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July 3, 2017

E-PORTAL FILING

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

Re: [New Filing] - Petition for Limited Proceeding to Include Reliability and Modernization Projects in Rate Base by Florida Public Utilities Company.

Dear Ms. Stauffer:

Attached for filing on behalf of Florida Public Utilities Company is a Petition for Limited Proceeding, along with the testimony and exhibits of Company witnesses Cassel, Cutshaw, and Shelley in support of the Company's request.

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

Kind regards,

Beth Keating
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215 South Monroe St., Suite 601
Tallahassee, FL 32301
(850) 521-1706

cc:/ Office of General Counsel (Brownless)
Office of Public Counsel (Kelly)

\BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for Limited Proceeding to Include Reliability and Modernization Projects in Rate Base by Florida Public Utilities Company.	DOCKET NO. DATED: July 3, 2017

PETITION OF FLORIDA PUBLIC UTILITIES COMPANY FOR LIMITED PROCEEDING

Florida Public Utilities Company, (herein "FPUC" or "Company"), by and through its undersigned counsel, hereby files this Petition, pursuant to Sections 366.076(1) and 366.041, Florida Statutes, and Rule 25-6.0431, Florida Administrative Code, requesting that the Commission conduct a limited proceeding to include in the Company's rate base certain specific, limited capital projects outlined herein, which are designed to significantly improve the stability of and outage response times on the Company's system, and to adjust the Company's base rates accordingly. Attached hereto, and incorporated herein, in support of this Petition are the testimony and exhibits of P. Mark Cutshaw, Mike Cassel, and Drane "Buddy" Shelley for the Company. In further support of this request, the Company hereby states:

1) FPUC is an electric utility subject to the Commission's jurisdiction under Chapter 366, Florida Statutes. Its principal business address is:

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

2) 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

3) The Company is unaware of any material facts in dispute at this time, but the proceeding may involve disputed issues of material fact. The Company's request set forth herein does not involve reversal or modification of a Commission decision or proposed agency action. This is a Petition representing an initial request to the Commission, which is the affected agency located at 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399.

4) Consistent with Rule 25-6.0431, Florida Administrative Code, the schedules required by sections (3), (4), and (5) of the Rule are included in Exhibit MDC-1 to the testimony of Company witness Cassel.

I. BACKGROUND

5) As the Commission is well aware, FPUC is uniquely situated as compared to other Florida electric utilities. First, it is Florida's smallest investor-owned utility ("IOU"), serving a total of approximately 32,000 customers. Second, FPUC's electric operations consist of two entirely separate divisions – one located on Amelia Island and the other serving a largely rural service territory in the north central Panhandle. Although often presented with challenges not typical to other, larger IOUs, the Company has made significant strides in recent years towards the modernization of its systems in both divisions, implementing the first critical steps in a long-term, strategic plan to move FPUC's electric utility into the 21st century. Now that the essential groundwork has been laid, FPUC has moved into the second phase of its modernization plan, which involves the implementation of modernization and safety initiatives that the Company anticipates will provide sustainable improvements, while also providing FPUC's customers with the customer experience one would expect from a 21st century utility. These initiatives will ultimately enhance system performance and reliability, while also improving the Company's ability to timely respond to service issues.

6) These efforts are the direct result of Chesapeake Utilities Corporation's strategy, following its acquisition of FPUC in 2009, to implement changes to FPUC's electric operations that will lead to improved modernization, system performance, and a better customer experience. In essence, Chesapeake's goal was, and continues to be, the stabilization of the utility's systems in order to avoid further degradation, followed by an aggressive approach to improving and modernizing FPUC's electric system such that, regardless of its unique circumstances, the customer experience across the board is on par with that of customers of Florida's largest IOUs. Consistent with that goal, the projects addressed in this Petition are prudent and necessary to improve the performance of the Company's system, which will ultimately benefit the Company's ratepayers. As such, the Company is seeking approval to include these investments in rate base.

7) Consistent with the purpose of a limited proceeding, the projects for which the Company requests recovery are designed to address a very specific set of initiatives and do not represent the Company's total investment in its facilities. In filing this request for a limited proceeding, the Company seeks to delay the need for a more costly full rate proceeding, but acknowledges that a full base rate proceeding may, nonetheless, be necessary within the next 3 – 5 years. Approval of this limited request will provide the Company with relief for specific assets through a process that involves significantly reduced filing costs and expedited rate relief as compared to a full rate case, which will ultimately mean reduced ratepayer impacts associated with rate case expense. Moreover, granting the Company's request will enable the Company to continue to pursue additional system improvements without delay. The benefits of some of these efforts has already been reflected in the timely manner in which the Company restored service to customers following Hurricane Matthew in October 2016. This event also further tested the Company's

storm hardening, safety and system capabilities and helped to identify additional upgrades needed to continue improving the service FPUC provides to its customers.

II. SYSTEM IMPROVEMENTS

8) Since the acquisition by Chesapeake, FPUC has invested approximately $29M in capital to enhance safety, and to modernize and storm harden its system. These investments have included, among other things, the hardening of more than 182 miles of power lines, including those that serve critical facilities, such as hospitals, police and fire stations, in both the Northeast (Amelia Island) and Northwest (parts of Jackson, Liberty, and Calhoun Counties) Divisions, inspection of more than 23,692 poles, and replacement of those that are failing or no longer meeting the appropriate system standards. Some of the efforts have been activities contemplated by the Company's Storm Hardening Plan. Others, such as FPUC's purchased power agreements with Rayonier and Eight Flags, as well as its project to interconnect with Florida Power & Light ("FPL"), have provided multiple benefits, including addressing high fuel costs, while also improving reliability of supply. These activities, and others, have moved FPUC forward in terms of overall system stability.

9) Prior to the acquisition by Chesapeake, little had been done to replace aging equipment or to implement modern technologies and associated operational improvements. For example, after the acquisition by Chesapeake, an investment was made to replace mechanical relays with electronic equipment more consistent with the industry standard. Following the acquisition, the Company also replaced extensive underground conduit on Amelia Island, much of which had been in place for several decades and was nearing the end of its useful life. In fact, both of the

Company's divisions had (and in some instances, still have) equipment nearing the end of its useful life, and technologies that lagged behind the industry standard. The age and technology deficits of the Company's facilities has been exacerbated by the extreme weather conditions, salt exposure and the very rural, wet and wooded locations in which the equipment is located. These conditions accelerate failure of critical parts such as connectors, splices and terminals, making any necessary restoration effort longer and more difficult because the failed parts cannot simply be fixed, but must instead be replaced.

10) The specific capital investments covered by this Petition all fall under one of three main projects: (1) grid modernization and safety; (2) storm hardening; and (3) The Florida Power and Light Company ("FPL Interconnect") project, with which the Commission is familiar. As described further in the testimony of witness Shelley, these initiatives encompass key system repair, replacement and modernization activities. Each individual component project has been designed to enhance the capability of the Company's grid, as well as improve the safety of FPUC's system. These initiatives also have the added benefit of improving overall service for our customers and reducing the amount of time employees are in the field for service restorations. As such, each of these initiatives benefit both the Company and its customers, and thus, should be allowed to be recovered through base rates.

11) Furthermore, the initiatives addressed by this Petition are generally consistent with the initiatives, or types of initiatives, outlined in Exhibit A to the Company's Settlement with the Office of Public Counsel in the Company's last rate case, Docket No. 140025-EI,[1] which for ease of reference is included as Attachment B to this Petition. On this point, the Company emphasizes, first, that the Settlement, at paragraph III, was clear that Exhibit A to the Settlement

[1] *See* Order No. PSC-14-0517-S-EI, issued September 29, 2014, approving Stipulation and Settlement, which was filed on August 29, 2014.

was demonstrative and not intended to preclude the Company from undertaking other initiatives that it deemed necessary and prudent for purposes of ensuring reliable service to customers. The Company further emphasizes that Exhibit A to the referenced Settlement was not intended to reflect projects already included for recovery through base rates. Instead, Exhibit A to the Settlement was merely intended to reflect the Company's commitment to move forward with additional planned improvements to its system.

III. OVERVIEW OF PROJECTS

A. Storm Hardening

12) The Storm Hardening initiatives for which the Company seeks recovery involve replacement of decayed wood poles, substation upgrades, transformer replacements, work on overhead re-conductors and upgrading of conductors, and additional storm hardening for specific critical facilities, as set forth in greater detail in the attached testimony of Company witness Shelley. As witness Shelley further explains, these initiatives also include replacing or enhancing lines serving areas experiencing customer growth in order to address reliability and voltage issues, as well as initiatives designed to provide backup facilities for certain areas and to replace certain failing equipment that might otherwise present a fire hazard.

B. Modernization and Safety

13) For FPUC, safety, reliability, and operational efficiency are core values governing how the Company operates its system. The work items that fall under this category involve replacements, or reinforcements that were necessary not only for reliability purposes, but also the potential risks to safety to customers and Company employees, or risk of incurring damage to other equipment. Several of these items also involve installation of newer, more modern technology that not only resolves the repair issue at hand, but improves service on the facility.

14) As witness Shelley further describes, these initiatives include, among others, replacement of corroded cables, installation of a backup feed consistent with industry design standards, and the replacement of aging voltage regulators and reclosers.

