



September 1, 2017

E-PORTAL FILING

Ms. Carlotta Stauffer, 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 Ms. Stauffer:

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 Exhibit MC-1 of Mr. Mike Cassel. Also included with this filing are the following revised tariff pages:

CFG Fifth Revised Sheet No. 105.1
CFG Sixth Revised Sheet No. 105.2
FPUC NG Twelfth Revised Sheet No. 35.4
FPUC-FORT MEADE First 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 1, 2017
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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-12-0490-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 2018 through December 2018. 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.¹ Its principal business address is:

Florida Public Utilities Company
1750 S 14th Street, Suite 200
Fernandina Beach FL 32034

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:

¹ FPUC's Indiantown Division does not participate in a GRIP program.

GRIP True-Up

Florida Division of Chesapeake Utilities Corporation
1750 S 14th Street, Suite 200
Fernandina Beach FL 32034

- 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
Director, Regulatory and Governmental Affairs
Florida Public Utilities Company/Chesapeake
1750 S 14th Street, Suite 200
Fernandina Beach FL 32034
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 2018.

6) The Companies are also submitting, contemporaneously with this Petition, the Direct Testimony and Exhibit MC-1, which includes the referenced schedules, of Mr. Mike Cassel in support of the Companies' request for approval of the requested factors. Therein, Mr. Cassel explains that certain projects in high consequence areas, namely within cities and larger municipalities, continue to be on an accelerated track. The accelerated status of these projects has caused an increase in GRIP costs, while these projects also often incur

GRIP True-Up

additional costs associated with various construction requirements imposed by each municipality. As noted by Mr. Cassel, the Company anticipates that, as the projects in these high consequence areas are completed and the focus shifts to GRIP activity in other, less populated areas, the overall costs associated with GRIP will begin to decline.

7) As reflected on Schedule B-1, the final GRIP true-up amount for the period January 2016 through December 2016 was an under-recovery of \$1,456,443 for FPUC, an under-recovery of \$9,679 for CFG, and an under-recovery of \$2,582 for Fort Meade.

8) The Company projects total GRIP revenue requirements \$10,893,248 for FPUC, \$3,383,086 for CHPK, and \$25,019 for Fort Meade for the period January 2018 through December 2018. The projected net true-up is an over-recovery of \$648,578 for FPUC, an under-recovery of \$142,364 for CFG, and an over-recovery of \$15,103 for Fort Meade. After adding the projected GRIP revenue requirement to the (over/under) recovery amount, a total of \$10,244,670 for FPUC, \$3,525,45 for CFG, and \$9,916 for Fort Meade remains to be recovered during the period January 1, 2018 through December 31, 2018. 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:

CFG

<u>RATE</u> <u>CLASS</u>	<u>GRIP</u> <u>FACTORS</u> <u>PER THERM</u>
FTS-A	\$ 0.55340
FTS-B	\$ 0.17785
FTS-1	\$ 0.11838
FTS-2	\$ 0.12603

GRIP True-Up

FTS-2.1	\$ 0.12095
FTS-3	\$ 0.05359
FTS-3.1	\$ 0.06238
FTS-4	\$ 0.07404
FTS-5	\$ 0.07777
FTS-6	\$ 0.06234
FTS-7	\$ 0.07864
FTS-8	\$ 0.07326
FTS-9	\$ 0.10860
FTS-10	\$ 0.12848
FTS-11	\$ 0.12575
FTS-12	\$ 0.03277
FTS-13	N/A

<u>CLASS</u> <u>Rate Schedule</u>	<u>GRIP FACTORS</u> <u>PER THERM</u> <u>Rate per bill</u>
FTS-A (Exp)	\$ 3.39
FTS-B (Exp)	\$ 1.88
FTS-1 (Exp)	\$ 1.81
FTS-2 (Exp)	\$ 7.37
FTS-2.1 (Exp)	\$ 13.82
FTS-3 (Exp)	\$ 17.48
FTS-3.1 (Exp)	\$ 37.59

FPUC

<u>RATE</u> <u>SCHEDULE</u>	<u>GRIP FACTORS</u> <u>PER THERM</u>
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GRIP True-Up

RESIDENTIAL	\$0.24395
COMMERCIAL SMALL (General Service 1 & 2 & GS 1 & 2 Transportation)	\$0.16442
COMM. LRG VOLUME (Large Vol & LV Transportation)	\$0.09644
INTERRUPTIBLE SERVICE (Int Service & IS Transportation)	\$0.06494
GENERAL LIGHTING SERVICE	\$0.37921
Rate Schedule NGV	\$0.16442
Rate Schedule NGVTS	\$0.16442

Fort Meade

<u>RATE</u> <u>SCHEDULE</u>	<u>FACTORS</u> <u>PER THERM</u>
RESIDENTIAL	\$0.08198
COMMERCIAL SMALL (General Service & GS Transportation)	\$0.02325
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.

GRIP True-Up

10) 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 readings for the period January 2018 through December 2018.

RESPECTFULLY SUBMITTED this 1st day of September, 2017.



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*

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 1st day of September, 2017.

Jennifer Crawford Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, FL 32399-0850 jcrawfor@psc.state.fl.us	J.R. Kelly/P. Christensen Office of Public Counsel c/o The Florida Legislature 111 W. Madison Street, Room 812 Tallahassee, FL 32399-1400 Kelly.JR@leg.state.fl.us
Mike Cassel 1750 S.W. 14th Street, Suite 200 Fernandina Beach, FL 32034-3052 Mcassel@fpuc.com	

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 Fifth Revised Sheet No. 105.1
CFG Sixth Revised Sheet No. 105.2
FPUC NG Twelfth Revised Sheet No. 35.4
FPUC-FORT MEADE First Revised Sheet No. 64

BILLING ADJUSTMENTS

(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 2018 through the last billing cycle for December 2018 are as follows:

<u>Rate Class</u>	<u>Rates Per Therm</u>
Rate Schedule RS	\$0.24395
Rate Schedule GS-1	\$0.16442
Rate Schedule GS-2	\$0.16442
Rate Schedule GSTS-1	\$0.16442
Rate Schedule GSTS-2	\$0.16442
Rate Schedule LVS	\$0.09644
Rate Schedule LVTS	\$0.09644
Rate Schedule IS	\$0.06494
Rate Schedule ITS	\$0.06494
Rate Schedule GLS	\$0.37921
Rate Schedule GLSTS	\$0.37921
Rate Schedule NGV	\$0.16442
Rate Schedule NGVTS	\$0.16442

(Continued to Sheet No. 35.5)

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, 2018 through December 31, 2018 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	\$0.55340
FTS-B	> 130 therms up to 250 therms	\$0.17785
FTS-1	> 0 up to 500 therms	\$0.11838
FTS-2	> 500 therms up to 1,000 therms	\$0.12603
FTS-2.1	> 1,000 therms up to 2,500 therms	\$0.12095
FTS-3	> 2,500 therms up to 5,000 therms	\$0.05359
FTS-3.1	> 5,000 therms up to 10,000 therms	\$0.06238
FTS-4	> 10,000 therms up to 25,000 therms	\$0.07404
FTS-5	> 25,000 therms up to 50,000 therms	\$0.07777
FTS-6	> 50,000 therms up to 100,000 therms	\$0.06234
FTS-7	> 100,000 therms up to 200,000 therms	\$0.07864
FTS-8	> 200,000 therms up to 400,000 therms	\$0.07326
FTS-9	> 400,000 therms up to 700,000 therms	\$0.10860
FTS-10	> 700,000 therms up to 1,000,000 therms	\$0.12848
FTS-11	> 1,000,000 therms up to 2,500,000	\$0.12575
FTS-12	> 2,500,000 therms up to 12,500,000	\$0.03277
FTS-13	> 12,500,000 therms	N/A

(Continued to Sheet No. 105.2)

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, 2018 through December 31, 2018 for each rate classification are as follows:

Consumer Rate Schedule	Rate per bill
FTS-A (Exp)	\$ 3.39
FTS-B (Exp)	\$ 1.88
FTS-1 (Exp)	\$ 1.81
FTS-2 (Exp)	\$ 7.37
FTS-2.1 (Exp)	\$ 13.82
FTS-3 (Exp)	\$ 17.48
FTS-3.1 (Exp)	\$ 37.59

(Continued to Sheet No. 105.3)

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

Effective:

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 2018 through the last billing cycle for December 2018 are as follows:

<u>Rate Class</u>	<u>Rates Per Therm</u>
Rate Schedule RS	\$0.08198
Rate Schedule GS-1	\$0.02325
Rate Schedule GS-2	\$0.02325
Rate Schedule GSTS-1	\$0.02325
Rate Schedule GSTS-2	\$0.02325
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

BILLING ADJUSTMENTS

(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 2017~~8~~ through the last billing cycle for December 2017~~8~~ are as follows:

<u>Rate Class</u>	<u>Rates Per Therm</u>
Rate Schedule RS	\$0. 34225 <u>.24395</u>
Rate Schedule GS-1	\$0. 23903 <u>.16442</u>
Rate Schedule GS-2	\$0. 23903 <u>.16442</u>
Rate Schedule GSTS-1	\$0. 23903 <u>.16442</u>
Rate Schedule GSTS-2	\$0. 23903 <u>.16442</u>
Rate Schedule LVS	\$0. 12689 <u>.09644</u>
Rate Schedule LVTS	\$0. 12689 <u>.09644</u>
Rate Schedule IS	\$0. 11461 <u>.06494</u>
Rate Schedule ITS	\$0. 11461 <u>.06494</u>
Rate Schedule GLS	\$0. 49951 <u>.37921</u>
Rate Schedule GLSTS	\$0. 49951 <u>.37921</u>
Rate Schedule NGV	\$0. 23903 <u>.16442</u>
Rate Schedule NGVTS	\$0. 23903 <u>.16442</u>

(Continued to Sheet No. 35.5)

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, 2017~~8~~ through December 31, 2017~~8~~b 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. 45319 <u>.55340</u>
FTS-B	> 130 therms up to 250 therms	\$0. 15225 <u>.17785</u>
FTS-1	> 0 up to 500 therms	\$0. 10371 <u>.11838</u>
FTS-2	> 500 therms up to 1,000 therms	\$0. 11170 <u>.12603</u>
FTS-2.1	> 1,000 therms up to 2,500 therms	\$0. 11406 <u>.12095</u>
FTS-3	> 2,500 therms up to 5,000 therms	\$0. 04527 <u>.05359</u>
FTS-3.1	> 5,000 therms up to 10,000 therms	\$0. 06029 <u>.06238</u>
FTS-4	> 10,000 therms up to 25,000 therms	\$0. 07233 <u>.07404</u>
FTS-5	> 25,000 therms up to 50,000 therms	\$0. 07490 <u>.07777</u>
FTS-6	> 50,000 therms up to 100,000 therms	\$0. 05947 <u>.06234</u>
FTS-7	> 100,000 therms up to 200,000 therms	\$0. 08142 <u>.07864</u>
FTS-8	> 200,000 therms up to 400,000 therms	\$0. 06465 <u>.07326</u>
FTS-9	> 400,000 therms up to 700,000 therms	\$0. 14596 <u>.10860</u>
FTS-10	> 700,000 therms up to 1,000,000 therms	\$0. 09318 <u>.12848</u>
FTS-11	> 1,000,000 therms up to 2,500,000	\$0. 05475 <u>.12575</u>
FTS-12	> 2,500,000 therms up to 12,500,000	\$0. 03741 <u>.03277</u>
FTS-13	> 12,500,000 therms	N/A

(Continued to Sheet No. 105.2)

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, 20178 through December 31, 20178 for each rate classification are as follows:

Consumer Rate Schedule	Rate per bill
FTS-A (Exp)	\$ 2.93 <u>3.39</u>
FTS-B (Exp)	\$ 4.71 <u>1.88</u>
FTS-1 (Exp)	\$ 4.70 <u>1.81</u>
FTS-2 (Exp)	\$ 6.68 <u>7.37</u>
FTS-2.1 (Exp)	\$ 13.09 <u>13.82</u>
FTS-3 (Exp)	\$ 15.66 <u>17.48</u>
FTS-3.1 (Exp)	\$ 36.01 <u>37.59</u>

(Continued to Sheet No. 105.3)

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

Effective:

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 2017~~8~~ through the last billing cycle for December 2017~~8~~ are as follows:

Rate Class	Rates Per Therm
Rate Schedule RS	\$0.36931 <u>.08198</u>
Rate Schedule GS-1	\$0.11672 <u>.02325</u>
Rate Schedule GS-2	\$0.11672 <u>.02325</u>
Rate Schedule GSTS-1	\$0.11672 <u>.02325</u>
Rate Schedule GSTS-2	\$0.11672 <u>.02325</u>
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

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

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DIRECT TESTIMONY OF MICHAEL CASSEL

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 Michael Cassel. I am the Director of Regulatory and Governmental Affairs for 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”). FPUC has its administrative offices at 1750 S. 14th Street, Suite 200, Fernandina Beach, Florida 32034.

