

COMMISSIONERS:
MATTHEW M. CARTER II, CHAIRMAN
LISA POLAK EDGAR
KATRINA J. MCMURRIAN
NANCY ARGENZIANO
NATHAN A. SKOP

STATE OF FLORIDA



GENERAL COUNSEL
PATRICK L. "BOOTER" IMHOF
(850) 413-6199

RECEIVED-FFSC
09 AUG 10 PM 3:20
COMMISSION
CLERK

Public Service Commission

August 10, 2009

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

STAFF'S FIRST DATA REQUEST NOS. 1-77

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

Dear Ms. Keating:

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

Competitive Rate Adjustment (CRA)

1. On page 34 of the direct testimony of Thomas Geoffrey, he states that there are currently no industrial customers receiving a discounted rate.
 - a. When was the last time Chesapeake utilized the CRA?
 - b. What was the total dollar shortfall for the last year the CRA was used?
 - c. What was the impact on customers' rates?

2. Are there current or anticipated customers who would be eligible for the CRA discount, even if they are not now participating? Please describe.

DOCUMENT NUMBER - DATE
08240 AUG 10 8
FPSC - COMMISSION CLERK

3. Under what circumstances does the company negotiate a special contract, as opposed to a using a flex rate agreement? Can a customer be eligible for both?

4. If all of the discount allowed under the flex rate is recoverable from the general body of ratepayers, does that incent the utility to allow special contracts to expire and instead serve these customers under for the CRA? Why or why not?

5. Does the utility recover any shortfall between the rates negotiated in a special contract, and the otherwise applicable rates? Please explain.

6. When implementing a flex rate discount, what justification does the utility provide to the Commission to ensure that any dollars requested for recovery through the CRA were prudent?

Failed Trip Charge

Please refer to Witness Householder's direct testimony, page 57, lines 16-19 on the proposed Failed Trip Charge.

7. What steps would the utility take to ensure that the customer is aware of the penalty for not meeting an appointment?

 8. Would there be any provision for the customer to cancel the appointment and avoid the charge, once the appointment was initially made?
-

August 10, 2009

9. Would the customer be subject to disconnection if the entire monthly bill was paid except for the Failed Trip Charge? Please explain.

10. Does any other PSC regulated utility in Florida use a similar charge? Please describe.

New indemnity language

11. On Tariff Sheets 31 and 66, the utility is adding language under the paragraph entitled Indemnity to Company. Why did the utility believe its existing indemnity language is insufficient?

12. What additional protection does the new language provide that exceeds the protection of the existing language?

13. When was the existing indemnification language added to the tariff?

Solar/gas Combination Systems: Administrative and Billing Service

Please refer to the Chesapeake Utilities Corporation Petition for Rate Increase, page 14. Item 39 indicates the rate proposed for the Solar Water-Heating Administrative and Billing Service (SWHS) would be \$7.50 monthly for those customers opting for this service.

14. How is this fee determined? Please provide supporting data for the \$7.50 figure determination.

15. What percentage and dollar amount is allocated to Chesapeake for billing and administration?
16. What is entailed in Chesapeake's billing and administration duties relative to the program?
17. Are costs relating to consumer education and marketing included in these billing and administrative costs? Please describe.
18. What percentage and dollar amount is forwarded to the third-party contractor?
19. Are there any additional fees associated with the program, such as initial program fees, cancellation fees, renewal fees, etc? Please describe.
20. Would the third-party contractor submit any fees to the customer other than the portion of the monthly \$7.50 to which it is entitled under the program? Please explain.
21. Does Chesapeake provide and bill the gas for the customer's consumption associated with the solar/gas combination system? Please explain.

Solar/gas Combination Systems: General Description

Please refer to the Chesapeake Utilities Corporation Petition for Rate Increase, page 14, and the testimony of Jeff Householder, page 20, lines 19 – 21. The petition and testimony indicate that non-affiliated third parties would finance, install, and maintain the solar/gas combination systems. At least two parties have expressed interest in participating in the program.

