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September 8, 2015

BY E-PORTAL

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

Re: **Docket No. 150172 - GU-- Petition for approval of amendments to special contract with Polk Power Partners, L.P., by Florida Division of Chesapeake Utilities Corporation.**

Dear Ms. Stauffer:

Attached for filing, please find the Florida Division of Chesapeake Utilities Corporation's Responses to Staff's First Data Requests in the referenced docket.

As always, thank you for your assistance with this filing. If you have any questions whatsoever, please do not hesitate to contact me.

Kind regards,



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Florida Division of Chesapeake Utilities Corporation's
Response to Staff's First Data Request
FPSC Docket No. 150172-GU

- 1. Referring to the Petition at paragraph 7, please elaborate on the last sentence and the phrase (“... which better reflects the current use of capacity for Polk”).**

Response:

For over 20 years, the Florida Division of Chesapeake Utilities Corporation (“CHPK”) has served Polk Power Partners, L.P. (“Polk”) cogeneration facility. Over the life of this relationship, Polk has had a direct connection with Florida Gas Transmission (“FGT”). As a result of this direct connection, Polk has been able to meet a majority of its need for gas directly from FGT, which has gradually reduced the amount it has obtained through CHPK. This has the effect of reducing the need for capacity on CHPK’s system. The amendment being contemplated in this petition reflects that new, reduced level of capacity need from Polk on CHPK’s system.

- 2. Please explain the basis for the Bypass Avoidance Rate of \$420,000 per year displayed on the CFTS Affidavit.**

Response:

The Bypass Avoidance Rate of \$420,000 per year represents the intrinsic value that Polk has assigned to securing additional supply from their existing FGT capacity path. This amount represents Polk’s business assessment as to the value of remaining with CHPK as opposed to acquiring additional capacity from FGT.

- 3. Are any monies recovered through the Competitive Rate Adjustment (CRA) from this contract? If yes:**

Response:

No monies are being recovered through the Competitive Rate Adjustment for this contract.

- a. Is this the first time for this contract or has this occurred in the past?**
- b. What is the 2016 CRA factor (the cents per therm impact of this contract)?**
- c. Pursuant to which tariff provision would any CRA amounts associated with this contract be recoverable from the general body of ratepayers?**

The following questions refer to the Incremental Cost of Service Study and its components:

- 4. Are the incremental costs shown annual or monthly amounts?**

Response:

The incremental costs shown represent annual amounts.

Florida Division of Chesapeake Utilities Corporation's
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5. Referring to estimated O&M expenses:

- a. Please explain the basis for the Overheads & Services (corp/bu) amount of \$36,416 and, as part the explanation, define "corp/bu."**

Response:

The overhead & service amount of \$36,416 represents the estimated portion of the business overhead and services attributable to the Polk contract. The basis is Polk's estimated potential volume relative to the total CHPK system.

- b. Please compare the Overhead & Service expense of \$36,416 to the \$13,297 in Docket No. 150175-GU and explain the difference.**

Response:

The amount of Overhead & Service expense of \$13,297 represented in Docket No. 150175-GU was incorrectly stated. The correct amount is \$27,864 and is reflected as such in the response to Staff's first data request in that Docket. The methodology used to derive the expenses associated with these contracts is based on estimated volumes of both this customer, as well as the CHPK system in total. The difference exists as a result of the nature of where each customer is located on the system, an estimate of their usage, as well as an estimate of overhead and service expense relative to the total CHPK system.

6. Referring to Calculation of Other Taxes:

- a. What is the significance of the 2004 Property Tax amount shown?**

Response:

This amount was inadvertently left on the Other Taxes sheet in the cost of service and has no significance, nor impact on the calculation of the Other Tax.

- b. What is the significance of the 2003 Plant amount shown?**

Response:

This amount was inadvertently left on the Other Taxes sheet in the cost of service and has no significance, nor impact on the calculation of the Other Tax.

- c. Should the average tax rate be 1.81% instead of 0?**

Florida Division of Chesapeake Utilities Corporation's
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Response:

The average tax rate is 1.81%. In the filing the amount was formatted as a dollar amount with no decimals. The calculation remains unchanged when this format is corrected.

- 7. Please explain the difference between the cost of plant of \$1,243,036 in Estimated Rate Base and Return and 2003 plant of \$29,900,183 in Calculation of Other Taxes.**

Response:

As described in response to Staff's Question 6(b) above, the \$29,900,183 represented in the calculation of Other Taxes was inadvertently left in this calculation and should be removed.

The following questions refer to the Capacity Relinquishment Agreement:

- 8. Under which circumstances will Polk buy any capacity relinquished by Chesapeake?**

Response:

Per the capacity release agreement on a monthly basis CHPK releases the quantity of capacity to Polk to match its estimated need. While the capacity is released to Polk for their use, the ownership remains with CHPK and is recallable upon request.

- 9. Are any revenues received by Chesapeake when Polk buys capacity in addition to the transportation rate revenues received pursuant to the Gas Transportation Agreement?**

Response:

No. No additional revenues are received.