Q. Describe briefly your education and relevant professional background.

A. I received a Bachelor of Science Degree in Accounting from Delaware State University in Dover, Delaware in 1996. From 1996 to 1999, I was employed by J.P. Morgan, Inc., where I had various accounting/finance responsibilities for the firm’s private banking clientele. Subsequently, I was employed by Computer Sciences Corporation as a Senior Finance Manager from 1999 to 2006. In this position, I was responsible for the financial operation of the company’s chemical, oil and natural resources business. This included forecasting, financial close and reporting responsibility, as well as representing Computer Sciences Corporation’s financial interests in contract/service negotiations with existing and potential clients. From 2006 to 2008, I was employed by J.P. Morgan Chase & Company, Inc. as a Financial Manager in their card finance group. My primary

GRIP True Up

1 responsibility in this position was the development of client specific financial models and profit
2 loss statements. In 2008, I was hired by Chesapeake Utilities Corporation (“CUC”) as a
3 Senior Regulatory Analyst. In that position, I was primarily involved in the areas of gas
4 cost recovery, rate of return analysis, and budgeting for CUC’s Delaware and Maryland
5 natural gas distribution companies. In 2010, I moved to Florida to assume the role of
6 Senior Tax Accountant for CUC’s Florida business units, which included FPUC and
7 CFG. Since that time, I have held various management roles including Manager of the
8 Back Office in 2011, and Director of Business Management in 2012.

9 **Q. Have you filed testimony before the Florida Public Service Commission in prior**
10 **cases?**

11 A. Yes, I have submitted testimony in the Commission’s annual Fuel and Purchased Power
12 Cost Recovery Clause proceeding, as well as with the Company’s initial Petition seeking
13 approval of the Swing Service Rider last year.

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

16 A. Yes.

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

18 A. My testimony will provide the actual true-up for January 1, 2016 to December 1, 2016
19 and the actual/estimated true-up based on 7 months actual 2017 data and 5 months
20 projected 2017 data. My testimony will describe the Company’s forecast of GRIP
21 investment for natural gas mains and services for 2018. Finally, I will summarize the
22 computations that are contained in composite exhibit MC-1 supporting the January
23 through December 2018 projected GRIP surcharge factors for the FPUC, CFG and Fort
24 Meade natural gas divisions.

25 **Q. Were the schedules filed by the Company completed by you or under your direct**

GRIP True Up

1 **supervision?**

2 A. Yes, they were completed under my direct supervision and review.

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

4 A. The Company has prepared and filed in composite Exhibit MC-1, Schedules A, B, C, and
5 D that support the calculation of the yearly GRIP surcharge factors for January through
6 December 2018 for FPUC, CFG and Fort Meade.

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

8 A. The projection period is January through December 2018.

9 **Q. What is the appropriate final GRIP true-up amount for the period January through**
10 **December 2016?**

11 A. For FPUC, the final GRIP true-up amount for the period January through December 2016
12 is an under-recovery of \$1,456,443 inclusive of interest, an under-recovery of \$9,679
13 inclusive of interest for CFG and an under-recovery of \$2,582 inclusive of interest for
14 Fort Meade.

15 **Q. What is the projected GRIP true-up amount for the period January through**
16 **December 2017?**

17 A. For FPUC, the projected GRIP true-up amount is an over-recovery of \$2,105,021
18 inclusive of interest, for the period January through December 2017. CFG has projected
19 an under-recovery for the same period of \$132,684 inclusive of interest. Fort Meade has
20 projected an over-recovery for the same period of \$17,685 inclusive of interest.

21 **Q. What is the total projected GRIP true-up amount to be collected from or refunded**
22 **to customers for the period January through December 2017?**

23 A. As shown on Schedule C-1, page 3 of 15, the total net over-recovery to be refunded for
24 FPUC is \$648,578 and CFG, Schedule C-1 page 8 of 15, has a total net under-recovery of
25 \$142,364 to be collected for the period January through December 2017. Fort Meade,

GRIP True Up

1 Schedule C-1 page 13 of 15, has a total net over-recovery of \$15,103 to be refunded.

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

4 A. In the initial joint petition for approval of GRIP (Order No. PSC-12-0490-TRF-GU),
5 FPUC and CFG reviewed the remaining eligible infrastructure and developed a
6 replacement plan, based on our Distribution Integrity Management Program (“DIMP”)
7 and our best estimate of how quickly we could replace our bare steel and cast iron
8 facilities, with an accelerated period of 10 years. Both companies prioritized the
9 potential replacement projects focusing initially on areas of high consequence and areas
10 more susceptible to corrosion. FPUC provides service to large metropolitan areas and the
11 replacement of eligible infrastructure in high-density, urban areas typically cost more
12 than areas that are primarily rural. FPUC and CFG have continued to replace eligible
13 infrastructure aggressively. The Company continues to discover new bare steel, cast iron
14 and steel tubing mains and services for replacement that was not included in the original
15 petition. For example, the Company discovered steel tubing services in Fort Meade that
16 require replacing.

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

19 A. The projected revenue requirements include several components: 1) the return on
20 estimated qualified investments for the projection period as calculated using the equity
21 and debt components of the weighted average cost of capital from each companies
22 respective prior rate cases. 2) depreciation expense (respectively calculated using the
23 currently approved depreciation rates) and 3) expenses for customer and general public
24 notifications associated with GRIP and ad valorem taxes, grossed up for federal and state
25 income taxes. Since FPUC has a bare steel replacement and recovery program, originally

GRIP True Up

1 approved in the Company's 2004 rate case proceeding, the revenue requirement is net of the
2 existing bare steel program, which equates to \$747,727 embedded in base rate revenues.
3 CFG and Fort Meade do not have any recovery amounts embedded in their base rates.
4 The 2018 projected mains and services to be replaced are shown on Exhibit MC-1,
5 Schedule C-1, pages 4, 9 and 14. FPUC is expecting to invest \$5,412,000 in mains and
6 \$1,188,000 for services. CFG is expecting to invest \$3,069,000 in mains and \$231,000 in
7 services and Fort Meade is expecting to invest \$100,000 in services.

8 **Q. What are the resulting net total projected revenue requirements to be recovered**
9 **during this projection period?**

10 A. The total projected revenue requirements to be recovered are \$10,244,670 for FPUC,
11 Schedule D-1 page 5 of 15, \$3,525,450 for CFG, Schedule D-1 page 10 of 15, and \$9,916
12 for Fort Meade, Schedule D-1 page 14 of 15.

13 **Q. Have you prepared a schedule that shows the calculation of the proposed GRIP**
14 **surcharge factors for each rate class to be applied during the billing period January**
15 **1, 2018 through December 31, 2018?**

16 A. Yes, Please see Schedule D-1 pages 5, 10 and 15 for FPUC, CFG and Fort Meade,
17 respectively. For CFG, rate class FTS-13 is excluded from the GRIP surcharge factor
18 calculation since this rate class pertains to special contract customers.

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

21 A. The GRIP surcharge factors should be effective for all meter reading during the period of
22 January 1, 2018 through December 31, 2018.

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

24 A. Yes it does.

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

Schedule A-1
Exhibit _____
Michael Cassel (MC-1)
Page 1 of 15

Earnings Surveillance Report - December 31, 2016

Equity Cost Rate	10.85%
Weighted Equity Cost Rate	4.79%
Revenue Expansion Factor	1.6406
Weighted Equity Cost Rate , times Revenue Expansion Factor	<u>7.860%</u>
Long Term Debt-CU	0.710%
Short Term Debt	0.310%
Long Term Debt-FC	0.310%
Short Term Debt-Refinanced LTD	0.000%
Customer Deposits	0.080%
Weighted Debt Cost Rate	<u>1.410%</u>
Overall Weighted Cost Rate	<u>6.20%</u>

Florida Public Utilities Company
Gas Reliability Infrastructure Program (GRIP)
Calculation of the Projected Revenue Requirements
January 1, 2016 through December 31, 2016