22. Please describe the process by which Chesapeake screens and selects contractors for this program.
 23. Are potential candidates for participation as third-party contractors required to hold certifications, licenses, or be subject to specific state or federal regulation? Please describe.
 24. Are potential candidates for participation as third-party contractors subject to state residency requirements, minimum experience requirements, training requirements, or be subject to quality oversight by Chesapeake? Please describe.
 25. Are potential candidates for participation as third-party contractors required to be bonded and insured? Please explain.
 26. Are participating customers free to choose among a listing of potential candidates? Please explain.
 27. Are customers required to contract with third-party for a specified duration? Please explain.
 28. Please provide a sample contract. Please explain.
 29. Are financing, installation, and maintenance handled under one contract? Please explain.
-

30. Are participating customers free to choose contract terms, such as contract duration, payback, maintenance terms, etc.? Please explain.
 31. Does the program constitute a rental of the solar/gas combination system? Please explain or describe.
 32. Does the customer have the option to choose a lease purchase of the solar/gas combination system? Please explain or describe.
 33. Is there a minimum participation period before the customer would be subject to a cancellation fee? Please describe.
 34. Are participating customers free to choose from different solar/gas combination systems? Please explain or describe.
 35. Please describe the maintenance schedule involved with a solar/gas combination systems, including costs and descriptions of typical maintenance. If more than one system type exists, please describe for each.
 36. Please detail the typical life of a solar/gas combination system. If more than one system type exists, please describe for each.
-

37. Please detail the estimated installed costs of a solar/gas combination system. If more than one system type exists, please describe for each.
38. In the event of damage or failure of the solar/gas combination system, how would cost responsibility be distributed?
39. In the event a customer moves, what is the process for contract termination?
40. Are contracts transferrable to new owners? Please explain.
41. Who is the owner of Renewable Energy Credits (RECs) generated by the solar/gas combination system?

Solar/gas Systems: Marketing and Consumer Education Services

Please refer to the Chesapeake Utilities Corporation Petition for Rate Increase, page 14. Item 40 indicates that Chesapeake would have no investment in the consumer's system, but would instead provide marketing and consumer education services about the program. These services would be performed primarily through Chesapeake's existing energy conservation program activities, a consumer billing service, and a general oversight of the customer service practices of the third parties.

42. Please describe the marketing and consumer education services to be provided on the program, including costs, materials, incentives, and the targeted recipients of the marketing and education.
43. Please indicate the extent to which the additional marketing and consumer education will increase Chesapeake's existing marketing and education costs on an annual basis.
44. Please detail what is involved with "general oversight of the customer service practices of the third parties."

Solar/gas Systems: ECCR Clause

Please refer to the Chesapeake Utilities Corporation Petition for Rate Increase, page 14. Item 41 indicates that Chesapeake would seek recovery of any consumer education or water heater rebate payments related to the promotion or installation of solar/gas combination systems through the Environmental Conservation Cost Recovery (ECCR) clause.

45. Please provide an estimate of the costs associated with consumer education and water heater rebate payments that Chesapeake projects to recover through the ECCR.
46. Please describe Chesapeake's water heater rebate payment program, including costs, application process, and terms.

47. Does Chesapeake intend to pursue state and federal monies available for renewable projects?
Please explain or describe.

48. Does Chesapeake intend to include information relevant to state and federal monies in its program education and marketing? Please explain or describe.

Solar/gas System: Pilot Program

Please refer to the Chesapeake Utilities Corporation Petition for Rate Increase, page 15. Item 42 refers to the SWHS program as an experimental pilot program that would enable Chesapeake to meet environmental expectations of its existing and potential customers. The installation of 1,000 solar/gas combination systems would have the potential to reduce electric demand by approximately 2.0 MW and eliminate 100,000 pounds of carbon emissions.

49. What is the planned duration of the pilot program?

50. What are the projected customer participation numbers over the planned duration of the pilot?

51. What are the projected revenues annually for Chesapeake per participating customer for the planned duration of the pilot?

52. What are Chesapeake's conservation goals and how does this program allow Chesapeake to meet them?

53. Over what time period is the projection based that installation of 1,000 solar/gas combination systems could reduce electric demand by 2.0 MW and eliminate 100,000 pounds of carbon emissions?
54. Please provide supporting data relevant to these demand and emission reduction figures.
55. Are existing gas-only water heater customers eligible for the program? Please describe.
56. Please describe the anticipated reductions in gas demand resulting from installation of solar/gas combination systems for existing gas-only water heater customers.

Solar/gas Systems: Miscellaneous Questions

Please refer to the testimony of Jeff Householder, page 19, lines 6-10.

