Stauffer:

Attached for filing, please find the Petition of the Florida Division of Chesapeake Utilities Corporation for Approval of Revised Flexible Gas Service Tariff.

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

Sincerely,

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

MEK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition by the Florida Division of Chesapeake Utilities Corporation for Approval of Revised Flexible Gas Service Tariff

DOCKET NO.

DATED: March 5, 2015

**PETITION FOR APPROVAL OF REVISED FLEXIBLE GAS SERVICE TARIFF**

The Florida Division of Chesapeake Utilities Corporation (herein “CHPK” or the Company), by and through undersigned counsel, pursuant to Section 366.06, Florida Statutes, and in accordance with Rules 25-9.005, Florida Administrative Code, and 28-106.201, Florida Administrative Code, hereby respectfully petitions the Florida Public Service Commission for approval of revised tariffs related to its Flexible Gas Service (“FGS”).

1) The principal business address of the Florida Division of Chesapeake Utilities Corporation is:

Florida Public Utilities Company  
1641 Worthington Road, Suite 220  
West Palm Beach, FL 33409

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

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

Michael Cassel  
Florida Public Utilities Company  
780 Amelia Island Parkway  
Fernandina Beach, FL 32034  
mcassel@chpk.com

3) The Company is a natural gas distribution company subject to the regulatory jurisdiction of this Commission as prescribed in Chapter 366, Florida Statutes. The request set forth herein pertains to CHPK’s provision of Flexible Gas Service; therefore, the Company’s substantial interests will be directly affected by the outcome of this proceeding. The Company is not aware of any material facts in dispute with regard to the request set forth herein. Moreover, this is a

## CHPK Petition for Approval of Revised Flexible Gas Service Tariff

request made directly by the Company to the affected agency, which is the Florida Public Service Commission (“FPSC” or “Commission”), located at 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399. As such, the Company cannot state when and how the Company received notice of the Commission’s decision.

4) As background, the Commission considered and approved the implementation of Flexible Gas Service (FGS) and the associated tariffs for the Florida Division of Chesapeake Utilities Corporation (“CHPK”) by Order No. PSC-98-1485-FOF-GU, issued November 5, 1998, in Docket No. 980895-GU.

5) More recently, by Order No. PSC-14-0710-TRF-GU, issued December 30, 2014, in Docket No. 140204-GU, the Commission approved Flexible Gas Service Tariffs for Florida Public Utilities Company, Florida Public Utilities Company – Fort Meade, and Florida Public Utilities Company-Indiantown Division.

6) In approving the Flexible Gas Service Tariffs for Florida Public Utilities Company, Florida Public Utilities Company – Fort Meade, and Florida Public Utilities Company-Indiantown Division (“FPU Companies”) in Docket No. 140204-GU, different wording was utilized that does not reference or rely upon the Commission order to describe the service. Also, as further explained below, the requirement to file the executed FGS agreement for reporting purposes was replaced with a notice requirement. In order to maintain consistency in the CHPK tariffs with its sister companies, we have provided revised tariff pages for CHPK for Commission approval.

7) As it relates to the filing of the FGS agreements, in the most recent docket involving the FPU Companies, the FPU Companies, after discussions with FPSC Staff, agreed that filing the FGS Agreements was not necessary in order to provide the FPSC with adequate notice of the

## CHPK Petition for Approval of Revised Flexible Gas Service Tariff

existence of a new agreement. Instead, notice of such agreements provides an adequate safeguard by informing the FPSC of the existence of such new agreement, while avoiding the unnecessary additional administrative burden associated with filing and maintaining a confidential document. As recognized in Order No. PSC-14-0710-TRF-GU, this will not impair the FPSC's ability to review any such agreement should it so desire; rather, it will simply promote administrative efficiency by avoiding filing unless specifically requested.

8) In contrast, the CHPK tariff and Order No. PSC-98-1485-FOF-GU specifically direct that all CHPK FGS agreements shall be filed with the FPSC under a request for confidential classification. CHPK suggests, however, that the filing of a notice of new FGS agreements for CHPK, as opposed to the entire agreement, should provide equally sufficient safeguards for CHPK and will likewise promote administrative efficiency by avoiding filing a confidential document that does not otherwise require FPSC review and approval.

9) To be clear, the proposed CHPK revised tariffs do not change the methodology currently used by the Company. The change only creates consistency in the FGS tariff language among CHPK and the FPUC Companies. The Company's proposed tariffs still incorporate several protective measures. These protective measures are designed to ensure that existing customers will not be adversely affected by or otherwise subsidize FGS for new customers.

WHEREFORE, the Florida Division of Chesapeake Utilities Corporation respectfully requests that the Florida Public Service Commission authorize the Company to revise certain

CHPK Petition for Approval of Revised Flexible Gas Service Tariff

tariff sheets to be effective on the date of the Commission's vote.