Schedule B-1
Exhibit
Michael Cassel (MC-1)
Page 2 of 15

Item	Beginning Balance	ACTUAL Jan	ACTUAL Feb	ACTUAL Mar	ACTUAL Apr	ACTUAL May	ACTUAL Jun	ACTUAL Jul	ACTUAL Aug	ACTUAL Sep	ACTUAL Oct	ACTUAL Nov	ACTUAL Dec	Year End Total/Balance
Qualified Investment														
Qualified Investment - Mains - Current Year 1070 Activity		\$1,784,223	\$1,694,698	\$1,836,338	\$1,972,534	\$928,777	\$1,337,253	\$729,572	\$1,029,951	\$829,070	\$954,422	\$1,152,057	\$764,153	\$15,013,028
Qualified Investment - Mains - Closed 1070 Activity to Plant		\$79,622	(\$919,459)	(\$126,904)	(\$3,106,133)		(\$90,085)	(\$4,659,950)	(\$2,170,908)	(\$778,690)	(\$477,624)		(\$3,672,553)	(\$15,922,685)
Qualified Investment - Services - Current Year 1070 Activity		\$376,394	\$215,319	\$386,842	\$388,186	\$414,893	\$499,485	\$280,899	\$916,661	\$168,094	\$236,740	\$311,195	\$363,413	\$4,558,122
Qualified Investment - Services - Closed 1070 Activity to Plant		\$697,671	(\$1,176,874)	(\$220,287)	(\$439,072)		(\$587,465)	(\$364,346)	(\$372,351)	(\$895,807)	(\$314,082)	(\$95,672)	(\$789,839)	(\$4,558,122)
Qualified Investment - Mains - Current 1010 Activity		(\$79,622)	\$919,459	\$126,904	\$3,106,133	\$0	\$90,085	\$4,659,950	\$2,170,908	\$778,690	\$477,624	\$0	\$3,672,553	\$15,922,685
Qualified Investment - Services - Current 1010 Activity		(\$697,671)	\$1,176,874	\$220,287	\$439,072	\$0	\$587,465	\$364,346	\$372,351	\$895,807	\$314,082	\$95,672	\$789,839	\$4,558,122
Total Qualified Investment - Mains 1070	\$1,350,505	\$3,214,349	\$3,989,588	\$5,699,023	\$4,565,423	\$5,494,200	\$6,741,348	\$2,810,970	\$1,670,013	\$1,720,393	\$2,197,191	\$3,349,248	\$440,847	\$440,847
Total Qualified Investment - Service 1070	\$0	\$1,074,066	\$112,511	\$279,067	\$228,182	\$643,074	\$555,094	\$471,648	\$1,015,958	\$288,245	\$210,903	\$426,426	\$0	\$0
Total Qualified Investment - Mains 1010	\$44,791,739	\$44,712,118	\$45,631,577	\$45,758,481	\$48,864,614	\$48,864,614	\$48,954,699	\$53,614,649	\$55,785,557	\$56,564,247	\$57,041,871	\$57,041,871	\$60,714,424	\$60,714,424
Total Qualified Investment - Service 1010	\$14,413,427	\$13,715,756	\$14,892,629	\$15,112,916	\$15,551,988	\$15,551,988	\$16,139,452	\$16,503,799	\$16,876,150	\$17,771,957	\$18,086,038	\$18,181,711	\$18,971,549	\$18,971,549
Total Qualified Investment	\$60,555,671	\$62,716,289	\$64,626,305	\$66,849,486	\$69,210,206	\$70,553,876	\$72,390,594	\$73,401,065	\$75,347,677	\$76,344,841	\$77,536,003	\$78,999,255	\$80,126,821	\$80,126,821
Less: Accumulated Depreciation	(\$1,719,752)	(\$1,849,231)	(\$1,976,968)	(\$2,109,345)	(\$2,242,492)	(\$2,383,357)	(\$2,524,223)	(\$2,666,605)	(\$2,819,903)	(\$2,978,744)	(\$3,141,286)	(\$3,305,571)	(\$3,470,070)	(\$3,470,070)
Net Book Value	\$58,835,919	\$60,867,058	\$62,649,338	\$64,740,142	\$66,967,714	\$68,170,519	\$69,866,371	\$70,734,460	\$72,527,774	\$73,366,098	\$74,394,717	\$75,693,685	\$76,656,751	\$76,656,751
Average Net Qualified Investment		\$59,851,489	\$61,758,198	\$63,694,740	\$65,853,928	\$67,569,117	\$69,018,445	\$70,300,416	\$71,631,117	\$72,946,936	\$73,880,407	\$75,044,201	\$76,175,218	
Depreciation Rates														
Approved Depreciation Rate-Mains		2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%
Approved Depreciation Rate-Services		2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%
Return on Average Net Qualified Investment														
Equity - Cost of Capital, inclusive of Income Tax Gross-up		8.2300%	8.2300%	8.2300%	8.2300%	8.2300%	8.2300%	8.2300%	8.2300%	8.2300%	8.2300%	8.2300%	8.2300%	8.2300%
Debt - Cost of Capital		1.5800%	1.5800%	1.5800%	1.5800%	1.5800%	1.5800%	1.5800%	1.5800%	1.5800%	1.5800%	1.5800%	1.5800%	1.5800%
Equity Component - inclusive of Income Tax Gross-up	\$410,481	\$423,558	\$436,840	\$451,648	\$463,412	\$473,352	\$482,144	\$491,270	\$500,294	\$506,696	\$514,678	\$522,435	\$522,435	\$5,676,809
Debt Component	\$78,804	\$81,315	\$83,865	\$86,708	\$88,966	\$90,874	\$92,562	\$94,314	\$96,047	\$97,276	\$98,808	\$100,297	\$100,297	\$1,089,837
Return Requirement	\$489,286	\$504,873	\$520,704	\$538,356	\$552,378	\$564,226	\$574,706	\$585,584	\$596,341	\$603,972	\$613,486	\$622,732	\$622,732	\$6,766,645
Investment Expenses														
Depreciation Expense - Mains		\$97,049	\$96,876	\$98,868	\$99,143	\$105,873	\$105,873	\$106,069	\$116,165	\$120,869	\$122,556	\$123,591	\$123,591	\$1,316,523
Depreciation Expense - Services		\$32,430	\$30,860	\$33,508	\$34,004	\$34,992	\$34,992	\$36,314	\$37,134	\$37,971	\$39,987	\$40,694	\$40,909	\$433,795
Property Taxes		\$98,060	\$98,060	\$98,060	\$98,060	\$98,060	\$98,060	\$98,060	\$98,060	\$98,060	\$98,060	\$98,060	\$98,060	\$1,176,718
General Public Notice Expense & Customer Notice Expense		\$0	\$5,102	\$0	\$6,180	\$18,792	\$0	\$18,133	(\$3,411)	\$11,509				\$6,268
Total Expense	\$227,539	\$228,899	\$230,437	\$237,587	\$257,717	\$238,925	\$240,442	\$269,492	\$255,489	\$272,112	\$262,344	\$268,828	\$268,828	\$2,987,610
Total Revenue Requirements	\$716,825	\$733,772	\$751,141	\$775,743	\$810,095	\$803,151	\$815,148	\$855,076	\$849,830	\$876,084	\$875,831	\$891,560	\$891,560	\$9,754,256
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	\$62,310	\$747,727
Net Annual Revenue Requirements	\$654,515	\$671,462	\$688,831	\$713,433	\$747,785	\$740,841	\$752,838	\$792,766	\$787,520	\$813,774	\$813,521	\$829,243	\$829,243	\$9,006,529
GRIP Surcharge Revenues Collected Month	\$ 1,141,602	\$ 1,150,607	\$ 1,072,832	\$ 924,042	\$ 806,763	\$ 755,582	\$ 700,138	\$ 668,074	\$ 699,603	\$ 752,444	\$ 856,201	\$ 996,376	\$ 996,376	\$10,524,264
Beginning True-Up														\$ 2,967,684
(Over) and Under Recovery for the Month	\$ (487,087)	\$ (479,145)	\$ (384,001)	\$ (210,609)	\$ (58,978)	\$ (14,741)	\$ 52,700	\$ 124,692	\$ 87,917	\$ 61,330	\$ (42,680)	\$ (167,133)	\$ (1,517,735)	\$ (1,517,735)
Monthly Interest (Expense)/Income	\$ 763	\$ 650	\$ 507	\$ 424	\$ 428	\$ 416	\$ 409	\$ 479	\$ 530	\$ 555	\$ 625	\$ 708	\$ 6494	\$ 6,494
Ending (Over) and Under Recovery	\$ 2,967,684	\$ 2,481,361	\$ 2,002,865	\$ 1,619,372	\$ 1,409,186	\$ 1,350,656	\$ 1,336,311	\$ 1,389,420	\$ 1,514,591	\$ 1,603,058	\$ 1,664,924	\$ 1,622,868	\$ 1,456,443	\$ 1,456,443
Beg of Month Annual Interest Rate	0.34%	0.34%	0.35%	0.32%	0.36%	0.38%	0.36%	0.35%	0.43%	0.43%	0.39%	0.43%	0.47%	
End of Month Annual Interest Rate	0.34%	0.35%	0.320%	0.36%	0.38%	0.36%	0.35%	0.43%	0.43%	0.39%	0.43%	0.47%	0.63%	
Average Monthly Interest Rate	0.028%	0.029%	0.028%	0.028%	0.031%	0.031%	0.030%	0.033%	0.034%	0.034%	0.038%	0.046%		

Florida Public Utilities Company
 Gas Reliability Infrastructure Program (GRIP)
 Calculation of the Projected Revenue Requirements
 January 1, 2017 through December 31, 2017

Schedule C-1
 Exhibit
 Michael Cassel (MC-1)
 Page 3 of 15

Item	Beginning Balance	Actual Jan	Actual Feb	Actual Mar	Actual Apr	Actual May	Actual Jun	Actual Jul	Projection Aug	Projection Sep	Projection Oct	Projection Nov	Projection Dec	Year End Total/Balance
Qualified Investment														
Qualified Investment - Mains - Current Year 1070 Activity		\$330,017	\$455,719	\$434,089	\$306,338	\$191,053	\$446,144	\$518,387	\$351,199	\$351,199	\$351,199	\$351,199	\$351,199	\$4,437,741
Qualified Investment - Mains - Closed 1070 Activity to Plant		\$0	(\$336,801)	(\$161,074)	(\$733,288)	(\$192,464)	\$0	(\$788,423)	(\$333,639)	(\$333,639)	(\$333,639)	(\$333,639)	(\$333,639)	(\$3,880,245)
Qualified Investment - Services - Current Year 1070 Activity		\$213,896	\$185,403	\$165,184	\$211,894	\$162,992	\$153,407	\$155,783	\$77,093	\$77,093	\$77,093	\$77,093	\$77,093	\$1,634,025
Qualified Investment - Services - Closed 1070 Activity to Plant		\$0	(\$329,347)	(\$37,850)	(\$309,284)	(\$168,217)	(\$192,024)	(\$73,411)	(\$77,093)	(\$77,093)	(\$77,093)	(\$77,093)	(\$77,093)	(\$1,495,598)
Qualified Investment - Mains - Current 1010 Activity		\$0	\$336,801	\$161,074	\$733,288	\$192,464	\$0	\$788,423	\$333,639	\$333,639	\$333,639	\$333,639	\$333,639	\$3,880,245
Qualified Investment - Services - Current 1010 Activity		\$0	\$329,347	\$37,850	\$309,284	\$168,217	\$192,024	\$73,411	\$77,093	\$77,093	\$77,093	\$77,093	\$77,093	\$1,495,598
Total Qualified Investment - Mains 1070	\$440,847	\$770,864	\$889,782	\$1,162,797	\$735,847	\$754,436	\$1,180,579	\$910,543	\$928,103	\$945,663	\$963,223	\$980,783	\$998,343	\$998,343
Total Qualified Investment - Service 1070	\$0	\$213,896	\$69,952	\$197,286	\$99,897	\$94,672	\$56,055	\$138,427	\$138,427	\$138,427	\$138,427	\$138,427	\$138,427	\$138,427
Total Qualified Investment - Mains 1010	\$60,714,424	\$60,714,424	\$61,051,225	\$61,212,299	\$61,945,587	\$62,138,052	\$62,138,052	\$62,926,475	\$63,260,114	\$63,593,753	\$63,927,392	\$64,261,031	\$64,594,670	\$64,594,670
Total Qualified Investment - Service 1010	\$18,971,549	\$18,971,549	\$19,300,896	\$19,338,746	\$19,648,030	\$19,816,247	\$20,008,271	\$20,081,682	\$20,158,775	\$20,235,868	\$20,312,961	\$20,390,054	\$20,467,147	\$20,467,147
Total Qualified Investment	\$80,126,821	\$80,670,754	\$81,311,856	\$81,911,129	\$82,429,361	\$82,783,406	\$83,382,957	\$84,057,127	\$84,485,419	\$84,913,711	\$85,342,003	\$85,770,295	\$86,198,587	\$86,198,587
Less: Accumulated Depreciation	(\$3,470,070)	(\$3,644,304)	(\$3,818,538)	(\$3,994,243)	(\$4,170,381)	(\$4,348,805)	(\$4,528,024)	(\$4,707,675)	(\$4,889,200)	(\$5,071,620)	(\$5,254,937)	(\$5,439,151)	(\$5,624,261)	(\$5,624,261)
Net Book Value	\$76,656,751	\$77,026,430	\$77,493,318	\$77,916,886	\$78,258,980	\$78,434,602	\$78,854,934	\$79,349,452	\$79,596,220	\$79,842,091	\$80,087,066	\$80,331,144	\$80,574,326	\$80,574,326
Average Net Qualified Investment	\$76,841,590	\$77,259,874	\$77,705,102	\$78,087,933	\$78,346,791	\$78,644,768	\$79,102,193	\$79,472,836	\$79,719,155	\$79,964,578	\$80,209,105	\$80,452,735		
Depreciation Rates														
Approved Depreciation Rate-Mains		2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%
Approved Depreciation Rate-Services		2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%
Return on Average Net Qualified Investment														
Equity - Cost of Capital, inclusive of Income Tax Cross-up		7.8600%	7.8600%	7.8600%	7.8600%	7.8600%	7.8600%	7.8600%	7.8600%	7.8600%	7.8600%	7.8600%	7.8600%	7.8600%
Debt - Cost of Capital		1.4100%	1.4100%	1.4100%	1.4100%	1.4100%	1.4100%	1.4100%	1.4100%	1.4100%	1.4100%	1.4100%	1.4100%	1.4100%
Equity Component - inclusive of Income Tax Cross-up	\$503,312	\$506,052	\$508,968	\$511,476	\$513,171	\$515,123	\$518,119	\$520,547	\$522,160	\$523,768	\$525,370	\$526,965	\$528,560	\$6,195,034
Debt Component	\$90,289	\$90,780	\$91,303	\$91,753	\$92,057	\$92,408	\$92,945	\$93,381	\$93,670	\$93,958	\$94,246	\$94,532	\$94,817	\$1,111,323
Return Requirement	\$593,601	\$596,833	\$600,272	\$603,229	\$605,229	\$607,531	\$611,064	\$613,928	\$615,830	\$617,726	\$619,615	\$621,497	\$623,365	\$7,306,356
Investment Expenses	\$593,601	\$596,833	\$600,272											
Depreciation Expense - Mains	\$131,548	\$131,548	\$132,278	\$132,627	\$134,215	\$134,632	\$134,632	\$136,341	\$137,064	\$137,786	\$138,509	\$139,232	\$140,000	\$1,620,413
Depreciation Expense - Services	\$42,686	\$42,686	\$43,427	\$43,512	\$44,208	\$44,587	\$45,019	\$45,184	\$45,357	\$45,531	\$45,704	\$45,878	\$46,052	\$533,778
Property Taxes	\$127,761	\$127,761	\$127,761	\$127,761	\$127,761	\$127,761	\$127,761	\$127,761	\$127,761	\$127,761	\$127,761	\$127,761	\$127,761	\$1,533,135
General Public Notice Expense & Customer Notice Expense	\$0	\$0	\$0	\$0	\$875	\$7,124	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$44,001
Total Expense	\$301,995	\$301,995	\$303,466	\$303,900	\$307,059	\$314,105	\$307,412	\$309,286	\$310,182	\$311,078	\$311,975	\$312,872	\$313,769	\$3,739,326
Total Revenue Requirements	\$895,596	\$898,828	\$903,758	\$907,129	\$912,288	\$921,636	\$931,477	\$942,213	\$952,013	\$962,013	\$972,013	\$982,013	\$992,013	\$11,045,682
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	\$62,310	\$747,727
Net Annual Revenue Requirements	\$833,286	\$836,518	\$841,428	\$844,819	\$849,978	\$859,326	\$869,167	\$880,903	\$894,703	\$906,703	\$920,703	\$935,703	\$951,703	\$10,297,955
GRIP Surcharge Revenues Collected Month	\$ 1,506,872	\$ 1,365,764	\$ 1,393,571	\$ 1,270,509	\$ 1,050,178	\$ 1,006,048	\$ 952,034	\$ 635,570	\$ 671,041	\$ 696,221	\$ 719,859	\$ 746,210	\$ 773,569	\$ 12,397,877
Beginning True-Up (Over) and Under Recovery for the Month	\$ (673,586)	\$ (529,246)	\$ (552,143)	\$ (425,690)	\$ (200,200)	\$ (146,722)	\$ (95,867)	\$ 225,333	\$ 192,662	\$ 170,273	\$ 49,421	\$ (114,157)	\$ (2,099,922)	\$ (2,099,922)
Monthly Interest (Expense)/Income	\$ 582	\$ 270	\$ (13)	\$ (347)	\$ (585)	\$ (728)	\$ (930)	\$ (950)	\$ (763)	\$ (601)	\$ (502)	\$ (532)	\$ (532)	\$ (5,099)
Ending (Over) and Under Recovery	\$ 1,456,443	\$ 783,440	\$ 254,463	\$ (297,693)	\$ (723,729)	\$ (924,514)	\$ (1,071,965)	\$ (1,168,762)	\$ (944,378)	\$ (752,480)	\$ (582,807)	\$ (433,888)	\$ (284,578)	\$ (648,578)
Beg of Month Annual Interest Rate	0.63%	0.62%	0.63%	0.80%	0.84%	0.86%	0.90%	1.08%	1.08%	1.08%	1.08%	1.08%	1.08%	1.08%
End of Month Annual Interest Rate	0.62%	0.63%	0.800%	0.840%	0.86%	0.90%	1.08%	1.08%	1.08%	1.08%	1.08%	1.08%	1.08%	1.08%
Average Monthly Interest Rate	0.052%	0.052%	0.060%	0.068%	0.071%	0.073%	0.083%	0.090%	0.090%	0.090%	0.090%	0.090%	0.090%	0.090%