C. FPL Interconnect

15) In addition, the Company is asking that the Commission allow it to recover the revenue requirement on its FPL Interconnect project through base rates. While the FPL Interconnect project is a key component of the Company's overall storm hardening effort, it has also contributed significantly to the improvement of the Company's fuel diversity and is anticipated to produce fuel cost savings for customers, as discussed in greater detail in the testimony of Company witness Cutshaw. This FPL Interconnect project will establish a transmission interconnection between FPUC and FPL. This project was considered by the Commission in its prior proceeding in Docket No. 150001-EI. By Order No. PSC-15-0586-FOF-EI, the Commission allowed the Company to recover the depreciation expense, taxes other than income taxes and a return on investment for the FPL Interconnect through the Company's fuel cost recovery factor. However, in light of the Supreme Court's decision No. SC 16-141, issued March 16, 2017, overturning Order No. PSC-15-0586-FOF-EI, the Company is now seeking recovery of this project through base rates. Witness Cutshaw further elaborates on this project's benefits, which are two-fold. First, the project has provided the Company with a second access point for purchased power for the Northeast Division, which has enabled the Company to entertain power supply proposals from a wider range of entities than in the past. Consequently, the Company's customers can expect to see purchased power savings beginning in 2018 as a result of the Company's recently executed power supply agreement with FPL. Moreover, this new, direct connection to the FPL electrical transmission grid, in conjunction with the existing

direct connection to JEA's electrical transmission grid, is expected to reduce transmission-related outages to customers on Amelia Island. This is particularly critical for larger customers on the island, such as Rayonier, for whom extended outages can be particularly damaging.

IV. REVENUE REQUIREMENT

16) As set forth in Exhibit MDC-2 to witness Cassel's testimony, the total capital expenditure identified by the three projects in this Petition, which has been spent, or will be spent by the end of 2017, with the possible exception of the Apalachicola River Crossing, is $15,241,515 with an associated total revenue requirement of $1,823,869. This would result in an approximate base rate increase of $3.20 on an average 1000 kWh/month customer's bill. Details of each project are provided in the testimonies of witnesses Shelley and Cutshaw.

V. RATE CALCULATION AND TARIFF SHEETS

17) The Company submits as MDC-3 to the testimony of Company witness Cassel the calculation of the base rate increase based on 2017 forecast revenues. Exhibit MDC-4, which is also appended to witness Cassel's testimony, provides a comparison of the current and proposed base rates for the various rate classes. The Company submits as Attachment A to this Petition the required tariff sheets (in legislative and clean formats) reflecting the base rate change proposed by this Petition.

VI. REQUEST FOR RELIEF

18) As noted, in addition to the supporting testimony and exhibits of Company witnesses Shelley, Cutshaw, and Cassel, which includes the supporting schedules required by Rule 25-6.0431, Florida Administrative Code, the Company has also provided supporting information and tariffs included in Attachments A and B to this Petition. As such, the Company has provided

information required by the Commission's Rule, and asks that the Commission issue a proposed agency action order approving the Company's request with an effective date of January 1, 2018.

WHEREFORE, Florida Public Utilities Company respectfully requests that the Commission:

1) approve the revenue requirement for the projects identified herein;

2) allow the approved revenue requirement to be included in Florida Public Utilities Company's base rates effective January 1, 2018; and

3) consistent with the "file and suspend" provisions of Section 366.06(3), Florida Statutes, allow the rates to go into effect, subject to refund, in the event any Order of the Commission approving the Company's request is protested.

RESPECTFULLY SUBMITTED this 3rd day of July, 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

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 3rd day of July, 2017.

Jennifer Crawford Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, FL 32399-0850 jcrawfor@psc.state.fl.us	J.R. Kelly 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

By: Beth Keating

Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 601
Tallahassee, FL 32301
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ATTACHMENT A

Tariff Pages (Clean and Legislative)

RATE SCHEDULE RS
RESIDENTIAL SERVICE

Availability

Available within the territory served by the Company in Jackson, Calhoun and Liberty Counties and on Amelia Island in Nassau County.

Applicability

Applicable for service to a single family dwelling unit occupied by one family or household and for energy used in commonly-owned facilities in condominium and cooperative apartment buildings.

Character of Service

Single-phase service at nominal secondary voltage of 115/230 volts; three-phase service if available.

Limitations of Service

The maximum size of any individual single-phase motor hereunder shall not exceed five (5) horsepower.

The Company shall not be required to construct any additional facilities for the purpose of supplying three-phase service unless the revenue to be derived therefrom shall be sufficient to yield the Company a fair return on the value of such additional facilities.

Monthly Rate

Customer Facilities Charge:

$15.30 per customer per month

Base Energy Charge:

2.142¢/KWH for usage up to 1000 KWH's/month

3.509 ¢/KWH for usage above 1000 KWH's/month

Purchased Power Charges

Purchased power charges are adjusted by the Florida Public Service Commission, normally each year in January. For current purchased power costs included in the tariff, see Sheet Nos. 65 & 66.

Minimum Bill

The minimum monthly bill shall consist of the above Customer Facilities Charge.

(Continued on Sheet No. 41)

RATE SCHEDULE GS
GENERAL SERVICE – NON DEMAND

Availability

Available within the territory served by the Company in Jackson, Calhoun and Liberty Counties And on Amelia Island in Nassau County.

Applicability

Applicable to commercial and industrial lighting, heating, cooking and small power loads aggregating 25 KW or less.

Character of Service

Single or three-phase service at available standard voltage.

Limitations of Service

Service shall be at a single metering point.

Monthly Rate

Customer Facilities Charge:

$25.14 per customer per month

Base Energy Charge:

All KWH 2.620 ¢/KWH

Purchased Power Charges

Purchased power charges are adjusted by the Florida Public Service Commission, normally each year in January. For current purchased power costs included in the tariff, see Sheet Nos. 65 & 66.

Minimum Bill

The minimum monthly bill shall consist of the above Customer Facilities Charge.

Terms of Payment

Bills are rendered net and are due and payable within twenty (20) days from date of bill.

(Continued on Sheet No. 44)

RATE SCHEDULE GSD
GENERAL SERVICE – DEMAND

Availability

Available within the territory served by the Company in Jackson, Calhoun and Liberty Counties and on Amelia Island in Nassau County.

Applicability

Applicable to commercial, industrial and municipal service with a measured demand of 25 KW but less than 500 KW for three or more months out of the twelve consecutive months ending with the current billing period. Also available, at the option of the customer, to any customer with demands of less than 25 KW who agrees to pay for service under this rate schedule for a minimum initial term of twelve months.

Character of Service

Single or three-phase service at available standard voltage.

Limitations of Service

Service shall be at a single metering point at one voltage.

Monthly Rate

Customer Facilities Charge:
$74.33 per customer per month

Demand Charge:
Each KW of Billing Demand $4.04/KW

Base Energy Charge
All KWH 0.494¢/KWH

Purchased Power Charges

Purchased power charges are adjusted by the Florida Public Service Commission, normally each year in January. For current purchased power costs included in the tariff, see Sheet Nos. 65 & 66.

Minimum Bill

The minimum monthly bill shall consist of the above Customer Facilities Charge plus the Demand Charge for the currently effective billing demand.

Terms of Payment

Bills are rendered net and are due and payable within twenty (20) days from date of bill.

Purchased Power Costs

See Sheet Nos. 65 & 66.

(Continued on Sheet No. 46)

RATE SCHEDULE GSLD
GENERAL SERVICE-LARGE DEMAND

Availability

Available within the territory served by the Company in Jackson, Calhoun and Liberty Counties and on Amelia Island in Nassau County.

Applicability

Applicable to commercial, industrial and municipal service with a measured demand of 500 KW but less than 5000 KW for three or more months out of the twelve consecutive months ending with the current billing period. Also available, at the option of the customer, to any customer with demands of less than 500 KW who agrees to pay for service under this rate schedule for a minimum initial term of twelve months.

Character of Service

Three-phase service at available standard voltage.

Limitations of Service

Service shall be at a single metering point at one voltage.

Monthly Rate

Customer Facilities Charge:

$142.10 per customer per month

Demand Charge:

Each KW of Billing Demand	$5.79/KW

Base Energy Charge

All KWH	0.228¢/KWH

Purchased Power Charges

Purchased power charges are adjusted by the Florida Public Service Commission, normally each year in January. For current purchased power costs included in the tariff, see Sheet No. 65 & 66.

Minimum Bill

The minimum monthly bill shall consist of the above Customer Facilities Charge plus the Demand Charge for the currently effective billing demand.

Terms of Payment

Bills are rendered net and are due and payable within twenty (20) days from date of bill.

Purchased Power Costs

See Sheet No. 65 & 66.

(Continued on Sheet No. 48)

RATE SCHEDULE GSLDT - EXP
GENERAL SERVICE – LARGE DEMAND
TIME OF USE (EXPERIMENTAL)

Availability

Available within the territory served by the Company in Jackson, Calhoun and Liberty Counties. This service is limited to a maximum of 3 customers. This Rate Schedule shall expire on February 8, 2015.

Applicability

Applicable to commercial, industrial and municipal service with a measured demand of 500 KW but less than 5000 KW for three or more months out of the twelve consecutive months ending with the current billing period. Also available, at the option of the customer, to any customer with demands of less than 500 KW who agrees to pay for service under this rate schedule for a minimum initial term of twelve months.

Character of Service

Single or three-phase service at available standard voltage.

Limitations of Service

Service shall be at a single metering point at one voltage.

Monthly Rate

Customer Facilities Charge:
$142.10 per customer per month

Demand Charge:
Each KW of Maximum Billing Demand $5.79/KW

Base Energy Charge:
All KWH 0.228¢/KWH

Purchased Power Charges

Purchased power charges are adjusted by the Florida Public Service Commission normally each year in January. For current purchase power costs included in the tariff see sheet Nos. 65 & 66.

Minimum Bill

The minimum monthly bill shall consist of the above Customer Facilities Charge plus the Maximum Billing Demand Charge for the currently effective billing demands.

Terms of Payment

Bills are rendered net and are due and payable within twenty (20) days from date of bill.

Purchased Power Costs

See Sheet Nos. 65 & 66.

(Continued on Sheet No. 50)

RATE SCHEDULE GSLD 1
GENERAL SERVICE - LARGE DEMAND 1

Availability

Available within the territory served by the Company in Jackson, Calhoun, and Liberty Counties and on Amelia Island in Nassau County.

Applicability

Applicable to commercial and industrial services of customers contracting for at least 5,000 kilowatts of electric service.

Character of Service

Three-phase, 60 hertz, electric service delivered and metered at a single point at the available transmission voltage, nominally 69,000 volts or higher.