RESPECTFULLY SUBMITTED this 5<sup>th</sup> day of March, 2015.



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Beth Keating  
Florida Bar No. 0022756  
Gunster, Yoakley & Stewart, P.A.  
215 South Monroe St., Suite 601  
Tallahassee, FL 32301  
(850) 521-1706

*Attorneys for the Florida Division of Chesapeake  
Utilities Corporation*

**ATTACHMENT A**

**FLEXIBLE GAS SERVICE TARIFF SHEETS**

**(CLEAN AND LEGISLATIVE FORMAT)**

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*RULES AND REGULATIONS*

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(Continued)

d. Shipper of Last Resort (SOLR) Service

In the event all TTS Shippers are terminated as provided in the Termination of Shipper Status (Section III.B) of this tariff, the Company shall become the Shipper Of Last Resort. The Company shall perform all TTS Shipper functions as defined within this tariff. The SOLR service shall be provided in accordance with the Rules and Regulations set forth in this tariff, the terms and conditions of the TTS Shipper Agreement, and other approved rules or regulations of the Company, as applicable. Monthly Rate Adjustments and Taxes and Fees, as set forth on Sheet Nos. 98 – 106, may also apply. The Company shall provide this service to Consumers until a replacement TTS Shipper is selected as provided in Section III.A.3. of the Rules and Regulations of this tariff and initiates service.

e. Flexible Gas Service (FGS)

Flexible Gas Service is described on Sheet 97.1 to 97.3.

2. SHIPPER SERVICES:

a. Shipper Administrative and Billing Service (SABS)

Administrative and billing service provided to a Shipper under the SABS rate schedule, in accordance with the Rules and Regulations set forth in this tariff, as applicable. The Company shall provide the following services to Shippers under the SABS: 1) reading of Consumer's meters; 2) provision of Consumer projected monthly usage information, along with Transporter capacity quantity to be released to Shipper; 3) provision of Consumer usage information to Shipper each month; 4) retention of Consumer's historical usage information; 5) LOA retention and administration; 6) receipt and administration of Shipper's Gas rates for Consumer billing; 7) calculation and presentation of Shipper's Gas billing.

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*INDEX OF RATE SCHEDULES (Continued)*

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|   | <u>Symbol</u> | <u>Sheet No.</u> |
|---|---------------|------------------|
| Firm Transportation Service-9   | FTS-9         | 86               |
| Firm Transportation Service-10  | FTS-10        | 87               |
| Firm Transportation Service -11                                       | FTS-11        | 88               |
| Firm Transportation Service-12  | FTS-12        | 89               |
| Firm Transportation Service-13  | FTS-13        | 90 (Closed)      |
| Firm Transportation Service-Natural Gas Vehicle                       | FTS-NGV       | 90.1             |
| Contract Firm Transportation Service Rider                            | CFTS-Rider    | 91               |
| Area Expansion Program Rider  | AEP-Rider     | 93               |
| Shipper Administrative and Billing Service                            | SABS          | 94               |
| Shipper Administrative Service  | SAS           | 95               |
| Solar Water-Heating Administrative and Billing Service (Experimental) | SWHS (Exp)    | 96               |
| Off System Delivery Point Operator Service                            | OS-DPO        | 97               |
| Flexible Gas Service  | FGS           | 97.1             |
| <u>Monthly Rate Adjustments:</u>                                      | MRA           |                  |
| Energy Conservation Cost Recovery Adjustment                          |               | 98               |
| Energy Conservation Cost Recovery Adjustment-(Experimental)           |               | 99               |
| Environmental Surcharge   |               | 100              |
| Competitive Firm Transportation Service Adjustment                    |               | 101              |
| Competitive Firm Transportation Service Adjustment-(Experimental)     |               | 103              |
| Shipper of Last Resort Adjustment                                     |               | 105              |
| Gas Reliability Infrastructure Program (GRIP)                         |               | 105.1            |
| Fees and Taxes  | FT            | 106              |

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*FLEXIBLE GAS SERVICE*

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Rate Schedule FGS)

Objective:

The objective of this service classification is to enable the Company the opportunity to compete in markets where natural gas service is not a monopoly service.

This tariff provides the Company with both the opportunity and risk to compete in these markets. It is designed to increase load by working with customers with regard to the specific terms and conditions of service.

This tariff places the Company's shareholders at risk, not the general body of ratepayers (see rate-making treatment).