Florida Public Utilities Company
Gas Reliability Infrastructure Program (GRIP)
Calculation of the Projected Revenue Requirements
January 1, 2018 through December 31, 2018

Schedule C-2
Exhibit _____
Michael Cassel (MC-1)
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Item	Beginning Balance	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year End Total/Balance
Qualified Investment														
Qualified Investment - Mains - Current Year 1070 Activity		\$451,000	\$451,000	\$451,000	\$451,000	\$451,000	\$451,000	\$451,000	\$451,000	\$451,000	\$451,000	\$451,000	\$451,000	\$5,412,000
Qualified Investment - Mains - Closed 1070 Activity to Plant		(\$428,450)	(\$428,450)	(\$428,450)	(\$428,450)	(\$428,450)	(\$428,450)	(\$428,450)	(\$428,450)	(\$428,450)	(\$428,450)	(\$428,450)	(\$428,450)	(\$5,141,400)
Qualified Investment - Services - Current Year 1070 Activity		\$99,000	\$99,000	\$99,000	\$99,000	\$99,000	\$99,000	\$99,000	\$99,000	\$99,000	\$99,000	\$99,000	\$99,000	\$1,188,000
Qualified Investment - Services - Closed 1070 Activity to Plant		(\$99,000)	(\$99,000)	(\$99,000)	(\$99,000)	(\$99,000)	(\$99,000)	(\$99,000)	(\$99,000)	(\$99,000)	(\$99,000)	(\$99,000)	(\$99,000)	(\$1,188,000)
Qualified Investment - Mains - Current 1010 Activity		\$428,450	\$428,450	\$428,450	\$428,450	\$428,450	\$428,450	\$428,450	\$428,450	\$428,450	\$428,450	\$428,450	\$428,450	\$5,141,400
Qualified Investment - Services - Current 1010 Activity		\$99,000	\$99,000	\$99,000	\$99,000	\$99,000	\$99,000	\$99,000	\$99,000	\$99,000	\$99,000	\$99,000	\$99,000	\$1,188,000
Total Qualified Investment - Mains 1070	\$998,343	\$1,020,893	\$1,043,443	\$1,065,993	\$1,088,543	\$1,111,093	\$1,133,643	\$1,156,193	\$1,178,743	\$1,201,293	\$1,223,843	\$1,246,393	\$1,268,943	\$1,268,943
Total Qualified Investment - Service 1070	\$138,427	\$138,427	\$138,427	\$138,427	\$138,427	\$138,427	\$138,427	\$138,427	\$138,427	\$138,427	\$138,427	\$138,427	\$138,427	\$138,427
Total Qualified Investment - Mains 1010	\$64,594,670	\$65,023,120	\$65,451,570	\$65,880,020	\$66,308,470	\$66,736,920	\$67,165,370	\$67,593,820	\$68,022,270	\$68,450,720	\$68,879,170	\$69,307,620	\$69,736,070	\$69,736,070
Total Qualified Investment - Service 1010	\$20,467,147	\$20,566,147	\$20,665,147	\$20,764,147	\$20,863,147	\$20,962,147	\$21,061,147	\$21,160,147	\$21,259,147	\$21,358,147	\$21,457,147	\$21,556,147	\$21,655,147	\$21,655,147
Total Qualified Investment	\$86,198,587	\$86,748,587	\$87,298,587	\$87,848,587	\$88,398,587	\$88,948,587	\$89,498,587	\$90,048,587	\$90,598,587	\$91,148,587	\$91,698,587	\$92,248,587	\$92,798,587	\$92,798,587
Less: Accumulated Depreciation	(\$5,624,261)	(\$5,810,267)	(\$5,997,424)	(\$6,185,733)	(\$6,375,192)	(\$6,565,802)	(\$6,757,564)	(\$6,950,476)	(\$7,144,540)	(\$7,339,755)	(\$7,536,120)	(\$7,733,637)	(\$7,932,305)	(\$7,932,305)
Net Book Value	\$80,574,326	\$80,938,320	\$81,301,163	\$81,662,855	\$82,023,395	\$82,382,785	\$82,741,023	\$83,098,111	\$83,454,047	\$83,808,832	\$84,162,467	\$84,514,950	\$84,866,282	\$84,866,282
Average Net Qualified Investment		\$80,756,323	\$81,119,741	\$81,482,009	\$81,843,125	\$82,203,090	\$82,561,904	\$82,919,567	\$83,276,079	\$83,631,440	\$83,985,650	\$84,338,708	\$84,690,616	
Depreciation Rates														
Approved Depreciation Rate-Mains		2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%
Approved Depreciation Rate-Services		2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%
Return on Average Net Qualified Investment														
Equity - Cost of Capital, inclusive of Income Tax Gross-up		7.8600%	7.8600%	7.8600%	7.8600%	7.8600%	7.8600%	7.8600%	7.8600%	7.8600%	7.8600%	7.8600%	7.8600%	7.8600%
Debt - Cost of Capital		1.4100%	1.4100%	1.4100%	1.4100%	1.4100%	1.4100%	1.4100%	1.4100%	1.4100%	1.4100%	1.4100%	1.4100%	1.4100%
Equity Component - inclusive of Income Tax Gross-up	\$528,954	\$531,334	\$533,707	\$536,072	\$538,430	\$540,780	\$543,123	\$545,458	\$547,786	\$550,106	\$552,419	\$554,724	\$557,024	\$6,502,894
Debt Component	\$94,889	\$95,316	\$95,741	\$96,166	\$96,589	\$97,010	\$97,430	\$97,849	\$98,267	\$98,683	\$99,098	\$99,511	\$1,166,550	
Return Requirement	\$623,843	\$626,650	\$629,449	\$632,238	\$635,019	\$637,791	\$640,554	\$643,308	\$646,053	\$648,789	\$651,517	\$654,235	\$656,944	\$7,669,444
Investment Expenses														
Depreciation Expense - Mains		\$139,955	\$140,883	\$141,812	\$142,740	\$143,668	\$144,597	\$145,525	\$146,453	\$147,382	\$148,310	\$149,238	\$150,167	\$1,740,730
Depreciation Expense - Services		\$46,051	\$46,274	\$46,497	\$46,719	\$46,942	\$47,165	\$47,388	\$47,610	\$47,833	\$48,056	\$48,279	\$48,501	\$567,314
Property Taxes		\$134,291	\$134,291	\$134,291	\$134,291	\$134,291	\$134,291	\$134,291	\$134,291	\$134,291	\$134,291	\$134,291	\$134,291	\$1,611,487
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	\$52,000
Total Expense	\$324,630	\$325,781	\$326,932	\$328,083	\$329,234	\$330,385	\$331,536	\$332,687	\$333,838	\$334,989	\$336,140	\$337,291	\$338,442	\$3,971,531
Total Revenue Requirements	\$948,472	\$952,431	\$956,380	\$960,321	\$964,253	\$968,176	\$972,090	\$975,995	\$979,891	\$983,778	\$987,657	\$991,530	\$995,397	\$11,640,975
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	\$62,310	\$747,727
Net Annual Revenue Requirements	\$886,162	\$890,121	\$894,070	\$898,011	\$901,943	\$905,866	\$909,780	\$913,685	\$917,581	\$921,468	\$925,347	\$929,213	\$933,077	\$10,893,248

Florida Public Utilities Company
 Gas Reliability Infrastructure Program (GRIP)
 Projection of Qualified Mains & Services Revenue Requirements
 Surcharge Calculation - January 1, 2018 through December 31, 2018
 Per Therm Rate

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 Michael Cassel (MC-1)
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1. 1/1/18-12/31/18 Qualified Mains & Services Replacement Revenue Requirements		\$ 10,893,248
Mains	74%	\$8,061,003
Services	26%	\$2,832,244
Net		<u>\$10,893,247</u>
2. TRUE-UP from Prior Period (Over)/Under Recovery Estimated thru 12/2017		\$ (648,578)
3. 2018 Qualified Mains & Services Replacement Revenue Requirements		\$ 10,244,670
Mains	74%	\$7,581,055
Services	26%	\$2,663,614
Net		<u>\$10,244,669</u>