Monthly Base Rates

Customer Facilities Charge:	$879.91
Base Transmission Demand Charge:	$1.64/KW of Maximum/NCP Billing Demand
Excess Reactive Demand Charge:	$0.39/kVar of Excess Reactive Demand

Purchased Power Charges (See Sheet 52 for descriptions)

The Purchased Power Charges recover Energy and Demand Charges billed to FPUC by FPUC's Wholesale Energy Provider and Wholesale Cogeneration Provider including applicable line losses and taxes. Purchased power charges are adjusted by the Florida Public Service Commission, normally each year in January. For correct purchased power charges included in the tariff, see Sheet No. 70 & 71.

Minimum Bill

The minimum monthly bill is the sum of the Transmission Demand Charge and the Customer Charge plus any Purchased Power Charges attributed to Transmission Demand Fuel Charge.

Terms of Payment

Bills are rendered net and due and payable within twenty (20) days from date of bill.

Conservation Costs

See Sheet Nos. 65 & 66.

Franchise Fee Adjustment

Customers taking service within franchise areas shall pay a franchise fee adjustment in the form of a percentage to be added to their bills prior to the application of any appropriate taxes. This percentage shall reflect the customer's pro rata share of the amount the Company is required to pay under the franchise agreement with the specific governmental body in which the customer is located.

(Continued on Sheet No. 51)

RATE SCHEDULE SB
STANDBY SERVICE

Availability

Available within the territory served by the Company in Jackson, Calhoun and Liberty Counties and on Amelia Island in Nassau County.

Applicability

Applicable only to customers which are self-generators with capabilities of serving the customer's full electronic power requirements and that require backup and/or maintenance service on a firm basis. This rate schedule is not applicable to self-generating customers for supplemental service.

Character of Service

Single or three-phase service at available standard voltage.

Limitations of Service

Service shall be at a single metering point at one voltage. The contract demand shall not exceed the KW capacity of customer's generator.

Monthly Rate

Customer Facilities Charge:

(a) For those customers who have contracted for standby service capacity of less than 500 KW- $109.31.
(b) For those customers who have contracted for standby service of 500 KW or greater- $879.91.

Local Facilities Charge:

(a) For those customers who have contracted for standby service capacity of less than 500 KW- $2.84/KW.
(b) For those customers who have contracted for standby service of 500 KW or greater - $0.71/KW.

Purchased Power Charges

Demand and energy used by the customer in any month shall be charged at the then currently effective rates of the Company's wholesale supplier adjusted for estimated line losses and applicable taxes. Such charges will consist of Coincident Peak (CP) Demand charge and an energy charge. The CP Demand shall be the customer's measured KW coincident in time with that of the Company's maximum monthly demand at the substation serving the system to which the customer is connected. The energy charge shall be applied to the measured KWH during the billing period and shall be based on the actual energy charge (including fuel charges) of the Company's wholesale supplier during the billing period.

The currently effective rates of the Company's wholesale supplier would result in the following demand and energy charges for purchased power after adjustment for estimated line losses and applicable taxes. These are shown for illustrative purposes only. Actual purchased power rates in effect at the time of use shall be used for determining the monthly unit charges.

CP Demand Charge - Each KW of CP Demand	$14.75/KW
Energy Charge - All	4.709¢

(Continued on Sheet No. 53)

RATE SCHEDULE LS
LIGHTING SERVICE

Availability

Available within the territory served by the Company in Calhoun, Jackson and Liberty Counties and on Amelia Island in Nassau County.

Applicability

Applicable to any customer for non-metered outdoor lighting service.

Character of Service

Lighting service from dusk to dawn as described herein.

Limitations of Service

Service is limited to lighting by high-pressure sodium vapor or metal halide lamps mounted on company poles as described herein. Company-owned facilities will be installed only on Company-owned poles.

Monthly Rate

When lighting fixtures are mounted on existing poles and served directly from existing overhead secondary distribution lines:

Type Facility	Lamp Lumens	Size Watts	KWH/Mo. Estimate	Facilities Charge	Maintenance* Charge	Energy Charge	Total Charge
High Pressure Sodium Lights							
Acorn	16,000	150	61	$17.76	$2.25	$2.89	$22.90
ALN 440	16,000	150	61	$25.34	$3.00	$2.89	$31.23
Amer. Rev.	9,500	100	41	$8.72	$2.96	$1.95	$13.63
Amer. Rev.	16,000	150	61	$8.18	$3.01	$2.89	$14.08
Cobra Head	9,500	100	41	$6.55	$1.90	$1.95	$10.40
Cobra Head	22,000	200	81	$8.83	$2.27	$3.85	$14.95
Cobra Head	28,500	250	101	$10.49	$3.01	$4.78	$18.28
Cobra Head	50,000	400	162	$9.79	$2.50	$7.71	$20.00
Flood	28,500	250	101	$10.27	$2.19	$4.78	$17.24
Flood	50,000	400	162	$16.11	$2.05	$7.71	$25.87
Flood	130,000	1,000	405	$20.18	$2.71	$19.23	$42.12
SP2 Spectra	9,500	100	41	$22.40	$2.80	$1.95	$ 27.15
Metal Halide Lights							
ALN 440	16,000	175	71	$24.24	$2.36	$3.39	$29.99
Flood	50,000	400	162	$10.93	$2.00	$7.71	$20.64
Flood	130,000	1,000	405	$18.61	$2.63	$19.23	$40.47
Shoebox	16,000	175	71	$20.47	$2.65	$3.39	$26.51
Shoebox	28,500	250	101	$21.80	$2.95	$4.78	$29.53
SP2 Spectra	9,500	100	41	$22.22	$2.71	$1.95	$26.88
Vertical Shoebox	130,000	1,000	405	$22.98	$3.00	$19.23	$45.21

(Continued on Sheet No. 57)

RATE SCHEDULE LS
LIGHTING SERVICE

(Continued from Sheet No. 56)

Charges for other Company-owned facilities:

1)	30' Wood Pole	$ 4.35
2)	40' Wood Pole Std	$ 9.67
3)	18' Fiberglass Round	$ 9.01
4)	13' Decorative Concrete	$ 12.77
5)	20' Decorative Concrete	$ 14.81
6)	35' Concrete Square	$ 14.29
7)	10' Deco Base Aluminum	$ 16.76
8)	30' Wood Pole Std	$ 4.83

For the poles shown above that are served from an underground system, the Company will provide up to one hundred (100) feet of conductor to service each fixture. The customer will provide and install the necessary conduit system to Company specifications.

Purchased Power Charges

Purchased power charges are adjusted annually by the Florida Public Service Commission. For current purchased power costs included in the tariff, see Sheet No. 65 & 66.

Minimum Bill

The above rates times the number of lamps connected.

Terms of Payment

Bills are rendered net and are due and payable within twenty (20) days from date of bill.

Purchased Power Costs

See Sheet No. 65 & 66.

Conservation Costs

See Sheet No. 65 & 66.

Franchise Fee Adjustment

Customers taking service within franchise areas shall pay a franchise fee adjustment in the form of a percentage to be added to their bills prior to the application of any appropriate taxes. This percentage shall reflect the customer's pro rata share of the amount the Company is required to pay under the franchise agreement with the specific governmental body in which the customer is located.

(Continued on Sheet No. 58)

RATE SCHEDULE OSL
MERCURY VAPOR LIGHTING SERVICE
(Closed To New Installations)

(Continued from Sheet No. 58)

Availability

Available within the territory served by the Company in Calhoun, Jackson and Liberty Counties and on Amelia Island in Nassau County.

Applicability

Applicable to customer for mercury vapor lighting service.

Character of Service

Lighting service from dusk to dawn as described herein.

Limitations of Service

Service is limited to lighting by mercury vapor lamps of 7,000 or 20,000 initial level of lumens mounted on wood poles, as described herein.

Monthly Rate

When lighting fixtures are mounted on existing poles and served directly from existing overhead secondary distribution lines:

Lamp Size Lumens	KWH/Mo. Estimate	Facilities Charge	Maintenance* Charge	Energy Charge	Total Charge
7,000	72	$1.27	$1.11	$3.33	$5.71
20,000	154	$1.39	$1.19	$7.17	$9.75

For concrete or fiberglass poles and/or underground conductors, etcetera, the customer shall pay a lump sum amount equal to the estimated differential cost between the special system and the equivalent overhead-wood pole system.

Purchased Power Charges

Purchased power charges are adjusted by the Florida Public Service Commission, normally each year in January. For current purchased power costs included in the tariff, see Sheet Nos. 65 & 66.

Minimum Bill

The above rates times the number of lamps connected.

Terms of Payment

Bills are rendered net and are due and payable within twenty (20) days from date of bill.

(Continued on Sheet No. 60)

RATE SCHEDULE IS-EXP
INTERRUPTIBLE (EXPERIMENTAL)

Availability

Available within the territory served by the Company in Jackson, Calhoun and Liberty Counties. This service is limited to a maximum of 4 customers. This Rate Schedule shall expire on February 8, 2015.

Applicability

Applicable to customers eligible for Rate Schedule GSLD with a load factor equal to or exceeding 35% and who have executed a Special Contract approved by the Commission. The company reserves the right to limit the total load and type customer served under this rate. Accounts established under this rate will be limited to premises where the interruption will primarily affect the customer, its employees, agents, lessees, tenants and guests and will not significantly affect members of the general public nor interfere with functions performed for the protection of public health or safety.

Character of Service

Three-phase service at available standard voltage.

Limitations of Service

Service shall be at a single metering point at one voltage. Interruptible service under this rate is subject to interruption during any On-Peak time period that the Company elects to notify customer, with a minimum of two (2) hours notice, that the customer must fully interrupt taking electric power from the Company. The Company is limited to an On-Peak period maximum of 200 hours of required interruption per year per customer.