Applicability:

This service is available at the Company's option to customer(s) meeting the applicability standards, which include (1) the customer must provide the Company with a viable economic energy alternative including verifiable documentation of customer alternative and (2) the Company must demonstrate that this new customer will not cause any additional cost to the Company's other rate classes. The Company is under no obligation to grant service under this tariff. Absent a service agreement with the Company under this rate schedule, customers are under no obligation to accept service under this rate schedule, and may elect to receive service under other applicable tariff rate schedules.

Terms of service under this rate schedule, including pressure, capital repayment, operating conditions and length of service are separately set forth in individual agreements between the Company and the Customers.

(Continued to Sheet No. 97.2)

Issued by: Michael P. McMasters, President  
Chesapeake Utilities Corporation

Effective:

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*FLEXIBLE GAS SERVICE*

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(Continued from Sheet No. 97.1)

Monthly Rate:

The rate will be developed based on economic market conditions at the time gas service is requested.

Confidentiality:

The Company and Customer each regard the terms and conditions of the negotiated service agreement as confidential, proprietary business information.

The Company and Customer agree to utilize all reasonable and available measures to guard the confidentiality of said information, subject to requirements of courts and agencies having jurisdiction hereof.

In the event either party is asked to provide the information by such a court or agency, it will promptly inform the other of the request, and will cooperate in defending and maintaining the confidentiality of the information.

This provision shall not prohibit or restrict the FPSC from reviewing the service agreement in the performance of its duties, but the FPSC shall treat the service agreement as a confidential document.

Rate-Making Treatment:

To the extent that the Company enters into flexible gas service agreements with customers, the Company is at risk for the capital investment necessary to serve the flexible gas service tariff customers, not the general body of ratepayers.

(Continued to Sheet No. 97.3)

*FLEXIBLE GAS SERVICE*

(Continued from Sheet 97.2)

Rate Base:

In the case of providing service to a customer under this tariff, the Company will identify the incremental investment and capital costs required to provide service to the customer. These costs will be excluded from rate base.

Operating, Maintenance and Administrative Expenses:

The Company will specifically identify all incremental costs, if any, associated with the flexible gas service tariff Customer. These expenses will primarily be related to the incremental capital required to serve the customer. In addition, the Company will allocate embedded costs including general distribution and maintenance, meter reading, customer billing and accounting, sales, and administrative expenses.

In future rate cases and earnings surveillance reports, the Company will exclude all operating, maintenance, and administrative costs related to this tariff as determined by this methodology.

Depreciation and Amortization Expenses:

The Company will exclude all depreciation and amortization expenses related to this tariff in future rate cases and in its earnings surveillance report. Depreciation and amortization expenses may be incremental and/or allocated and will be determined based on the rate base allocated to each customer under this tariff as defined above.

Revenue and Related Taxes:

Revenues related to this tariff will be excluded from regulated revenues. In filing earnings surveillance reports, the Company will remove actual revenues related to this tariff, as well as revenue related taxes and income taxes from its calculation of FPSC adjusted rate of return.

All cost allocation related to this tariff shall remain subject to FPSC audit.

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*RULES AND REGULATIONS*  
(Continued)

d. Shipper of Last Resort (SOLR) Service

In the event all TTS Shippers are terminated as provided in the Termination of Shipper Status (Section III.B) of this tariff, the Company shall become the Shipper Of Last Resort. The Company shall perform all TTS Shipper functions as defined within this tariff. The SOLR service shall be provided in accordance with the Rules and Regulations set forth in this tariff, the terms and conditions of the TTS Shipper Agreement, and other approved rules or regulations of the Company, as applicable. Monthly Rate Adjustments and Taxes and Fees, as set forth on Sheet Nos. 98 – 106, may also apply. The Company shall provide this service to Consumers until a replacement TTS Shipper is selected as provided in Section III.A.3. of the Rules and Regulations of this tariff and initiates service.

e. Flexible Gas Service (FGS)

~~Transportation Service provided to a Consumer, at the sole option of the Company, where rates, terms and/or conditions of service other than those provided in this tariff are required to add or retain a Consumer on the Company's distribution system. The negotiated rates and terms provided in a FGS Agreement are subject to the conditions set forth in Commission Order PSC-98-1485-FOF-GU and other approved rules or regulations of the Company, as applicable. All FGS Consumers must demonstrate a viable Alternate Fuel option and shall enter into a written FGS Agreement with the Company. Flexible Gas Service is described on Sheet 97.1 to 97.3.~~

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2. SHIPPER SERVICES:

a. Shipper Administrative and Billing Service (SABS)

Administrative and billing service provided to a Shipper under the SABS rate schedule, in accordance with the Rules and Regulations set forth in this tariff, as applicable. The Company shall provide the following services to Shippers under the SABS: 1) reading of Consumer's meters; 2) provision of Consumer projected monthly usage information, along with Transporter capacity quantity to be released to Shipper; 3) provision of Consumer usage information to Shipper each month; 4) retention of Consumer's historical usage information; 5) LOA retention and administration; 6) receipt and administration of Shipper's Gas rates for Consumer billing; 7) calculation and presentation of Shipper's Gas billing.