RATE SCHEDULE	2018 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	13,236,094	58.00%	22.00%	\$1,544,896	\$1,667,832	\$3,212,728	\$0.24272	1.00503	\$0.24395	250	\$60.99	\$5.08
COMMERCIAL SMALL (General Service & GS Transportation & NGVS & NGVTS)	13,426,146	17.00%	23.00%	\$452,814	\$1,743,643	\$2,196,457	\$0.16360	1.00503	\$0.16442	2,500	\$411.05	\$34.25
COMM. LRG VOLUME (Large Vol & LV Transportation)	43,281,725	25.00%	46.00%	\$665,904	\$3,487,285	\$4,153,189	\$0.09596	1.00503	\$0.09644	25,000	\$2,410.99	\$200.92
INTERRUPTIBLE SERVICE (Int Service & IS Transportation)	9,386,105	0.00%	8.00%	\$0	\$606,484	\$606,484	\$0.06462	1.00503	\$0.06494	50,000	\$3,247.01	\$270.58
GENERAL LIGHTING SERVICE	200,921	0.00%	1.00%	\$0	\$75,811	\$75,811	\$0.37732	1.00503	\$0.37921	500	\$189.61	\$15.80
TOTAL	<u>79,530,991</u>	<u>100.00%</u>	<u>100.00%</u>	<u>\$2,663,614</u>	<u>\$7,581,055</u>	<u>\$10,244,669</u>						

Florida Division of Chesapeake Utilities Corporation

Gas Reliability Infrastructure Program (GRIP)

Calculation of Equity and Debt Returns

Schedule A-1

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Michael Cassel (MC-1)

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Earnings Surveillance Report - December 31, 2016

Equity Cost Rate	10.80%
Weighted Equity Cost Rate	4.59%
Revenue Expansion Factor	1.6503
Weighted Equity Cost Rate , times Revenue Expansion Factor	<u>7.575%</u>
Long Term Debt-CU	0.750%
Short Term Debt	0.290%
Short Term Debt-Refinanced LTD	0.000%
Customer Deposits	0.040%
Tax Credits-Weighted Cost	0.000%
Weighted Debt Cost Rate	<u>1.080%</u>
Overall Weighted Cost Rate	<u><u>5.67%</u></u>

Florida Division of Chesapeake Utilities Corporation
 Gas Reliability Infrastructure Program (GRIP)
 Calculation of the Projected Revenue Requirements
 January 1, 2016 through December 31, 2016

Schedule B-1
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Item	Beginning Balance	ACTUAL Jan	ACTUAL Feb	ACTUAL Mar	ACTUAL Apr	ACTUAL May	ACTUAL Jun	ACTUAL Jul	ACTUAL Aug	ACTUAL Sep	ACTUAL Oct	ACTUAL Nov	ACTUAL Dec	Year End Total
Qualified Investment														
Qualified Investment - Mains - Current 1070 Activity		\$102,103	\$405,306	\$517,168	\$274,634	\$667,005	\$642,993	\$581,202	\$376,973	\$620,318	\$873,733	\$51,269	\$642,224	\$5,754,927
Qualified Investment - Mains - Closed 1070 Activity to Plant		(\$141,194)	(\$199,112)	(\$190,692)	(\$33,394)		(\$210,564)	(\$553,404)	(\$1,323,444)	(\$187,569)	(\$241,513)	(\$126,709)	(\$1,497,342)	(\$4,704,937)
Qualified Investment - Services - Current 1070 Activity		\$12,238	\$55,112	\$55,583	\$46,307	\$46,477	\$26,705	\$54,751	\$54,596	\$76,385	\$92,270	\$39,219	\$139,417	\$699,060
Qualified Investment - Services - Closed 1070 Activity to Plant		(\$12,238)	(\$19,049)	(\$82,108)	(\$23,567)		(\$89,402)	(\$28,391)	(\$50,959)	(\$50,877)	(\$106,698)	(\$69,911)	(\$147,332)	(\$680,531)
Qualified Investment - Mains - Current 1010 Activity		\$141,194	\$199,112	\$190,692	\$33,394	\$0	\$210,564	\$553,404	\$1,323,444	\$187,569	\$241,513	\$126,709	\$1,497,342	\$4,704,937
Qualified Investment - Services - Current 1010 Activity		\$12,238	\$19,049	\$82,108	\$23,567	\$0	\$89,402	\$28,391	\$50,959	\$50,877	\$106,698	\$69,911	\$147,332	\$680,531
Total Qualified Investment - Mains 1070	\$435,452	\$396,360	\$602,555	\$929,031	\$1,170,270	\$1,837,276	\$2,269,705	\$2,297,502	\$1,351,031	\$1,783,780	\$2,416,001	\$2,340,560	\$1,485,442	\$1,485,442
Total Qualified Investment - Services 1070	\$4,002	\$4,002	\$40,065	\$13,541	\$36,281	\$82,758	\$20,061	\$46,421	\$50,059	\$75,567	\$61,138	\$30,446	\$22,531	\$22,531
Total Qualified Investment - Mains 1010	\$14,799,222	\$14,940,416	\$15,139,527	\$15,330,220	\$15,363,614	\$15,363,614	\$15,574,177	\$16,127,582	\$17,451,026	\$17,638,595	\$17,880,108	\$18,006,817	\$19,504,159	\$19,504,159
Total Qualified Investment - Services 1010	\$1,052,498	\$1,064,736	\$1,083,785	\$1,165,893	\$1,189,459	\$1,189,459	\$1,278,861	\$1,307,252	\$1,358,211	\$1,409,088	\$1,515,786	\$1,585,698	\$1,733,029	\$1,733,029
Total Qualified Investment	\$16,291,174	\$16,405,514	\$16,865,933	\$17,438,684	\$17,759,625	\$18,473,107	\$19,142,804	\$19,778,757	\$20,210,326	\$20,907,030	\$21,873,033	\$21,963,520	\$22,745,161	\$22,745,161
Less: Accumulated Depreciation	(\$530,661)	(\$565,094)	(\$599,861)	(\$635,102)	(\$670,940)	(\$706,904)	(\$742,868)	(\$779,489)	(\$817,373)	(\$858,240)	(\$899,627)	(\$941,778)	(\$984,361)	(\$984,361)
Net Book Value	\$15,760,513	\$15,840,420	\$16,266,072	\$16,803,582	\$17,088,685	\$17,766,203	\$18,399,936	\$18,999,268	\$19,392,953	\$20,048,790	\$20,973,406	\$21,021,742	\$21,760,800	\$21,760,800
Average Net Qualified Investment		\$15,800,467	\$16,053,246	\$16,534,827	\$16,946,133	\$17,427,444	\$18,083,069	\$18,699,602	\$19,196,111	\$19,720,872	\$20,511,098	\$20,997,574	\$21,391,271	
Depreciation Rates														
Approved Depreciation Rate-Mains		2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%
Approved Depreciation Rate-Services		2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%
Return on Average Net Qualified Investment														
Equity - Cost of Capital, inclusive of Income Tax Gross-up		7.9060%	7.9060%	7.9060%	7.9060%	7.9060%	7.9060%	7.9060%	7.9060%	7.9060%	7.9060%	7.9060%	7.9060%	7.9060%
Debt - Cost of Capital		1.1800%	1.1800%	1.1800%	1.1800%	1.1800%	1.1800%	1.1800%	1.1800%	1.1800%	1.1800%	1.1800%	1.1800%	1.1800%
Equity Component - inclusive of Income Tax Gross-up	\$104,099	\$105,764	\$108,937	\$111,647	\$114,818	\$119,137	\$123,199	\$126,470	\$129,928	\$135,134	\$138,339	\$140,933	\$145,840	\$1,458,405
Debt Component	\$15,537	\$15,786	\$16,259	\$16,664	\$17,137	\$17,782	\$18,388	\$18,876	\$19,392	\$20,169	\$20,648	\$21,035	\$21,672	\$217,672
Return Requirement	\$119,636	\$121,550	\$125,196	\$128,310	\$131,955	\$136,919	\$141,587	\$145,347	\$149,320	\$155,303	\$158,987	\$161,968	\$167,512	\$1,676,077
Investment Expenses														
Depreciation Expense - Mains		\$32,065	\$32,371	\$32,802	\$33,215	\$33,288	\$33,288	\$33,744	\$34,943	\$37,811	\$38,217	\$38,740	\$39,015	\$419,499
Depreciation Expense - Services		\$2,368	\$2,396	\$2,439	\$2,623	\$2,676	\$2,676	\$2,877	\$2,941	\$3,056	\$3,170	\$3,411	\$3,568	\$34,201
Property Taxes		\$26,268	\$26,268	\$26,268	\$26,268	\$26,268	\$26,268	\$26,268	\$26,268	\$26,268	\$26,268	\$26,268	\$26,268	\$315,216
General Public Notice Expense and Customer Notice Expense		\$0	\$3,445	\$449	\$3,825	\$0	\$3,532	\$6,175	\$14,419	\$14,419	\$14,419	\$14,419	(\$2,118)	\$29,727
Total Expense	\$60,701	\$64,480	\$61,509	\$62,555	\$66,057	\$62,232	\$62,889	\$67,684	\$73,310	\$82,074	\$82,074	\$82,074	\$82,074	\$798,643
Total Revenue Requirements	\$180,337	\$186,030	\$186,705	\$190,865	\$198,011	\$199,151	\$204,476	\$213,031	\$222,630	\$237,377	\$227,406	\$228,701	\$247,720	\$2,474,720
GRIP Surcharge Revenues Collected Month	\$ 250,285	\$ 247,074	\$ 240,794	\$ 220,518	\$ 199,295	\$ 183,434	\$ 188,574	\$ 199,309	\$ 192,124	\$ 210,257	\$ 224,383	\$ 234,324	\$ 259,372	\$ 2,590,372
Beginning True-Up														\$ 125,419
(Over) and Under Recovery for the Month	\$ (69,948)	\$ (61,044)	\$ (54,089)	\$ (29,653)	\$ (1,284)	\$ 15,717	\$ 15,902	\$ 13,722	\$ 30,506	\$ 27,120	\$ 3,023	\$ (5,623)	\$ (115,652)	(\$115,652)
Monthly Interest (Expense)/Income	\$ 25	\$ 7	\$ (9)	\$ (21)	\$ (28)	\$ (26)	\$ (20)	\$ (17)	\$ (10)	\$ -	\$ 5	\$ 6	\$ (88)	(\$88)
Ending (Over) and Under Recovery	\$ 125,419	\$ 55,495	\$ (5,542)	\$ (59,640)	\$ (89,314)	\$ (90,625)	\$ (74,934)	\$ (59,052)	\$ (45,347)	\$ (14,851)	\$ 12,269	\$ 15,296	\$ 9,679	\$ 9,679
Beg of Month Annual Interest Rate		0.34%	0.34%	0.35%	0.32%	0.36%	0.38%	0.36%	0.35%	0.43%	0.39%	0.43%	0.47%	0.47%
End of Month Annual Interest Rate		0.34%	0.35%	0.32%	0.38%	0.36%	0.35%	0.43%	0.39%	0.43%	0.47%	0.47%	0.63%	0.63%
Average Monthly Interest Rate		0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.04%	0.05%	0.05%

Florida Division of Chesapeake Utilities Corporation
 Gas Reliability Infrastructure Program (GRIP)
 Calculation of the Projected Revenue Requirements
 January 1, 2017 through December 31, 2017