Monthly Rate

Customer Facilities Charge:
$142.10 per customer per month

Demand Charge:
Each KW of Billing Demand $ 5.79/KW

Base Energy Charge:
All KWH 0.228¢/KWH

Purchased Power Charges

Purchased power charges are adjusted by the Florida Public Service Commission, normally each year in January. For current purchased power costs included in the tariff, see Sheet Nos. 65 & 66.

Minimum Bill

The minimum monthly bill shall consist of the above Customer Facilities Charge plus the Demand Charge for the currently effective billing demand.

Terms of Payment

Bills are rendered net and are due and payable within twenty (20) days from date of bill.

RATE SCHEDULE RS
RESIDENTIAL SERVICE

Availability
Available within the territory served by the Company in Jackson, Calhoun and Liberty Counties and on Amelia Island in Nassau County.

Applicability
Applicable for service to a single family dwelling unit occupied by one family or household and for energy used in commonly-owned facilities in condominium and cooperative apartment buildings.

Character of Service
Single-phase service at nominal secondary voltage of 115/230 volts; three-phase service if available.

Limitations of Service
The maximum size of any individual single-phase motor hereunder shall not exceed five (5) horsepower.

The Company shall not be required to construct any additional facilities for the purpose of supplying three-phase service unless the revenue to be derived therefrom shall be sufficient to yield the Company a fair return on the value of such additional facilities.

Monthly Rate
Customer Facilities Charge:

~~$14.00~~ 15.30 per customer per month

Base Energy Charge:

~~1.960~~ 2.142¢/KWH for usage up to 1000 KWH's/month

~~3.210~~ 3.509 ¢/KWH for usage above 1000 KWH's/month

Purchased Power Charges

Purchased power charges are adjusted by the Florida Public Service Commission, normally each year in January. For current purchased power costs included in the tariff, see Sheet Nos. 65 & 66.

Minimum Bill

The minimum monthly bill shall consist of the above Customer Facilities Charge.

(Continued on Sheet No. 41)

RATE SCHEDULE GS
GENERAL SERVICE – NON DEMAND

Availability

Available within the territory served by the Company in Jackson, Calhoun and Liberty Counties And on Amelia Island in Nassau County.

Applicability

Applicable to commercial and industrial lighting, heating, cooking and small power loads aggregating 25 KW or less.

Character of Service

Single or three-phase service at available standard voltage.

Limitations of Service

Service shall be at a single metering point.

Monthly Rate

Customer Facilities Charge:

~~$23.00~~ 25.14 per customer per month

Base Energy Charge:

All KWH ~~2.397~~ 2.620 ¢/KWH

Purchased Power Charges

Purchased power charges are adjusted by the Florida Public Service Commission, normally each year in January. For current purchased power costs included in the tariff, see Sheet Nos. 65 & 66.

Minimum Bill

The minimum monthly bill shall consist of the above Customer Facilities Charge.

Terms of Payment

Bills are rendered net and are due and payable within twenty (20) days from date of bill.

(Continued on Sheet No. 44)

RATE SCHEDULE GSD
GENERAL SERVICE – DEMAND

Availability

Available within the territory served by the Company in Jackson, Calhoun and Liberty Counties and on Amelia Island in Nassau County.

Applicability

Applicable to commercial, industrial and municipal service with a measured demand of 25 KW but less than 500 KW for three or more months out of the twelve consecutive months ending with the current billing period. Also available, at the option of the customer, to any customer with demands of less than 25 KW who agrees to pay for service under this rate schedule for a minimum initial term of twelve months.

Character of Service

Single or three-phase service at available standard voltage.

Limitations of Service

Service shall be at a single metering point at one voltage.

Monthly Rate

Customer Facilities Charge:
$~~68.00~~ 74.33 per customer per month

Demand Charge:
Each KW of Billing Demand $ ~~3.70~~ 4.04/KW

Base Energy Charge
All KWH ~~0.452~~ 0.494¢/KWH

Purchased Power Charges

Purchased power charges are adjusted by the Florida Public Service Commission, normally each year in January. For current purchased power costs included in the tariff, see Sheet Nos. 65 & 66.

Minimum Bill

The minimum monthly bill shall consist of the above Customer Facilities Charge plus the Demand Charge for the currently effective billing demand.

Terms of Payment

Bills are rendered net and are due and payable within twenty (20) days from date of bill.

Purchased Power Costs

See Sheet Nos. 65 & 66.

(Continued on Sheet No. 46)

RATE SCHEDULE GSLD
GENERAL SERVICE-LARGE DEMAND

Availability

Available within the territory served by the Company in Jackson, Calhoun and Liberty Counties and on Amelia Island in Nassau County.

Applicability

Applicable to commercial, industrial and municipal service with a measured demand of 500 KW but less than 5000 KW for three or more months out of the twelve consecutive months ending with the current billing period. Also available, at the option of the customer, to any customer with demands of less than 500 KW who agrees to pay for service under this rate schedule for a minimum initial term of twelve months.

Character of Service

Three-phase service at available standard voltage.

Limitations of Service

Service shall be at a single metering point at one voltage.

Monthly Rate

Customer Facilities Charge:

~~$130.00~~ 142.10 per customer per month

Demand Charge:

Each KW of Billing Demand	$ ~~5.30~~ 5.79/KW

Base Energy Charge

All KWH	0.~~209~~ .228¢/KWH

Purchased Power Charges

Purchased power charges are adjusted by the Florida Public Service Commission, normally each year in January. For current purchased power costs included in the tariff, see Sheet No. 65 & 66.

Minimum Bill

The minimum monthly bill shall consist of the above Customer Facilities Charge plus the Demand Charge for the currently effective billing demand.

Terms of Payment

Bills are rendered net and are due and payable within twenty (20) days from date of bill.

Purchased Power Costs

See Sheet No. 65 & 66.

(Continued on Sheet No. 48)

RATE SCHEDULE GSLDT - EXP
GENERAL SERVICE – LARGE DEMAND
TIME OF USE (EXPERIMENTAL)

Availability

Available within the territory served by the Company in Jackson, Calhoun and Liberty Counties. This service is limited to a maximum of 3 customers. This Rate Schedule shall expire on February 8, 2015.

Applicability

Applicable to commercial, industrial and municipal service with a measured demand of 500 KW but less than 5000 KW for three or more months out of the twelve consecutive months ending with the current billing period. Also available, at the option of the customer, to any customer with demands of less than 500 KW who agrees to pay for service under this rate schedule for a minimum initial term of twelve months.

Character of Service

Single or three-phase service at available standard voltage.

Limitations of Service

Service shall be at a single metering point at one voltage.

Monthly Rate

Customer Facilities Charge:
~~$130.00~~ 142.10 per customer per month

Demand Charge:
Each KW of Maximum Billing Demand ~~$5.30~~ 5.79/KW

Base Energy Charge:
All KWH ~~0.209~~ 0.228¢/KWH

Purchased Power Charges

Purchased power charges are adjusted by the Florida Public Service Commission normally each year in January. For current purchase power costs included in the tariff see sheet Nos. 65 & 66.

Minimum Bill

The minimum monthly bill shall consist of the above Customer Facilities Charge plus the Maximum Billing Demand Charge for the currently effective billing demands.

Terms of Payment

Bills are rendered net and are due and payable within twenty (20) days from date of bill.

Purchased Power Costs

See Sheet Nos. 65 & 66.

(Continued on Sheet No. 50)

RATE SCHEDULE GSLD 1
GENERAL SERVICE - LARGE DEMAND 1

Availability

Available within the territory served by the Company in Jackson, Calhoun, and Liberty Counties and on Amelia Island in Nassau County.

Applicability

Applicable to commercial and industrial services of customers contracting for at least 5,000 kilowatts of electric service.

Character of Service

Three-phase, 60 hertz, electric service delivered and metered at a single point at the available transmission voltage, nominally 69,000 volts or higher.

Monthly Base Rates

Customer Facilities Charge:	~~$805.00~~ 879.91
Base Transmission Demand Charge:	~~$1.50~~ 1.64/KW of Maximum/NCP Billing Demand
Excess Reactive Demand Charge:	~~$0.36~~ 0.39/kVar of Excess Reactive Demand

Purchased Power Charges (See Sheet 52 for descriptions)

The Purchased Power Charges recover Energy and Demand Charges billed to FPUC by FPUC's Wholesale Energy Provider and Wholesale Cogeneration Provider including applicable line losses and taxes. Purchased power charges are adjusted by the Florida Public Service Commission, normally each year in January. For correct purchased power charges included in the tariff, see Sheet No. 70 & 71.

Minimum Bill

The minimum monthly bill is the sum of the Transmission Demand Charge and the Customer Charge plus any Purchased Power Charges attributed to Transmission Demand Fuel Charge.

Terms of Payment

Bills are rendered net and due and payable within twenty (20) days from date of bill.

Conservation Costs

See Sheet Nos. 65 & 66.

Franchise Fee Adjustment

Customers taking service within franchise areas shall pay a franchise fee adjustment in the form of a percentage to be added to their bills prior to the application of any appropriate taxes. This percentage shall reflect the customer's pro rata share of the amount the Company is required to pay under the franchise agreement with the specific governmental body in which the customer is located.

(Continued on Sheet No. 51)

RATE SCHEDULE SB
STANDBY SERVICE

Availability

Available within the territory served by the Company in Jackson, Calhoun and Liberty Counties and on Amelia Island in Nassau County.

Applicability

Applicable only to customers which are self-generators with capabilities of serving the customer's full electronic power requirements and that require backup and/or maintenance service on a firm basis. This rate schedule is not applicable to self-generating customers for supplemental service.

Character of Service

Single or three-phase service at available standard voltage.

Limitations of Service

Service shall be at a single metering point at one voltage. The contract demand shall not exceed the KW capacity of customer's generator.

Monthly Rate

Customer Facilities Charge:

(a) For those customers who have contracted for standby service capacity of less than 500 KW- ~~$100.00~~ 109.31.

(b) For those customers who have contracted for standby service of 500 KW or greater- ~~$805.00~~ 879.91.