57. Mr. Householder's testimony indicates that the installation techniques to combine the units into an integrated system is straight forward. Please describe what is entailed with an installation of the solar/gas combination system.
58. If a customer's roof must be excised to facilitate the system, how is liability related to the roof handled in the contract (e.g., Is roof insurance provided by Chesapeake or the third-party contractor)? Please explain.

59. In the event a customer ceases to participate in the program, either via cancellation or moving, is the system removed from the residence or disabled? Please explain or describe.
60. In the event the customer's roof is excised and the customer ceases to participate in the program, how is roof integrity ensured with removal of the system?
61. Is the third-party contractor obligated by Chesapeake to work within the requirements of the customer's homeowner insurance requirements regarding modification of the residential structure? Please explain or describe.
62. Does the third-party contractor assume responsibility for damage to the residential structure resulting from the installation of the solar/gas combination system? Please explain or describe.
63. Mr. Householder's testimony indicates that the solar/gas combination system would rely on the solar component for approximately 70 percent of the hot water produced, with the gas unit(s) providing the backup heating requirements. Please detail the anticipated per customer savings in therms and dollars for a customer switching from a gas-only water heater to the solar/gas combination system.
64. If the Solar/Gas water heater is the customer's only gas appliance, who pays the CIAC for the service line?

65. Is the cost of gas used to back up the solar system paid for by the third party installer or the customer? Please explain or describe.
66. If the third party solar provider is the customer of record for the gas used to back up the solar array, how do you avoid the resale prohibition if the third party then sells gas as part of a package to the end user?
67. How will the gas used for water heating back up be metered?
68. If a separate meter is required, who pays for the additional meter?
69. If the customer has other gas appliances, how is the gas associated with the Solar installation backup segregated from other usage?
70. Where will the terms used for back up be shown in the utility's cost of service?

Road Widening Projects

Refer to the testimony of Thomas A. Geoffroy at page 11.

71. Are there any line relocations to occur in 2009 and 2010 due to road widening projects? If yes, provide itemized descriptions of the projects which include locations and expected costs.

72. In view of possible Federal Economic Stimulus funds related to the American Recovery and Reinvestment Act of 2009, how does the Utility intend to take advantage of such funds if they become available through the Department of Transportation?

DIMP Rule

73. Describe the company's current procedures for addressing the requirements of the proposed distribution integrity management program (DIMP) rule.
74. Identify all test year and projected expenses included in the current rate case that relate to the DIMP rule?

Missing MFR Schedule

75. MFR Schedule G-1, page 23, refers to Supporting Schedules: G-1 p. 27-28. These supporting schedules were not included with the MFRs. Please provide.

Compensation Amounts

76. For each officer of Florida Division of Chesapeake Utilities for 2008, 2009, and 2010, please provide the name and title of the officer and the actual or projected compensation amounts for the following:
- a. Name/Title
 - b. Base Salary
 - c. Stock Awards
 - d. Option Award
 - e. Non-Equity Incentive Plan Compensation
 - f. All other Compensation
 - g. Total Compensation
 - h. Amount of Total Compensation Allocated to Florida Division of Chesapeake Utilities
 - i. Amount of Total Compensation included in Adjusted Jurisdictional Other O&M Expenses on MFR Schedule G-2, Page 1 of 31.

August 10, 2009

77. For each officer of Chesapeake Utilities Corporation for 2008, 2009, and 2010, please provide the name and title of the officer and the actual or projected compensation amounts for the following:

- a. Name/Title
- b. Base Salary
- c. Stock Awards
- d. Option Award
- e. Non-Equity Incentive Plan Compensation
- f. All other Compensation
- g. Total Compensation
- h. Amount of Total Compensation Allocated to Florida Division of Chesapeake Utilities
- i. Amount of Total Compensation included in Adjusted Jurisdictional Other O&M Expenses on MFR Schedule G-2, Page 1 of 31.

Please file the original and five copies of the requested information by Friday, September 4, 2009, with Ms. Ann Cole, Commission Clerk, Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida, 32399-0850. Please feel free to call me at (850) 413-6084 if you have any questions.

Sincerely,



Erik L. Sawyer
Senior Attorney

ELS/amv

cc: Office of Commission Clerk
Florida Division of Chesapeake Utilities Corporation
Division of Economic Regulation