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 Michael Cassel (MC-1)
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Item	Beginning Balance	Actual Jan	Actual Feb	Actual Mar	Actual Apr	Actual May	Actual Jun	Actual Jul	Projection Aug	Projection Sep	Projection Oct	Projection Nov	Projection Dec	Year End Total
Qualified Investment														
Qualified Investment - Mains - Current 1070 Activity		\$422,786	\$197,035	\$250,549	\$226,760	\$273,400	\$369,218	\$153,649	\$125,783	\$125,783	\$125,783	\$125,783	\$125,783	\$2,522,313
Qualified Investment - Mains - Closed 1070 Activity to Plant		\$0	(\$91,990)	(\$1,752,836)	(\$299,429)	(\$188,904)	(\$177,424)	(\$510,323)	(\$119,494)	(\$119,494)	(\$119,494)	(\$119,494)	(\$119,494)	(\$3,618,376)
Qualified Investment - Services - Current 1070 Activity		\$37,298	\$45,767	\$97,326	\$29,062	\$5,770	\$34,094	\$33,801	\$9,468	\$9,468	\$9,468	\$9,468	\$9,468	\$330,458
Qualified Investment - Services - Closed 1070 Activity to Plant		\$0	(\$46,569)	(\$61,466)	\$2,530	(\$103,456)	(\$47,750)	(\$28,159)	(\$9,468)	(\$9,468)	(\$9,468)	(\$9,468)	(\$9,468)	(\$332,209)
Qualified Investment - Mains - Current 1010 Activity		\$0	\$91,990	\$1,752,836	\$299,429	\$188,904	\$177,424	\$510,323	\$119,494	\$119,494	\$119,494	\$119,494	\$119,494	\$3,618,376
Qualified Investment - Services - Current 1010 Activity		\$0	\$46,569	\$61,466	(\$2,530)	\$103,456	\$47,750	\$28,159	\$9,468	\$9,468	\$9,468	\$9,468	\$9,468	\$332,209
Total Qualified Investment - Mains 1070	\$1,485,442	\$1,908,228	\$2,013,274	\$510,986	\$438,318	\$522,813	\$714,607	\$357,934	\$364,223	\$370,512	\$376,801	\$383,090	\$389,379	\$389,379
Total Qualified Investment - Services 1070	\$22,531	\$59,829	\$59,027	\$94,887	\$126,479	\$28,793	\$15,137	\$20,780	\$20,780	\$20,780	\$20,780	\$20,780	\$20,780	\$20,780
Total Qualified Investment - Mains 1010	\$19,504,159	\$19,504,159	\$19,596,149	\$21,348,986	\$21,648,414	\$21,837,319	\$22,014,743	\$22,525,065	\$22,644,559	\$22,764,053	\$22,883,547	\$23,003,041	\$23,122,535	\$23,122,535
Total Qualified Investment - Services 1010	\$1,733,029	\$1,733,029	\$1,779,598	\$1,841,065	\$1,838,534	\$1,941,990	\$1,989,740	\$2,017,899	\$2,027,367	\$2,036,835	\$2,046,303	\$2,055,771	\$2,065,239	\$2,065,239
Total Qualified Investment	\$22,745,161	\$23,205,245	\$23,448,048	\$23,795,923	\$24,051,746	\$24,330,915	\$24,734,227	\$24,921,678	\$25,056,929	\$25,192,180	\$25,327,431	\$25,462,682	\$25,597,933	\$25,597,933
Less: Accumulated Depreciation	(\$984,361)	(\$1,030,519)	(\$1,076,677)	(\$1,123,139)	(\$1,173,537)	(\$1,224,579)	(\$1,276,262)	(\$1,328,438)	(\$1,381,782)	(\$1,435,407)	(\$1,489,312)	(\$1,543,497)	(\$1,597,962)	(\$1,597,962)
Net Book Value	\$21,760,800	\$22,174,726	\$22,371,371	\$22,672,784	\$22,878,209	\$23,106,336	\$23,457,965	\$23,593,240	\$23,675,147	\$23,756,773	\$23,838,119	\$23,919,185	\$23,999,971	\$23,999,971
Average Net Qualified Investment	\$21,967,763	\$22,273,048	\$22,522,077	\$22,775,496	\$22,992,272	\$23,282,151	\$23,525,603	\$23,634,194	\$23,715,960	\$23,797,446	\$23,878,652	\$23,959,578		
Depreciation Rates														
Approved Depreciation Rate-Mains		2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%
Approved Depreciation Rate-Services		2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%
Return on Average Net Qualified Investment														
Equity - Cost of Capital, inclusive of Income Tax Gross-up		7.5750%	7.5750%	7.5750%	7.5750%	7.5750%	7.5750%	7.5750%	7.5750%	7.5750%	7.5750%	7.5750%	7.5750%	7.5750%
Debt - Cost of Capital		1.0800%	1.0800%	1.0800%	1.0800%	1.0800%	1.0800%	1.0800%	1.0800%	1.0800%	1.0800%	1.0800%	1.0800%	1.0800%
Equity Component - inclusive of Income Tax Gross-up	\$138,672	\$140,599	\$142,171	\$143,770	\$145,139	\$146,969	\$148,505	\$149,191	\$149,707	\$150,221	\$150,734	\$151,245	\$151,756	\$1,756,922
Debt Component	\$19,771	\$20,046	\$20,270	\$20,498	\$20,693	\$20,954	\$21,173	\$21,271	\$21,344	\$21,418	\$21,491	\$21,564	\$21,637	\$250,492
Return Requirement	\$158,442	\$160,644	\$162,440	\$164,268	\$165,832	\$167,923	\$169,678	\$170,462	\$171,051	\$171,639	\$172,225	\$172,808	\$173,391	\$2,007,414
Investment Expenses														
Depreciation Expense - Mains	\$42,259	\$42,259	\$42,458	\$46,256	\$46,905	\$47,314	\$47,699	\$48,804	\$49,063	\$49,322	\$49,581	\$49,840	\$49,840	\$561,760
Depreciation Expense - Services	\$3,899	\$3,899	\$4,004	\$4,142	\$4,137	\$4,369	\$4,477	\$4,540	\$4,562	\$4,583	\$4,604	\$4,625	\$4,625	\$51,841
Property Taxes	\$36,268	\$36,268	\$36,268	\$36,268	\$36,268	\$36,268	\$36,268	\$36,268	\$36,268	\$36,268	\$36,268	\$36,268	\$36,268	\$435,216
General Public Notice Expense and Customer Notice Expense	(\$1,963)	\$0	\$0	\$0	\$0	\$3,392	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,429
Total Expense	\$80,463	\$82,426	\$82,730	\$86,666	\$87,310	\$91,343	\$88,444	\$89,612	\$89,893	\$90,173	\$90,453	\$90,733	\$90,733	\$1,050,246
Total Revenue Requirements	\$238,906	\$243,070	\$245,170	\$250,934	\$253,142	\$259,266	\$258,122	\$260,074	\$260,944	\$261,812	\$262,678	\$263,541	\$263,541	\$3,057,660
GRIP Surcharge Revenues Collected Month	\$ 320,712	\$ 297,164	\$ 304,997	\$ 268,374	\$ 158,855	\$ 220,099	\$ 215,254	\$ 208,887	\$ 209,762	\$ 228,825	\$ 236,881	\$ 255,010		\$2,924,819
Beginning True-Up														\$ 9,679
(Over) and Under Recovery for the Month	\$ (81,806)	\$ (54,094)	\$ (59,827)	\$ (17,440)	\$ 94,287	\$ 39,167	\$ 42,868	\$ 51,187	\$ 51,183	\$ 32,987	\$ 25,797	\$ 8,532	\$ 8,532	\$132,840
Monthly Interest (Expense)/Income	\$ (16)	\$ (52)	\$ (94)	\$ (133)	\$ (111)	\$ (66)	\$ (41)	\$ (2)	\$ 44	\$ 82	\$ 109	\$ 124	\$ 124	(\$156)
Ending (Over) and Under Recovery	\$ 9,679	\$ (72,143)	\$ (126,289)	\$ (186,209)	\$ (203,782)	\$ (109,606)	\$ (70,506)	\$ (27,678)	\$ 23,506	\$ 74,733	\$ 107,802	\$ 133,708	\$ 142,364	\$ 142,364
Beg of Month Annual Interest Rate		0.63%	0.62%	0.63%	0.80%	0.84%	0.86%	0.90%	1.08%	1.08%	1.08%	1.08%	1.08%	1.08%
End of Month Annual Interest Rate		0.62%	0.63%	0.80%	0.84%	0.86%	0.90%	1.08%	1.08%	1.08%	1.08%	1.08%	1.08%	1.08%
Average Monthly Interest Rate		0.05%	0.05%	0.06%	0.07%	0.07%	0.07%	0.08%	0.09%	0.09%	0.09%	0.09%	0.09%	0.09%

Florida Division of Chesapeake Utilities Corporation
 Gas Reliability Infrastructure Program (GRIP)
 Calculation of the Projected Revenue Requirements
 January 1, 2018 through December 31, 2018

Schedule C-2
 Exhibit
 Michael Cassel (MC-1)
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Item	Beginning													Year End
	Balance	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Qualified Investment														
Qualified Investment - Mains - Current 1070 Activity		\$255,750	\$255,750	\$255,750	\$255,750	\$255,750	\$255,750	\$255,750	\$255,750	\$255,750	\$255,750	\$255,750	\$255,750	\$3,069,000
Qualified Investment - Mains - Closed 1070 Activity to Plant		(\$242,963)	(\$242,963)	(\$242,963)	(\$242,963)	(\$242,963)	(\$242,963)	(\$242,963)	(\$242,963)	(\$242,963)	(\$242,963)	(\$242,963)	(\$242,963)	(\$2,915,556)
Qualified Investment - Services - Current 1070 Activity		\$19,250	\$19,250	\$19,250	\$19,250	\$19,250	\$19,250	\$19,250	\$19,250	\$19,250	\$19,250	\$19,250	\$19,250	\$231,000
Qualified Investment - Services - Closed 1070 Activity to Plant		(\$19,250)	(\$19,250)	(\$19,250)	(\$19,250)	(\$19,250)	(\$19,250)	(\$19,250)	(\$19,250)	(\$19,250)	(\$19,250)	(\$19,250)	(\$19,250)	(\$231,000)
Qualified Investment - Mains - Current 1010 Activity		\$242,963	\$242,963	\$242,963	\$242,963	\$242,963	\$242,963	\$242,963	\$242,963	\$242,963	\$242,963	\$242,963	\$242,963	\$2,915,556
Qualified Investment - Services - Current 1010 Activity		\$19,250	\$19,250	\$19,250	\$19,250	\$19,250	\$19,250	\$19,250	\$19,250	\$19,250	\$19,250	\$19,250	\$19,250	\$231,000
Total Qualified Investment - Mains 1070	\$389,379	\$402,166	\$414,953	\$427,740	\$440,527	\$453,314	\$466,101	\$478,888	\$491,675	\$504,462	\$517,249	\$530,036	\$542,823	\$542,823
Total Qualified Investment - Services 1070	\$20,780	\$20,780	\$20,780	\$20,780	\$20,780	\$20,780	\$20,780	\$20,780	\$20,780	\$20,780	\$20,780	\$20,780	\$20,780	\$20,780
Total Qualified Investment - Mains 1010	\$23,122,535	\$23,365,498	\$23,608,461	\$23,851,424	\$24,094,387	\$24,337,350	\$24,580,313	\$24,823,276	\$25,066,239	\$25,309,202	\$25,552,165	\$25,795,128	\$26,038,091	\$26,038,091
Total Qualified Investment - Services 1010	\$2,065,239	\$2,084,489	\$2,103,739	\$2,122,989	\$2,142,239	\$2,161,489	\$2,180,739	\$2,199,989	\$2,219,239	\$2,238,489	\$2,257,739	\$2,276,989	\$2,296,239	\$2,296,239
Total Qualified Investment	\$25,597,933	\$25,872,933	\$26,147,933	\$26,422,933	\$26,697,933	\$26,972,933	\$27,247,933	\$27,522,933	\$27,797,933	\$28,072,933	\$28,347,933	\$28,622,933	\$28,897,933	\$28,897,933
Less: Accumulated Depreciation	(\$1,597,962)	(\$1,652,708)	(\$1,708,023)	(\$1,763,908)	(\$1,820,365)	(\$1,877,388)	(\$1,934,982)	(\$1,993,146)	(\$2,051,880)	(\$2,111,183)	(\$2,171,057)	(\$2,231,500)	(\$2,292,512)	(\$2,292,512)
Net Book Value	\$23,999,971	\$24,220,225	\$24,439,910	\$24,659,025	\$24,877,570	\$25,095,545	\$25,312,951	\$25,529,787	\$25,746,053	\$25,961,750	\$26,176,876	\$26,391,433	\$26,605,421	\$26,605,421
Average Net Qualified Investment	\$24,110,098	\$24,330,068	\$24,549,468	\$24,768,298	\$24,986,558	\$25,204,248	\$25,421,369	\$25,637,920	\$25,853,902	\$26,069,313	\$26,284,155	\$26,498,427		
Depreciation Rates														
Approved Depreciation Rate-Mains		2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%
Approved Depreciation Rate-Services		2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%
Return on Average Net Qualified Investment														
Equity - Cost of Capital, inclusive of Income Tax Gross-up		7.5750%	7.5750%	7.5750%	7.5750%	7.5750%	7.5750%	7.5750%	7.5750%	7.5750%	7.5750%	7.5750%	7.5750%	7.5750%
Debt - Cost of Capital		1.0800%	1.0800%	1.0800%	1.0800%	1.0800%	1.0800%	1.0800%	1.0800%	1.0800%	1.0800%	1.0800%	1.0800%	1.0800%
Equity Component - inclusive of Income Tax Gross-up		\$152,195	\$153,584	\$154,969	\$156,350	\$157,728	\$159,102	\$160,472	\$161,839	\$163,203	\$164,563	\$165,919	\$167,271	\$1,917,194
Debt Component		\$21,699	\$21,897	\$22,095	\$22,291	\$22,488	\$22,684	\$22,879	\$23,074	\$23,269	\$23,462	\$23,656	\$23,849	\$273,342
Return Requirement	\$173,894	\$175,481	\$177,063	\$178,641	\$180,216	\$181,786	\$183,352	\$184,915	\$186,471	\$188,025	\$189,574	\$191,120	\$192,556	
Investment Expenses														
Depreciation Expense - Mains		\$50,099	\$50,625	\$51,152	\$51,678	\$52,205	\$52,731	\$53,257	\$53,784	\$54,310	\$54,837	\$55,363	\$55,889	\$635,930
Depreciation Expense - Services		\$4,647	\$4,690	\$4,733	\$4,777	\$4,820	\$4,863	\$4,907	\$4,950	\$4,993	\$5,037	\$5,080	\$5,123	\$58,620
Property Taxes		\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$480,000
General Public Notice Expense and Customer Notice Expense		\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$18,000
Total Expense	\$96,246	\$96,815	\$97,385	\$97,955	\$98,525	\$99,094	\$99,664	\$100,234	\$100,803	\$101,374	\$101,943	\$102,512	\$1,192,550	
Total Revenue Requirements	\$270,140	\$272,296	\$274,448	\$276,596	\$278,741	\$280,880	\$283,016	\$285,147	\$287,274	\$289,399	\$291,517	\$293,632	\$3,383,086	