Local Facilities Charge:

(a) For those customers who have contracted for standby service capacity of less than 500 KW- ~~$2.60~~ 2.84/KW.

(b) For those customers who have contracted for standby service of 500 KW or greater - ~~$0.65~~ 0.71/KW.

Purchased Power Charges

Demand and energy used by the customer in any month shall be charged at the then currently effective rates of the Company's wholesale supplier adjusted for estimated line losses and applicable taxes. Such charges will consist of Coincident Peak (CP) Demand charge and an energy charge. The CP Demand shall be the customer's measured KW coincident in time with that of the Company's maximum monthly demand at the substation serving the system to which the customer is connected. The energy charge shall be applied to the measured KWH during the billing period and shall be based on the actual energy charge (including fuel charges) of the Company's wholesale supplier during the billing period.

The currently effective rates of the Company's wholesale supplier would result in the following demand and energy charges for purchased power after adjustment for estimated line losses and applicable taxes. These are shown for illustrative purposes only. Actual purchased power rates in effect at the time of use shall be used for determining the monthly unit charges.

CP Demand Charge - Each KW of CP Demand	~~$8.84~~14.75/KW
Energy Charge - All	~~4.441~~4.709¢

(Continued on Sheet No. 53)

RATE SCHEDULE LS
LIGHTING SERVICE

Availability

Available within the territory served by the Company in Calhoun, Jackson and Liberty Counties and on Amelia Island in Nassau County.

Applicability

Applicable to any customer for non-metered outdoor lighting service.

Character of Service

Lighting service from dusk to dawn as described herein.

Limitations of Service

Service is limited to lighting by high-pressure sodium vapor or metal halide lamps mounted on company poles as described herein. Company-owned facilities will be installed only on Company-owned poles.

Monthly Rate

When lighting fixtures are mounted on existing poles and served directly from existing overhead secondary distribution lines:

Type Facility	Lamp Lumens	Size Watts	KWH/Mo. Estimate	Facilities Charge	Maintenance* Charge	Energy Charge	Total Charge
High Pressure Sodium Lights							
Acorn	16,000	150	61	~~$16.25~~ 17.76	~~$2.06~~ 2.25	~~$2.64~~ 2.89	~~$20.95~~ 22.90
ALN 440	16,000	150	61	~~$23.18~~25.34	~~$2.74~~3.00	~~$2.64~~2.89	~~$28.56~~31.23
Amer. Rev.	9,500	100	41	~~$7.98~~8.72	~~$2.71~~2.96	~~$1.78~~1.95	~~$12.47~~ 13.63
Amer. Rev.	16,000	150	61	~~$7.48~~8.18	~~$2.75~~3.01	~~$2.64~~2.89	~~$12.87~~ 14.08
Cobra Head	9,500	100	41	~~$5.99~~6.55	~~$1.74~~ 1.90	~~$1.78~~1.95	~~$9.51~~10.40
Cobra Head	22,000	200	81	~~$8.08~~8.83	~~$2.08~~2.27	~~$3.52~~3.85	~~$13.68~~ 14.95
Cobra Head	28,500	250	101	~~$9.60~~10.49	~~$2.75~~3.01	~~$4.37~~4.78	~~$16.72~~ 18.28
Cobra Head	50,000	400	162	~~$8.96~~9.79	~~$2.29~~2.50	~~$7.05~~7.71	~~$18.30~~ 20.00
Flood	28,500	250	101	~~$9.40~~ 10.27	~~$2.00~~2.19	~~$4.37~~4.78	~~$15.77~~ 17.24
Flood	50,000	400	162	~~$14.74~~16.11	~~$1.88~~2.05	~~$7.05~~7.71	~~$23.67~~ 25.87
Flood	130,000	1,000	405	~~$18.46~~20.18	~~$2.48~~2.71	~~$17.59~~19.23	~~$38.53~~ 42.12
SP2 Spectra	9,500	100	41	~~$20.49~~22.40	~~$2.56~~2.80	~~$1.78~~1.95	~~$24.83~~ 27.15
Metal Halide Lights							
ALN 440	16,000	175	71	~~$22.18~~ 24.24	~~$2.16~~2.36	~~$3.10~~3.39	~~$27.44~~ 29.99
Flood	50,000	400	162	~~$10.00~~10.93	~~$1.83~~2.00	~~$7.05~~7.71	~~$18.88~~ 20.64
Flood	130,000	1,000	405	~~$17.03~~18.61	~~$2.41~~2.63	~~$17.59~~19.23	~~$37.03~~ 40.47
Shoebox	16,000	175	71	~~$18.73~~20.47	~~$2.42~~2.65	~~$3.10~~3.39	~~$24.25~~ 26.51
Shoebox	28,500	250	101	~~$19.94~~21.80	~~$2.70~~2.95	~~$4.37~~4.78	~~$27.01~~ 29.53
SP2 Spectra	9,500	100	41	~~$20.33~~22.22	~~$2.48~~2.71	~~$1.78~~1.95	~~$24.59~~ 26.88
Vertical Shoebox	130,000	1,000	405	~~$21.02~~22.98	~~$2.74~~3.00	~~$17.59~~19.23	~~$41.35~~ 45.21

(Continued on Sheet No. 57)

RATE SCHEDULE LS
LIGHTING SERVICE

(Continued from Sheet No. 56)

Charges for other Company-owned facilities:

1)	30' Wood Pole	$ ~~3.98~~ 4.35
2)	40' Wood Pole Std	$ ~~8.85~~ 9.67
3)	18' Fiberglass Round	$ ~~8.24~~ 9.01
4)	13' Decorative Concrete	$ ~~11.68~~ 12.77
5)	20' Decorative Concrete	$ ~~13.55~~ 14.81
6)	35' Concrete Square	$ ~~13.07~~ 14.29
7)	10' Deco Base Aluminum	$ ~~15.33~~ 16.76
8)	30' Wood Pole Std	$ ~~4.42~~ 4.83

For the poles shown above that are served from an underground system, the Company will provide up to one hundred (100) feet of conductor to service each fixture. The customer will provide and install the necessary conduit system to Company specifications.

Purchased Power Charges

Purchased power charges are adjusted annually by the Florida Public Service Commission. For current purchased power costs included in the tariff, see Sheet No. 65 & 66.

Minimum Bill

The above rates times the number of lamps connected.

Terms of Payment

Bills are rendered net and are due and payable within twenty (20) days from date of bill.

Purchased Power Costs

See Sheet No. 65 & 66.

Conservation Costs

See Sheet No. 65 & 66.

Franchise Fee Adjustment

Customers taking service within franchise areas shall pay a franchise fee adjustment in the form of a percentage to be added to their bills prior to the application of any appropriate taxes. This percentage shall reflect the customer's pro rata share of the amount the Company is required to pay under the franchise agreement with the specific governmental body in which the customer is located.

(Continued on Sheet No. 58)

RATE SCHEDULE OSL
MERCURY VAPOR LIGHTING SERVICE
(Closed To New Installations)

(Continued from Sheet No. 58)

Availability

Available within the territory served by the Company in Calhoun, Jackson and Liberty Counties and on Amelia Island in Nassau County.

Applicability

Applicable to customer for mercury vapor lighting service.

Character of Service

Lighting service from dusk to dawn as described herein.

Limitations of Service

Service is limited to lighting by mercury vapor lamps of 7,000 or 20,000 initial level of lumens mounted o wood poles, as described herein.

Monthly Rate

When lighting fixtures are mounted on existing poles and served directly from existing overhead secondary distribution lines:

Lamp Size Lumens	KWH/Mo. Estimate	Facilities Charge	Maintenance* Charge	Energy Charge	Total Charge
7,000	72	~~$1.16~~ 1.27	~~$1.02~~ 1.11	~~$3.05~~ 3.33	~~$5.23~~5.71
20,000	154	~~$1.27~~ 1.39	~~$1.09~~ 1.19	~~$6.56~~ 7.17	~~$8.92~~9.75

For concrete or fiberglass poles and/or underground conductors, etcetera, the customer shall pay a lum sum amount equal to the estimated differential cost between the special system and the equivalent overhead-woo pole system.

Purchased Power Charges

Purchased power charges are adjusted by the Florida Public Service Commission, normally each year in January. For current purchased power costs included in the tariff, see Sheet Nos. 65 & 66.

Minimum Bill

The above rates times the number of lamps connected.

Terms of Payment

Bills are rendered net and are due and payable within twenty (20) days from date of bill.

(Continued on Sheet No. 60)

RATE SCHEDULE IS-EXP
INTERRUPTIBLE (EXPERIMENTAL)

Availability

Available within the territory served by the Company in Jackson, Calhoun and Liberty Counties. This service is limited to a maximum of 4 customers. This Rate Schedule shall expire on February 8, 2015.

Applicability

Applicable to customers eligible for Rate Schedule GSLD with a load factor equal to or exceeding 35% and who have executed a Special Contract approved by the Commission. The company reserves the right to limit the total load and type customer served under this rate. Accounts established under this rate will be limited to premises where the interruption will primarily affect the customer, its employees, agents, lessees, tenants and guests and will not significantly affect members of the general public nor interfere with functions performed for the protection of public health or safety.

Character of Service

Three-phase service at available standard voltage.

Limitations of Service

Service shall be at a single metering point at one voltage. Interruptible service under this rate is subject to interruption during any On-Peak time period that the Company elects to notify customer, with a minimum of two (2) hours notice, that the customer must fully interrupt taking electric power from the Company. The Company is limited to an On-Peak period maximum of 200 hours of required interruption per year per customer.

Monthly Rate

Customer Facilities Charge:

~~$130.00~~ 142.10 per customer per month

Demand Charge:

Each KW of Billing Demand ~~$ 5.30~~ 5.79/KW

Base Energy Charge:

All KWH ~~0.209~~ 0.228¢/KWH

Purchased Power Charges

Purchased power charges are adjusted by the Florida Public Service Commission, normally each year in January. For current purchased power costs included in the tariff, see Sheet Nos. 65 & 66.