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*INDEX OF RATE SCHEDULES (Continued)*

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| Solar Water-Heating Administrative and Billing Service (Experimental) | SWHS (Exp)    | 96               |
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| <u>Flexible Gas Service</u>   | <u>FGS</u>    | <u>97.1</u>      |
| <u>Monthly Rate Adjustments</u>                                       | <u>MRA</u>    |                  |
| 1- Energy Conservation Cost Recovery Adjustment                       |               | 98               |
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| 5- Competitive Firm Transportation Service Adjustment - Experimental  |               | 103              |
| 6- Shipper of Last Resort Adjustment                                  |               | 105              |
| 7- Gas Reliability Infrastructure Program (GRIP)                      |               | 105.1            |
| Fees and Taxes  | FT            | 106              |

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Issued by: Michael P. McMasters, President  
Chesapeake Utilities Corporation

Effective: \_\_\_\_\_

FLEXIBLE GAS SERVICE  
Rate Schedule FGS

Objective:

The objective of this service classification is to enable the Company the opportunity to compete in markets where natural gas service is not a monopoly service.

This tariff provides the Company with both the opportunity and risk to compete in these markets. It is designed to increase load by working with customers with regard to the specific terms and conditions of service.

This tariff places the Company's shareholders at risk, not the general body of ratepayers (see rate-making treatment).

Applicability:

This service is available at the Company's option to customer(s) meeting the applicability standards, which include (1) the customer must provide the Company with a viable economic energy alternative including verifiable documentation of customer alternative and (2) the Company must demonstrate that this new customer will not cause any additional cost to the Company's other rate classes. The Company is under no obligation to grant service under this tariff. Absent a service agreement with the Company under this rate schedule, customers are under no obligation to accept service under this rate schedule, and may elect to receive service under other applicable tariff rate schedules.

Terms of service under this rate schedule, including pressure, capital repayment, operating conditions and length of service are separately set forth in individual agreements between the Company and the Customers.

(Continued to Sheet 97.2)

Issued by: Michael P. McMasters, President  
Chesapeake Utilities Corporation

Effective:

FLEXIBLE GAS SERVICE  
(Continued from Sheet No. 97.1)

Monthly Rate:

The rate will be developed based on economic market conditions at the time gas service is requested.

Confidentiality:

The Company and Customer each regard the terms and conditions of the negotiated service agreement as confidential, proprietary business information.

The Company and Customer agree to utilize all reasonable and available measures to guard the confidentiality of said information, subject to requirements of courts and agencies having jurisdiction hereof.

In the event either party is asked to provide the information by such a court or agency, it will promptly inform the other of the request, and will cooperate in defending and maintaining the confidentiality of the information.

This provision shall not prohibit or restrict the FPSC from reviewing the service agreement in the performance of its duties, but the FPSC shall treat the service agreement as a confidential document.

Rate-Making Treatment:

To the extent that the Company enters into flexible gas service agreements with customers, the Company is at risk for the capital investment necessary to serve the flexible gas service tariff customers, not the general body of ratepayers.

(Continued to Sheet No. 97.3)

Issued by: Michael P. McMasters, President  
Chesapeake Utilities Corporation

Effective:

FLEXIBLE GAS SERVICE  
(Continued from Sheet 97.2)

Rate Base:

In the case of providing service to a customer under this tariff, the Company will identify the incremental investment and capital costs required to provide service to the customer. These costs will be excluded from rate base.

Operating, Maintenance and Administrative Expenses:

The Company will specifically identify all incremental costs, if any, associated with the flexible gas service tariff Customer. These expenses will primarily be related to the incremental capital required to serve the customer. In addition, the Company will allocate embedded costs including general distribution and maintenance, meter reading, customer billing and accounting, sales, and administrative expenses.

In future rate cases and earnings surveillance reports, the Company will exclude all operating, maintenance, and administrative costs related to this tariff as determined by this methodology.

Depreciation and Amortization Expenses:

The Company will exclude all depreciation and amortization expenses related to this tariff in future rate cases and in its earnings surveillance report. Depreciation and amortization expenses may be incremental and/or allocated and will be determined based on the rate base allocated to each customer under this tariff as defined above.

Revenue and Related Taxes:

Revenues related to this tariff will be excluded from regulated revenues. In filing earnings surveillance reports, the Company will remove actual revenues related to this tariff, as well as revenue related taxes and income taxes from its calculation of FPSC adjusted rate of return.

All cost allocation related to this tariff shall remain subject to FPSC audit.

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