Florida Division of Chesapeake Utilities Corporation
 Gas Reliability Infrastructure Program (GRIP)
 Projection of Qualified Mains & Services Revenue Requirements
 Surcharge Calculation - January 1, 2018 through December 31, 2018
 Per Therm/Bill Rate

Schedule D-1
 Exhibit _____
 Michael Cassel (MC-1)
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1.	1/1/18-12/31/18 Qualified Mains & Services Replacement Revenue Requirements	\$	3,383,086
	Mains	96%	\$3,247,763
	Services	4%	\$135,323
	Net		<u>\$3,383,086</u>
2.	TRUE-UP from Prior Period (Over)/Under Recovery Estimated thru 12/2017	\$	142,364
3.	2018 Qualified Mains & Services Replacement Revenue Requirements	\$	3,525,450
	Mains	96%	\$3,384,432
	Services	4%	\$141,018
	Net		<u>\$3,525,450</u>

RATE CLASS	2018 BILLS	2018 THERMS	SERVICES COS %	MAINS COS %	SERVICES REV REQ	MAINS REV REQ	GRIP REV REQ	DOLLARS PER THERM	EXPANSION FACTOR	GRIP FACTORS PER THERM	\$ PER BILL	EXPANSION FACTOR	Experimental GRIP FACTORS PER BILL	ANNUAL COST PER BILL	TYPICAL ANNUAL THERMS	ANNUAL COST	AVERAGE MONTHLY COST
FTS-A	15,542	95,178	14.34%	0.951%	\$ 20,222	\$ 32,186	\$52,408	\$0.55063	1.00503	\$ 0.55340	\$ 3.37	1.00503	\$ 3.39	\$ 40.67	110	\$60.87	\$5.07
FTS-B	27,931	296,034	9.74%	1.142%	\$ 13,735	\$ 38,650	\$52,385	\$0.17696	1.00503	\$ 0.17785	\$ 1.88	1.00503	\$ 1.88	\$ 22.62	215	\$38.24	\$3.19
FTS-1	137,039	2,089,574	33.87%	5.861%	\$ 47,763	\$ 198,362	\$246,125	\$0.11779	1.00503	\$ 0.11838	\$ 1.80	1.00503	\$ 1.81	\$ 21.66	275	\$32.55	\$2.71
FTS-2	9,870	577,478	12.69%	1.611%	\$ 17,895	\$ 54,523	\$72,418	\$0.12540	1.00503	\$ 0.12603	\$ 7.34	1.00503	\$ 7.37	\$ 88.49	875	\$110.28	\$9.19
FTS-2.1	8,662	989,717	7.83%	3.193%	\$ 11,042	\$ 108,065	\$119,107	\$0.12034	1.00503	\$ 0.12095	\$ 13.75	1.00503	\$ 13.82	\$ 165.84	1,575	\$190.50	\$15.87
FTS-3	3,367	1,098,582	3.93%	1.567%	\$ 5,542	\$ 53,034	\$58,576	\$0.05332	1.00503	\$ 0.05359	\$ 17.40	1.00503	\$ 17.48	\$ 209.82	4,000	\$214.35	\$17.86
FTS-3.1	4,033	2,430,303	3.91%	4.294%	\$ 5,514	\$ 145,328	\$150,842	\$0.06207	1.00503	\$ 0.06238	\$ 37.40	1.00503	\$ 37.59	\$ 451.08	7,300	\$455.37	\$37.95
FTS-4		2,914,525	4.37%	6.162%	\$ 6,162	\$ 208,549	\$214,711	\$0.07367	1.00503	\$ 0.07404					12,500	\$925.50	\$77.12
FTS-5		1,146,649	1.24%	2.570%	\$ 1,749	\$ 86,980	\$88,729	\$0.07738	1.00503	\$ 0.07777					37,500	\$2,916.39	\$243.03
FTS-6		1,528,791	1.25%	2.750%	\$ 1,763	\$ 93,072	\$94,835	\$0.06203	1.00503	\$ 0.06234					75,000	\$4,675.85	\$389.65
FTS-7		3,333,200	2.20%	7.615%	\$ 3,102	\$ 257,724	\$260,826	\$0.07825	1.00503	\$ 0.07864					150,000	\$11,796.68	\$983.06
FTS-8		5,002,772	1.62%	10.708%	\$ 2,284	\$ 362,405	\$364,689	\$0.07290	1.00503	\$ 0.07326					300,000	\$21,979.22	\$1,831.60
FTS-9		4,771,151	1.48%	15.171%	\$ 2,087	\$ 513,452	\$515,539	\$0.10805	1.00503	\$ 0.10860					550,000	\$59,728.29	\$4,977.36
FTS-10		1,736,091	0.45%	6.539%	\$ 635	\$ 221,308	\$221,943	\$0.12784	1.00503	\$ 0.12848					850,000	\$109,211.13	\$9,100.93
FTS-11		3,672,350	0.61%	13.551%	\$ 860	\$ 458,624	\$459,484	\$0.12512	1.00503	\$ 0.12575					1,750,000	\$220,061.16	\$18,338.43
FTS-12		16,953,540	0.47%	16.315%	\$ 663	\$ 552,170	\$552,833	\$0.03261	1.00503	\$ 0.03277					3,000,000	\$98,318.18	\$8,193.18
FTS-13		N/A	N/A	0.000%	\$ -	\$ -	\$0 N/A		N/A						-	N/A	
TOTAL	206,444	48,635,935	100.00%	100.00%	\$ 141,018	\$ 3,384,432	\$ 3,525,450										

Florida Public Utilities Company -Ft. Meade

Gas Reliability Infrastructure Program (GRIP)

Investment and Calculation of Equity and Debt Returns

Schedule A-1

Exhibit _____

Michael Cassel (MC-1)

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Projected Total
Investment

Earnings Surveillance Report - December 31, 2016

Equity Cost Rate	11.00%
Weighted Equity Cost Rate	4.50%
Revenue Expansion Factor	1.6553
Weighted Equity Cost Rate , times Revenue Expansion Factor	<u>7.450%</u>
Long Term Debt-CU	0.720%
Short Term Debt	0.280%
Short Term Debt-Refinanced LTD	0.000%
Customer Deposits	0.040%
Tax Credits-Weighted Cost	0.000%
Weighted Debt Cost Rate	<u>1.040%</u>
Overall Weighted Cost Rate	<u><u>5.54%</u></u>

Florida Public Utilities-Ft. Meade
 Gas Reliability Infrastructure Program (GRIP)
 Calculation of the Projected Revenue Requirements
 January 1, 2016 through December 31, 2016

Schedule B-1
 Exhibit
 Michael Cassel (MC-1)
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Item	Beginning Balance	ACTUAL Jan	ACTUAL Feb	ACTUAL Mar	ACTUAL Apr	ACTUAL May	ACTUAL Jun	ACTUAL Jul	ACTUAL Aug	ACTUAL Sep	ACTUAL Oct	ACTUAL Nov	ACTUAL Dec	Year End Total				
Qualified Investment																		
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	\$11,771	\$9,933	\$49,166	\$70,871				
Qualified Investment - Services - Closed 1070 Activity to Plant		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$70,871)	(\$70,871)				
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	\$70,871	\$70,871				
Total Qualified Investment - Mains 1070	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0				
Total Qualified Investment - Services 1070	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$11,771	\$21,704	(\$1)	(\$1)				
Total Qualified Investment - Mains 1010	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0				
Total Qualified Investment - Services 1010	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$70,871	\$70,871				
Total Qualified Investment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$11,771	\$21,704	\$70,871	\$70,871				
Less: Accumulated Depreciation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0				
Net Book Value	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$11,771	\$21,704	\$70,871	\$70,871				
Average Net Qualified Investment		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,886	\$16,738	\$46,287					
Depreciation Rates																		
Approved Depreciation Rate-Mains		2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%				
Approved Depreciation Rate-Services		2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%				
Return on Average Net Qualified Investment																		
Equity - Cost of Capital, inclusive of Income Tax Gross-up		7.0000%	7.0000%	7.0000%	7.0000%	7.0000%	7.0000%	7.0000%	7.0000%	7.0000%	7.0000%	7.0000%	7.0000%	7.0000%				
Debt - Cost of Capital		1.0700%	1.0700%	1.0700%	1.0700%	1.0700%	1.0700%	1.0700%	1.0700%	1.0700%	1.0700%	1.0700%	1.0700%	1.0700%				
Equity Component - inclusive of Income Tax Gross-up	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$34	\$98	\$270	\$402				
Debt Component	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5	\$15	\$41	\$61				
Return Requirement	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$40	\$113	\$311	\$463				
Investment Expenses																		
Depreciation Expense - Mains		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0				
Depreciation Expense - Services		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0				
Property Taxes		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0				
General Public Notice Expense and Customer Notice Expense		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,118	\$2,118				
Total Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,118	\$2,118				
Total Revenue Requirements	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$40	\$113	\$2,429	\$2,581				
GRIP Surcharge Revenues Collected Month														\$0				
Beginning True-Up														\$0				
(Over) and Under Recovery for the Month	\$	-	\$	-	\$	-	\$	-	\$	-	\$	40	\$	113	\$	2,429	\$	2,581
Monthly Interest (Expense)/Income	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	1	\$	\$1
Ending (Over) and Under Recovery	\$	-	\$	-	\$	-	\$	-	\$	-	\$	40	\$	152	\$	2,582	\$	2,582
Beg of Month Annual Interest Rate		0.34%	0.34%	0.35%	0.32%	0.36%	0.38%	0.36%	0.35%	0.35%	0.39%	0.43%	0.47%					
End of Month Annual Interest Rate		0.34%	0.35%	0.32%	0.36%	0.38%	0.36%	0.35%	0.35%	0.35%	0.43%	0.47%	0.63%					
Average Monthly Interest Rate		0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.04%	0.05%					

Florida Public Utilities-Ft. Meade
 Gas Reliability Infrastructure Program (GRIP)
 Calculation of the Projected Revenue Requirements
 January 1, 2017 through December 31, 2017