Minimum Bill

The minimum monthly bill shall consist of the above Customer Facilities Charge plus the Demand Charge for the currently effective billing demand.

Terms of Payment

Bills are rendered net and are due and payable within twenty (20) days from date of bill.

ATTACHMENT B

Exhibit A in Docket No. 140025-EI Settlement

(Exhibit A)

Florida Public Utilities Company
Consolidated Electric Divisions
Reliability Improvement Plan 2016 - 2019
Planned Capital Improvements

ITEM	Cost Estimate
Decayed Pole Replacements (from Osmose Inspections) Both Divisions	$1,400,000
Substation Voltage Regulators NW Division	$200,000
Purchase and Install Electronic Recloser NW Division	$125,000
Remove Load From Feeders 310 and 311 transfer to 312 NE Division	$150,000
Install 69KV Lightning Arrestors, Insulators and Grounding NE Division	$300,000
Convert Overhead to Underground Marsh Cove & Gateway to Amelia NE Division	$77,000
Overhead Reconductor along South Fletcher (Atlantic to Sadler) NE Division	$125,000
Overhead Reconductor along South Fletcher (Sadler to Al Parkway) NE Division	$220,000
Miscellaneous Underground Cable Replacement Both Divisions	$300,000
Storm Harden the Hospital Feeder from Marianna Sub to Railroad Trestle NW Division	$200,000
Storm Harden Prison Feeder from Substation to High School NW Divisison	$150,000
Move Line From Woods to Rd ROW- Lawrenceville Rd NW Division	$40,000
Move Line From Woods to Rd ROW - Obert Rd NW Division	$20,000
Extend Underground Feeder #312 Airport to S. Fletcher - Cond./Sw. NE Division	$810,000
Relocate the Railroad Feeder to Hwy 90 from Orange St. to Wynn St. NW Division	$400,000
Underground Feeder to Airport NE Division	$180,000
Install 69KV Lightning Arrestors, Insulators and Grounding (along S. Fletcher) NE	$300,000
Replace Conduit/Cable - Forrest Ridge Condos NE Division	$400,000
Loop Underground Feed in Amelia Park Subdivision NE Division	$100,000
Replace 69kV CKT BKR (305, 304 & 309) & Switches at Stepdown Sub. NE Division	$270,000
Overhead Reconductor on S. Fletcher (Simmons - Amelia Island Pky)	$125,000
Replace 69KV pole with concrete NE Division	$900,000
Storm Hardening - Feeder #215 Upgrade - Baptist Hospital NE Division	$213,500
Storm Harden Jackson County Hospital Feeder NW Division	$120,000
Relocate Altha Feeder from Jackson Co. Line to Fuqua Cir. NW Division	$180,000
Add Second phase Mt Olive Cemetery Rd to Red Level Rd NW Division	$70,000
Replace UG Cable Feeding Cottondale Village Apartments NW Division	$50,000
Move Line From Woods Bellamy Bridge Rd NW Division	$60,000
Rebuild Caverns Rd Substation NW Division	$150,000
Purchase & Install New Capacitor Controls NW Division	$50,000
Convert OH to UG on Buccaneer Trail NE Division	$320,000
Replace 138 KV Circuit Switchers (406, 405, 404) at Step-down Sub. NE Division	$345,000
OH Feeder Reconductor for SHN (Self Healing Network) NE Division	$300,000
SHN Reclosers NE Division	$100,000
RE-Build AIP Substation NE Division	$1,600,000
Backup feed to Marianna Industrial Park from Chipola Substation NW Division	$200,000
TOTAL	$10,560,500

Direct Testimony of Drane A. Shelley
On Behalf of
Florida Public Utilities Company

Q. Please state your name and business address.

A. My name is Drane A. Shelley, 1750 South 14th Street, Fernandina Beach, Florida 32034.

Q. By whom are you employed and what is your position?

A. I am employed by Florida Public Utilities Company ("FPUC" or "Company"), as the Director of Electric Operations.

Q. Could you give a brief description of your background and business experience?

A. I graduated from Murray State University in 1976 with a B.S. in Electrical Engineering Technology and began my career with Big Rivers Electric Company in May, 1976. I spent 15 years with Big Rivers Electric Company and held positions of increasing responsibility that involved substation, transmission, distribution and power plant electrical design, as well as operations and maintenance activities. After leaving Big Rivers, I worked 14 years for three (3) different Engineering Consultant Firms providing services to several Electric Utility Companies including investor-owned utilities, municipals, and cooperatives. I joined FPUC in December, 2006 as Operations Manager in the Marianna (Northwest Florida) Division. In February, 2009, I was promoted to General Manager of the Northwest Florida Division, and in 2013, I moved into my current position of Director, Electric Operations.

In my current position I am responsible for the Electric Operations of the Northwest and Northeast Electric Divisions, as well as the Eight Flags combined heat power ("CHP") Generation Facility. Since joining FPUC, my responsibilities have included all aspects of budgeting, customer service, operations and maintenance in both the Northeast and Northwest Florida Divisions.

Q. Please describe your duties and responsibilities in your current position.

A. I am responsible for the safe, reliable, efficient and economic operation of FPUC's Transmission and Distribution Electric systems. I also serve in the dual role of Director of Operations for the Eight Flags CHP generation facility, which is owned by FPUC's parent company, Chesapeake Utilities Corporation. My duties include providing a safe work environment for employees and the public, managing available resources, system design oversight, directing system planning, administering system reliability improvement objectives, developing growth strategies, implementing corporate goals, ensuring system compliance with industry standards and regulations, controlling costs, leading storm restoration efforts, and promoting community relations.

Q. What is the purpose of your testimony in this proceeding?

A. I will outline the steps FPUC has undertaken to identify, prioritize, and implement a series of capital projects specifically designed to storm

harden and modernize our distribution and transmission systems, as well as projects designed to improve the safety for our customers and employees.

Q. Please provide a brief summary of your testimony.

Since its acquisition by Chesapeake Utilities Corporation, FPUC has embarked on a much-needed, strategic approach to storm harden, modernize and improve the safety of its electric transmission and distribution systems. The initiatives identified in the Company's Petition represent critical projects that were needed to achieve our strategic goals for implementing long-term, sustainable improvements to our system focused on modernization, improving safety, and continuing our storm hardening objectives. This initial phase is focused primarily on capital projects that could be expected with an older system, such as FPUC's, that had not previously had the benefit of an aggressive modernization plan. Our overall plan for enhancing this system is comprehensive and intended to not only maintain existing system integrity, but to significantly improve reliability and performance for the long term. We know we have more to do. We have, however, already made great strides in terms of shoring up existing problem areas associated with aging equipment. In just the short amount of time since the Company's last rate case, FPUC has initiated a number of such critical projects, most of which have already been completed with a couple to be completed this

year. These projects have been critical for FPUC to undertake in order to continue modernizing its systems. Ultimately, the investments that have been made will position FPUC to aggressively approach the continued storm hardening and modernization improvements needed to ensure the safest, most reliable system possible for the benefit of our customers and employees. As a smaller company, we are particularly cognizant of the need to approach capital projects with an eye towards cost effectiveness. As such, each of the projects that I will describe in greater detail herein has been implemented in the most prudent, cost-effective manner possible.

Q. What projects are you including in this Petition?

A. There are three main projects included in this request. The first two are (1) system modernization and safety and (2) storm hardening, which respectively encompass several project components aligned with the goals of main project. The third project, discussed in witness Cutshaw's testimony, is the Florida Power and Light ("FPL") interconnect project.

Q. Why are the projects addressed in the Company's Petition critical?

A. As these facilities have aged, the added environmental stress of exposure to extreme weather conditions such as high heat, hurricanes and lightning has caused various components to fail more frequently than normal, resulting in longer lasting and more frequent service disruptions for our customers.

Facilities in our Northeast Division are subject to high levels of salt exposure resulting from their island location, which leads to abnormally high levels of corrosion in critical parts, such as connectors, splices and terminals. Consequently, when outages occur, restoration efforts often take longer and are more difficult, because these corroded parts must be replaced.

In the Company's Northwest Division, a significant portion of the Company's facilities are located in very distant, wet and wooded locations with limited access. As such, when compromised components fail, customers in the Northwest Division often must endure longer outage times due to the remote location of facilities in need of repair.

Q. Have all the initiatives included in this petition been completed?

A. Most of the specific initiatives included in the three projects for recovery have been completed or are anticipated to be completed by the end of 2017, with the exception of the Apalachicola River crossing. While work has begun on this initiative, the work on this project is highly susceptible to weather delays and may also be subject to longer permitting periods given that it traverses the Apalachicola River. As such, while the Company hopes to have this project finished in 2017, it is likely that it will not be completed until 2018.

Q. Which initiatives in this proposal have not been completed at this time?

A. At the time of my testimony, the following initiatives have not been completed: The Florida Power & Light ("FP&L") interconnection project, Decayed Pole Replacements, Miscellaneous Underground Cable Replacements, Substation Voltage Regulators, Purchase and Install Electronic Recloser, Overhead Re-Conductor along South Fletcher, Storm Hardening-Jackson County Hospital Feeder, Self-Healing Network (SHN) Reclosers and the Apalachicola River Crossing. The FP&L interconnection project will be discussed as part of the testimony of Company witness Cutshaw.

Q. What specific initiatives are included in the modernization and safety projects?

A. We have made the following investments for purposes of modernizing and improving the safety of our system:

i. Replaced conduit/cable - Forest Ridge condos;

ii. Installed loop underground feed in Amelia Park subdivision NE Division;

iii. Completed miscellaneous underground cable replacement NW Division;

iv. Replaced substation Voltage Regulators NW Division;

v. Purchased and installed electronic recloser NW Division;

vi. Installed Supervisory Control and Data Acquisition ("SCADA"); and

vii. Replaced self-healing network reclosers NE Division.

Q. What specific capital investments have you included in the storm hardening projects?

A. The following initiatives are associated with storm hardening:

i. Extended underground feeder #312 airport to Fletcher (NE Division);

ii. Replaced decayed poles identified by Osmose pole inspections in both Divisions;

iii. Phase down – Highway 73 (NW Division);

iv. Storm hardened the prison feeder from substation to high school (NW Division);

v. Replaced 69KV transmission line poles with concrete poles (NE Division);

vi. Installed overhead reconductor along south Fletcher (NE Division);

vii. Re-built Amelia Island substations (NE Division);

viii. Storm hardened the Jackson County Hospital feeder (NW Division); and

ix. Upgrading the Apalachicola River Crossing (NW Division).

GRID MODERNIZATION AND SAFETY

Q. Would you please identify the details behind each of the modernization/safety initiatives requested in this Petition?

A. Yes, the specifics of the individual projects are as follows:

A. **Replace conduit/cable - Forest Ridge condos-** The purpose of this project was to remove and replace failing underground cables that serve the Forest Ridge Condos in the Company's Northeast Division. The old underground cable had experienced several failures as a result of corrosion of the concentric neutral. These failures resulted in repeated, extended customer outages.

B. **Installed a loop underground feed in Amelia Park subdivision NE Division-** Current FPU design standards and current industry best practices require loop (backup) feeds on main underground services. When the original underground service to Amelia Park Subdivision was installed, a backup source was not our standard practice and thus was not installed. As such, without the loop underground feed, this service would be more likely to be subject to an underground cable failure that would result in an extended outage for our customers in this subdivision.

C. **Replaced underground cable NW Division-** This project consisted of replacing 25 to 30 year old concentric neutral underground cables that serve loads in the Oaks and North Oaks Subdivisions in the Northwest Division. The old underground cable serving these

subdivisions had experienced several failures as a result of corrosion of the concentric neutral. These failures resulted in repeated, extended customer outages.

D. **Replaced Substation Voltage Regulators NW Division-** Old voltage regulators in certain substations in the Northwest Florida (Marianna) Division were replaced with new units that utilize electronic controls. The Northwest Division is relatively rural in nature and has long feeders. The voltage regulators are needed to regulate voltage on these feeders and the old Voltage Regulators were regularly failing to operate correctly causing voltage fluctuations in service to customers.

E. **Purchased and installed electronic reclosers NW Division-** To improve reliability in our Northwest Division, we purchased and installed several new, three-phase electronic reclosers at strategic locations. Most overhead faults that cause outages are temporary and these reclosers automatically restore service quickly without requiring a lineman to respond. Strategically locating reclosers to replace fused disconnects greatly improves our ability to improve reliability to customers and reduces restoration costs by eliminating temporary faults caused by animals, lightning and limbs falling through lines.

F. **Installed SCADA** - To be able to monitor and control power flows throughout our Northeast distribution system, a new SCADA system was installed at J.L. Terry (JLT), Stepdown (SD) and Gum Street

Substations. With the three (3) on island generation sources at Rayonier, Westrock, and Eight Flags plus interconnection to JEA, we needed to be able to monitor and control power flows and generation levels and the SCADA system gives us this capability. An added benefit of the SCADA system is the ability to monitor the status of substation breakers, which improves our ability to restore power following interruptions and to bring generation back on line quicker without having to dispatch linemen to substations to get this critical information.

G. **Installed Self-healing network reclosers/NE Division-** The Self-Healing Network (SHN) Reclosers project utilizes single phase lateral protection strategically installed so that momentary outages for customers are reduced, which will improve system reliability. The reclosers represent the latest technology and are designed to reduce both momentary and longer customer outages, which is anticipated to reduce costs.

Q. Why was it critical to address these modernization/safety issues promptly?

A. In addition to the inconvenience and frustration of customers in the locations plagued by outage issues, when the old underground cables failed, the failures created voltage surges. These voltage surges carried the additional risk that other company equipment on the affected circuit, such as transformers and connectors, could be damaged by the surge.

In addition, there was a possibility that the voltage surges could impact customer equipment as well. Similar risks were associated with any delay in installing new voltage regulators. These projects were also critical because the frequency and length of failure had been increasing over recent years. Consequently, certain customers were experiencing longer outages than other neighborhoods because of the difficulty in locating and repairing underground services.

In particular, the voltage regulators have been in service for a number of years and were experiencing operational glitches and overt failures that rendered them unreliable. Therefore, the replacement of these components was critical in order to maintain proper voltage levels, as well as provide safe and reliable service to its customers.

Also, the SCADA system enables the Company to monitor power flows and generation parameters on our distribution system. Without this system, we would otherwise risk possible damage to generation equipment on the Company's distribution system, as well as customer-owned equipment.

Q. Had the Company delayed these modernization/safety projects, were there potential risks to the Company or its customers?

A. Yes. In addition to the concerns noted above, we determined that the longer we delayed correcting these issues, more outages could be expected to increase in frequency and duration. Furthermore, delay

would have resulted in the Company continuing to incur needless, additional expense associated with sending crews to areas to implement what was, for all intents and purposes, temporary fixes to the recurring problems.

Q. Since completion of these projects, what improvements have you seen?

A. We have already reaped the benefit of having no cable failures since that aspect of the initiatives was completed. Likewise, we expect to see fewer outages, which should translate into improvement in customer satisfaction. Most overhead faults that cause outages are temporary and the reclosers we have installed automatically restore service quickly without requiring a lineman to respond.

GRID STORM HARDENING

Q. Would you please identify the details behind each of the storm hardening projects requested in this Petition?

A. Yes, the projects that fall under storm hardening are as follows:

A. **Extended underground feeder #312 Airport to Fletcher (NE Division)-** The 312 feeder is an underground circuit that is being constructed to provide a backup source for the south end of Amelia Island. This will provide relief for other heavily loaded feeders serving

this area. This will also provide an additional service line into an area of the Island that has experienced numerous outages in the past. The increased load experienced in this area, as well as the fact that it is located near the end of the Company's distribution system on the island, has made this part of our system more susceptible to ongoing reliability issues. Construction of this feeder is necessary for FPUC to continue to improve service levels to this area on a consistent basis.

B. **Replaced decayed pole replacements from Osmose pole inspections in both Divisions-** The projects included as part of this initiative are the 2015, 2016 and 2017 decayed pole replacements that were identified by either the Osmose Utilities Services, Inc. pole inspections or the Company's own pole inspections. Given the age and locations of each of FPUC's systems, both transmission and distribution wood poles become susceptible to rapid decay, resulting in more frequent problems that lead to service interruptions. The Company diligently inspects its system and when decayed poles are identified, the poles are replaced as soon as possible with either concrete poles on the transmission system, or higher strength class wood poles on the distribution system. The Company is seeking recovery for the replacement of decayed wood transmission poles with concrete poles (Reference Item E below) and decayed distribution wood poles with higher strength class wood poles. All of the replacement poles meet or

exceed the extreme wind load rating requirements specified by the National Electric Safety Code ("NESC"). Installation of these new poles will improve system reliability in hurricanes and other high wind events and will also enable faster service restoration after severe storms due to fewer broken poles.

C. **Completed Phase down – Highway 73 (NW Division)-** Customers were experiencing low voltage issues, such as air conditioning units not starting, continuous light flickering and appliance failures, along Highway 73 South in the Northwest Division. A third phase was installed on the single phase line serving this area to correct these issues. Over recent years, the noted low voltage issues and increased frequency of outages had resulted in escalating customer complaints served from this portion of our distribution system. The most efficient and cost effective remedy to the existing voltage issues was to install a third phase onto the single phase line in the area.

D. **Storm hardened the prison feeder from substation to high school (NW Division)-** The Prison Feeder is the distribution line served out of the Caverns Road Substation that primarily serves the federal prison in the Company's Northwest Division. The poles, and much of the line materials, were over 25 years old and had deteriorated significantly. The distribution feeder to the prison needed to be replaced in order to ensure continued service to the prison. The scope of this activity

included not only strengthening this critical distribution line, but also relocating certain switches that will now allow the Marianna High School to be served by this feeder. Because the new feeder would be a more reliable facility and due to the relative proximity to Marianna High School, we also determined that it would be prudent to take the necessary additional steps to transfer Marianna High to this new feeder, because of the school's importance to the community as both a school and a shelter facility. This initiative also included replacing the old wood poles with new higher strength wood poles, replacing old insulators, and replacing the old underground cables serving the Prison.

E. **Replaced 69KV pole with concrete pole (NE Division)**-This Project includes the replacement of 69kV Transmission wood poles with concrete poles as was stipulated in our approved storm hardening plan. Many of the wood poles replaced were identified as critically decayed by our pole inspection contractor, Osmose Utility Services, while others were replaced due to their location in a marsh area. Certain others were installed to connect the Gum Street Substation to the J.L. Terry Substation. As previously noted, given the age and location of FPUC's system, transmission wood poles become susceptible to rapid decay and more frequent problems that lead to service interruptions. These newly installed poles meet or exceed the extreme wind load rating requirements specified by the National Electric Safety Code and can be expected to

improve future service restoration times following severe storms due to fewer broken poles.

F. **Overhead reconductor along south Fletcher (NE Division)-** This project was undertaken to replace the old copper conductors with new aluminum conductors and to storm harden the South Fletcher line from Atlantic Avenue to Sadler Road. We have experienced several failures of the old copper conductors on this feeder. The old copper conductors had become brittle due to constant heating. In several cases, failure of these components resulted in downed power lines that caused fires and damage to customers' property.

G. **Re-build Amelia Island substations (NE Division)-** This item includes the new Gum Street Substation, re-location of the Chip Mill Substation and re-building of the Amelia Island Plantation (AIP) Substation.

The Company constructed a new Gum Street Substation to serve the Eight Flags CHP and Rayonier Advanced Materials ("Rayonier") Plant. This substation is now a critical part of delivering power supplied by the on-island generation into our distribution system, which supports all of FPUC's customers on Amelia Island.