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Item	Beginning Balance	Actual Jan	Actual Feb	Actual Mar	Actual Apr	Actual May	Actual Jun	Actual Jul	Projection Aug	Projection Sep	Projection Oct	Projection Nov	Projection Dec	Year End Total
Qualified Investment														
Qualified Investment - Mains - Current 1070 Activity	\$0	\$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	\$0
Qualified Investment - Services - Current 1070 Activity	\$38,132	(\$762)	(\$2,592)	\$24,406	\$16,625	\$1,701	\$4,206	\$0	\$0	\$0	\$0	\$0	\$0	\$81,717
Qualified Investment - Services - Closed 1070 Activity to Plant	\$0	\$0	(\$26,283)	\$0	(\$32,901)	(\$17,919)	(\$3,023)	\$0	\$0	\$0	\$0	\$0	\$0	(\$80,127)
Qualified Investment - Mains - Current 1010 Activity	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Qualified Investment - Services - Current 1010 Activity	\$0	\$0	\$26,283	\$0	\$32,901	\$17,919	\$3,023	\$0	\$0	\$0	\$0	\$0	\$0	\$80,127
Total Qualified Investment - Mains 1070	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Qualified Investment - Services 1070	(\$1)	\$38,132	\$37,369	\$8,495	\$32,901	\$16,625	\$407	\$1,589	\$1,589	\$1,589	\$1,589	\$1,589	\$1,589	\$1,589
Total Qualified Investment - Mains 1010	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Qualified Investment - Services 1010	\$70,871	\$70,871	\$70,871	\$97,154	\$97,154	\$130,056	\$147,975	\$150,998	\$150,998	\$150,998	\$150,998	\$150,998	\$150,998	\$150,998
Total Qualified Investment	\$70,871	\$109,003	\$108,240	\$105,649	\$130,055	\$146,680	\$148,382	\$152,587	\$152,587	\$152,587	\$152,587	\$152,587	\$152,587	\$152,587
Less: Accumulated Depreciation	\$0	(\$159)	(\$318)	(\$477)	(\$696)	(\$915)	(\$1,208)	(\$1,541)	(\$1,881)	(\$2,221)	(\$2,561)	(\$2,901)	(\$3,241)	(\$3,241)
Net Book Value	\$70,871	\$108,844	\$107,922	\$105,172	\$129,359	\$145,765	\$147,174	\$151,046	\$150,706	\$150,366	\$150,026	\$149,686	\$149,346	\$149,346
Average Net Qualified Investment		\$89,857	\$108,383	\$106,547	\$117,265	\$137,562	\$146,470	\$149,110	\$150,876	\$150,536	\$150,196	\$149,856	\$149,516	
Depreciation Rates														
Approved Depreciation Rate-Mains		2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%
Approved Depreciation Rate-Services		2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%
Return on Average Net Qualified Investment														
Equity - Cost of Capital, inclusive of Income Tax Gross-up		7.4500%	7.4500%	7.4500%	7.4500%	7.4500%	7.4500%	7.4500%	7.4500%	7.4500%	7.4500%	7.4500%	7.4500%	7.4500%
Debt - Cost of Capital		1.0400%	1.0400%	1.0400%	1.0400%	1.0400%	1.0400%	1.0400%	1.0400%	1.0400%	1.0400%	1.0400%	1.0400%	1.0400%
Equity Component - inclusive of Income Tax Gross-up	\$558	\$673	\$661	\$728	\$854	\$909	\$926	\$937	\$935	\$932	\$930	\$928	\$928	\$9,972
Debt Component	\$78	\$94	\$92	\$102	\$119	\$127	\$129	\$131	\$130	\$130	\$130	\$130	\$130	\$1,392
Return Requirement	\$636	\$767	\$754	\$830	\$973	\$1,036	\$1,055	\$1,067	\$1,065	\$1,063	\$1,060	\$1,058	\$1,058	\$11,364
Investment Expenses														
Depreciation Expense - Mains	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Depreciation Expense - Services	\$159	\$159	\$159	\$219	\$219	\$293	\$333	\$340	\$340	\$340	\$340	\$340	\$340	\$3,241
Property Taxes	\$118	\$118	\$118	\$118	\$118	\$118	\$118	\$118	\$118	\$118	\$118	\$118	\$118	\$1,416
General Public Notice Expense and Customer Notice Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Expense	\$277	\$277	\$277	\$337	\$337	\$411	\$451	\$458	\$458	\$458	\$458	\$458	\$458	\$4,657
Total Revenue Requirements	\$913	\$1,044	\$1,031	\$1,167	\$1,310	\$1,447	\$1,506	\$1,525	\$1,523	\$1,521	\$1,518	\$1,516	\$1,516	\$16,021
GRIP Surcharge Revenues Collected Month	\$ 3,807	\$ 4,084	\$ 3,222	\$ 2,988	\$ 2,243	\$ 2,200	\$ 1,892	\$ 2,638	\$ 2,638	\$ 2,638	\$ 2,638	\$ 2,638	\$ 2,638	\$33,624
Beginning True-Up (Over) and Under Recovery for the Month	\$ 2,582													\$ 2,582
Monthly Interest (Expense)/Income	(\$ 2,894)	(\$ 3,040)	(\$ 2,191)	(\$ 1,821)	(\$ 933)	(\$ 753)	(\$ 386)	(\$ 1,112)	(\$ 1,115)	(\$ 1,117)	(\$ 1,119)	(\$ 1,122)	(\$ 1,122)	(\$17,603)
Ending (Over) and Under Recovery	\$ 2,582	(\$ 311)	(\$ 3,352)	(\$ 5,546)	(\$ 7,372)	(\$ 8,310)	(\$ 9,069)	(\$ 9,463)	(\$ 10,584)	(\$ 11,709)	(\$ 12,837)	(\$ 13,968)	(\$ 15,103)	(\$ 15,103)
Beg of Month Annual Interest Rate	0.63%	0.62%	0.63%	0.80%	0.84%	0.86%	0.90%	1.08%	1.08%	1.08%	1.08%	1.08%	1.08%	1.08%
End of Month Annual Interest Rate	0.62%	0.63%	0.80%	0.84%	0.86%	0.90%	1.08%	1.08%	1.08%	1.08%	1.08%	1.08%	1.08%	1.08%
Average Monthly Interest Rate	0.05%	0.05%	0.060%	0.068%	0.07%	0.07%	0.08%	0.09%	0.09%	0.09%	0.09%	0.09%	0.09%	0.09%

Florida Public Utilities-Ft. Meade
 Gas Reliability Infrastructure Program (GRIP)
 Calculation of the Projected Revenue Requirements
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<u>Item</u>	<u>Beginning Balance</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Year End Total</u>
Qualified Investment														
Qualified Investment - Mains - Current 1070 Activity	\$0	\$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	\$0
Qualified Investment - Services - Current 1070 Activity	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$100,000
Qualified Investment - Services - Closed 1070 Activity to Plant	(\$8,333)	(\$8,333)	(\$8,333)	(\$8,333)	(\$8,333)	(\$8,333)	(\$8,333)	(\$8,333)	(\$8,333)	(\$8,333)	(\$8,333)	(\$8,333)	(\$8,333)	(\$100,000)
Qualified Investment - Mains - Current 1010 Activity	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Qualified Investment - Services - Current 1010 Activity	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$100,000
Total Qualified Investment - Mains 1070	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Qualified Investment - Services 1070	\$1,589	\$1,589	\$1,589	\$1,589	\$1,589	\$1,589	\$1,589	\$1,589	\$1,589	\$1,589	\$1,589	\$1,589	\$1,589	\$1,589
Total Qualified Investment - Mains 1010	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Qualified Investment - Services 1010	\$150,998	\$159,331	\$167,665	\$175,998	\$184,331	\$192,665	\$200,998	\$209,331	\$217,665	\$225,998	\$234,331	\$242,665	\$250,998	\$250,998
Total Qualified Investment	\$152,587	\$160,920	\$169,254	\$177,587	\$185,920	\$194,254	\$202,587	\$210,920	\$219,254	\$227,587	\$235,920	\$244,254	\$252,587	\$252,587
Less: Accumulated Depreciation	(\$3,241)	(\$3,581)	(\$3,939)	(\$4,316)	(\$4,712)	(\$5,127)	(\$5,560)	(\$6,012)	(\$6,483)	(\$6,973)	(\$7,481)	(\$8,008)	(\$8,554)	(\$8,554)
Net Book Value	\$149,346	\$157,339	\$165,315	\$173,271	\$181,208	\$189,127	\$197,027	\$204,908	\$212,771	\$220,614	\$228,439	\$236,246	\$244,033	\$244,033
Average Net Qualified Investment		\$153,343	\$161,327	\$169,293	\$177,240	\$185,168	\$193,077	\$200,968	\$208,840	\$216,692	\$224,527	\$232,343	\$240,139	
Depreciation Rates														
Approved Depreciation Rate-Mains		2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%
Approved Depreciation Rate-Services		2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%
Return on Average Net Qualified Investment														
Equity - Cost of Capital, inclusive of Income Tax Gross-up		7.4500%	7.4500%	7.4500%	7.4500%	7.4500%	7.4500%	7.4500%	7.4500%	7.4500%	7.4500%	7.4500%	7.4500%	7.4500%
Debt - Cost of Capital		1.0400%	1.0400%	1.0400%	1.0400%	1.0400%	1.0400%	1.0400%	1.0400%	1.0400%	1.0400%	1.0400%	1.0400%	1.0400%
Equity Component - inclusive of Income Tax Gross-up		\$952	\$1,002	\$1,051	\$1,100	\$1,150	\$1,199	\$1,248	\$1,297	\$1,345	\$1,394	\$1,442	\$1,491	\$14,670
Debt Component		\$133	\$140	\$147	\$154	\$160	\$167	\$174	\$181	\$188	\$195	\$201	\$208	\$2,048
Return Requirement		\$1,085	\$1,141	\$1,198	\$1,254	\$1,310	\$1,366	\$1,422	\$1,478	\$1,533	\$1,589	\$1,644	\$1,699	\$16,718
Investment Expenses														
Depreciation Expense - Mains		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Depreciation Expense - Services		\$340	\$358	\$377	\$396	\$415	\$433	\$452	\$471	\$490	\$508	\$527	\$546	\$5,315
Property Taxes		\$249	\$249	\$249	\$249	\$249	\$249	\$249	\$249	\$249	\$249	\$249	\$249	\$2,988
General Public Notice Expense and Customer Notice Expense		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Expense		\$589	\$607	\$626	\$645	\$664	\$682	\$701	\$720	\$739	\$757	\$776	\$795	\$8,301
Total Revenue Requirements		\$1,674	\$1,748	\$1,824	\$1,899	\$1,974	\$2,048	\$2,123	\$2,198	\$2,272	\$2,346	\$2,420	\$2,494	\$25,019

Florida Public Utilities Company-Fort Meade
 Gas Reliability Infrastructure Program (GRIP)
 Projection of Qualified Mains & Services Revenue Requirements
 Surcharge Calculation - January 1, 2018 through December 31, 2018
 Per Therm Rate

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1. 1/1/18-12/31/18 Qualified Mains & Services Replacement Revenue Requirements	\$	25,019
Mains	0%	\$0
Services	100%	\$25,019
Net		<u>\$25,019</u>
2. TRUE-UP from Prior Period (Over)/Under Recovery Estimated thru 12/2017	\$	(15,103)
3. 2018 Qualified Mains & Services Replacement Revenue Requirements	\$	9,916
Mains	0%	\$0
Services	100%	\$9,916
Net		<u>\$9,916</u>

RATE SCHEDULE	2018 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	70,505	58.00%	22.00%	\$5,751	\$0	\$5,751	\$0.08157	1.00503	\$0.08198	250	\$20.50	\$1.71
COMMERCIAL SMALL (General Service & GS Transportation)	72,869	17.00%	23.00%	\$1,686	\$0	\$1,686	\$0.02313	1.00503	\$0.02325	2,500	\$58.12	\$4.84
COMM. LRG VOLUME (Large Vol & LV Transportation)	0	25.00%	46.00%	\$2,479	\$0	\$2,479	\$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
TOTAL	<u>143,374</u>	<u>100.00%</u>	<u>100.00%</u>	<u>\$9,916</u>	<u>\$0</u>	<u>\$9,916</u>						