The Chip Mill Substation originally was scheduled to be re-built as part of the Storm Hardening Plan, but due to extreme corrosion problems, was re-located into the Gum Street Substation. Since the Gum Street

Substation was being built within 1,000 feet of the old Chip Mill Substation, it was more cost effective to re-locate instead of re-building it. Another benefit was to move the substation further from the wood chipping machine and chip pile that creates dust and other contaminates. As it relates to the projects identified in the Attachment A to the Company's last rate case settlement, I note that, after careful evaluation of our system's needs, as well as risks, these substation installations took precedence over the AIP substation identified in the exhibit. The Company still intends to pursue the AIP substation project, which is now planned in 2019 as part of the Company's ongoing reliability plan.

H. **Storm harden Jackson County Hospital feeder (NW Division)** This project is to storm harden the critical feeder that serves the Jackson County Hospital load in our Northwest Division. This effort includes upgrading poles and line equipment to meet current NESC extreme wind loading requirements. This reinforcement of service to an essential customer is part of our ongoing storm hardening plan to strengthen the critical infrastructure of our system that serves entities critical to the communities we serve, such as in this case the Jackson County Hospital.

I. **Apalachicola River Crossing (NW Division) -** Currently, FPUC serves the City of Bristol, as well as numerous other customers (approximately 900) in Liberty County, with a single 12.47kV circuit that is over thirty (30) years old. Approximately twenty (20) wood poles

along this line are located within the flood plain of the Apalachicola River. It is not unusual for these poles to be inaccessible for three to five months per year due to high water. If one of these poles failed during a period in which the water level in the river is at, or near, flood stage, restoration might take weeks to complete, during which time we would have no other means to serve these customers. Our plan is to replace the wood poles that are currently located in the River's flood plain with storm hardened concrete poles, thereby reducing significantly the likelihood of an issue on this line associated with pole failure. While this is one of the projects that the Company has not yet completed, we anticipate moving this project forward as quickly as conditions and permitting will allow.

Q. Why was it critical to address the transmission and distribution pole storm hardening issues promptly?

A. Replacement of these decayed poles is critical to FPUC's customers because when left in place, these decayed poles become a primary source of service interruption. By aggressively replacing these poles through proactive identification, service to our customers becomes more reliable and predictable. Moreover, replacing these poles is critical to our ability to re-establishing service quickly after a storm event, it also decreases the safety risk to our employees and the public.

Q. Had the Company delayed these pole-related storm hardening projects, were there potential risks to the Company or its customers?

A. Yes. As stated above, addressing decayed poles as part of re-establishing service inherently adds risk to our employees, as well as lengthens the time of an outage for our customers. Moreover, when the failure of a decayed pole is the reason for an outage or a contributing factor, the manpower and employee hours necessary to re-install a pole and restore service is typically exponentially greater than most other equipment failure situations.

Q. Why was it critical to address the prison storm hardening issue promptly?

A. The deteriorated condition of the existing Prison Feeder necessitated prompt action to avoid prolonged service outage to the prison. It was essential to harden the prison feeder because the prison's security system depends on electricity for operation. While the prison does have a back-up generator, any extended outage, as might occur were the feeder to fail completely, would be significantly problematic. As for the Marianna High School, the ability to shift this critical facility to a more reliable feeder in advance of another hurricane season will improve the likelihood that those seeking shelter during a significant weather event will have a greater level of comfort and security during the event, as well

as the ability to access electricity for communication purposes, such as recharging cell phones which can be critical in the aftermath of a storm.

Q. Had the Company delayed the prison storm hardening projects, were there potential risks to the Company or its customers?

A. If the prison feeder had been delayed, there would be significant risk to the guards and the public, along with risk to being able to maintain service to a storm shelter.

Q. Why was it critical to address the Highway 73 storm hardening issue promptly?

A. We determined that the longer replacement was delayed, the more frequent and longer duration outages would escalate. Furthermore, delay would have resulted in the Company continuing to incur needless additional expense associated with sending crews to the area to implement what was, for all intents and purposes, a temporary fix to a recurring problem.

Q. Had the Company delayed the Highway 73 storm hardening project, were there potential risks to the Company or its customers?

A. Yes. The low voltage issues had the potential of causing heat-related damage to our customers' pumps, motors, and air conditioner compressors.

Q. Why was it critical to address the Amelia Island Substation storm hardening issue promptly?

A. The new Gum Street Substation was needed to tie the Eight Flags CHP into the FPU distribution system. It also provides upgraded service to Rayonier and Coastal Chips. Rayonier and Coastal Chips were experiencing power interruptions due to aging and corroded equipment, which adversely affected both customers' ability to operate. As for the Chip Mill substation, this facility had already been identified for replacement under our Storm Hardening Plan due to its corroded state.

Q. Why was it critical to address the Overhead Re-conductor along South Fletcher promptly?

A. The old copper overhead conductors were not only causing customer outages but in many cases, the downed power lines were creating safety concerns and damage that had to be addressed promptly.

Q. Had the Company delayed the Overhead Re-conductor storm hardening project, were there potential risks to the Company or its customers?

A. Yes. Had we delayed this aspect of our storm hardening, we faced increased risk of down power lines in certain areas. We had already faced instances in which downed power lines caused fires and property damage; thus, the potential for any more down lines, and the associated fire and property damage risk, as well as the increased safety risk for

anyone that might come in contact with such downed lines, elevated our sense of urgency to address this issue quickly.

Q. Why was it critical to address Jackson County Hospital storm hardening project promptly?

A. The Jackson County Hospital is one of the most critical loads served in our Northwest Division. FPUC had been informed by the Hospital that on several occasions, the Hospital's backup generator had not operated correctly during power interruptions. As with any community, the hospital is a critical facility to which service reliability is a priority. As such, we prioritized this project, particularly given the information received from the Hospital regarding the performance of its backup generator.

Q. If the Company delays the Apalachicola River Crossing storm hardening project, are there potential risks to the Company or its customers?

A. If the Apalachicola River Crossing project is delayed, our customers in Bristol and Liberty County, especially medical facilities, police and fire departments, are at risk of being without electric service for a substantial amount of time if any of the old wood poles in the river's flood plain fail at a time when the river is flooded.

Q. Since completion of the storm hardening projects, what improvements have you seen?

A. There are several improvements already occurring as a result of these projects:

1) We have not experienced a failure of a storm-hardened pole due to extreme winds and storms. As an example, the Northeast Division (Amelia Island) suffered major damages to the distribution system from Hurricane Matthew, which skirted the island last fall. Notably, not one storm-hardened pole failed in that event, in spite of the hurricane-force winds that we experienced. Our extremely prompt service restoration time following Hurricane Matthew (55 hours) and the fact that none of the storm-hardened poles failed during that event are both indicative of the value and importance of these projects.

2) Since completion of the extension of feeder 312, there has been a reduction in the number of service outages, as well as a reduction in the duration of any outages that do occur.

3) Re-locating and replacing the old switching equipment at the Chip Mill Substation has provided a safer work environment for our crews and reduces contamination by distancing it from the chipping equipment and chip pile.

Q. Does this complete your testimony?

A. Yes, it does.

Direct Testimony of P. Mark Cutshaw
On Behalf of
Florida Public Utilities Company

Q. Please state your name and business address.

A. My name is P. Mark Cutshaw, 1750 South 14th Street, Suite 200, Fernandina Beach, Florida 32034.

Q. By whom are you employed?

A. I am employed by Florida Public Utilities Company ("FPUC" or "Company").

Q. Could you give a brief description of your background and business experience?

A. I graduated from Auburn University in 1982 with a B.S. in Electrical Engineering and began my career with Mississippi Power Company in June 1982. I spent 9 years with Mississippi Power Company and held positions of increasing responsibility that involved budgeting, as well as operations and maintenance activities at various Company locations. I joined FPUC in 1991 as Division Manager in our Northwest Florida Division and have since worked extensively in both the Northwest Florida and Northeast Florida Divisions. Since joining FPUC, my responsibilities have included all aspects of budgeting, customer service, operations and maintenance in both the Northeast and Northwest Florida Divisions. My responsibilities also included involvement with Cost of Service Studies and Rate Design in other rate proceedings before the

Commission as well as a variety of other regulatory issues. During 2015 I moved into my current role as Director, Business Development and Generation.

Q. Have you previously testified before the Florida Public Service Commission ("Commission")?

A. Yes, I've provided testimony in a variety of Commission proceedings, including the Company's 2014 rate case, addressed in Docket No. 140025-EI. Most recently, I provided written, pre-filed testimony in Docket No. 160001-EI, the Commission's regular fuel cost recovery proceeding, and also provided both pre-filed and live testimony the prior year, in Docket No. 150001-EI, regarding the Company's interconnection project with Florida Power & Light Company ("FPL"), which is also the subject of my testimony in this proceeding.

Q. What is the purpose of your direct testimony?

A. My direct testimony addresses the construction of the transmission interconnection project that will allow FPUC to have a transmission interconnection with FPL (FPL Interconnect). The Company is asking that the Commission allow the Company to move this project into rate base in light of the Supreme Court's decision No. SC 16-141, issued March 16, 2017, overturning the Commission's decision in Order No. PSC-15-0586-FOF-EI to allow the Company to recover the depreciation

expense, taxes other than income taxes and a return on investment for the FPL Interconnect through the Company's fuel cost recovery clause.

Q. What was the purpose for constructing an interconnection with FPL?

A. FPUC has identified two significant benefits associated with the construction of a transmission interconnection with FPL. First, the interconnection provides the ability to access additional wholesale power options, and second it improves the overall transmission reliability for FPUC's customers on Amelia Island. This results in benefits to FPUC's customers by not only providing improved reliability, but also the potential to lower purchased power costs to our customers.

Q. Would you please discuss these benefits?

A. Yes. First, having the additional 138 KV transmission interconnection with FPL provides the ability to access additional wholesale energy providers through a solid, unconstrained transmission network. This interconnection allowed FPUC to issue a "Solicitation for Proposals to Provide Power Supply and Ancillary Services for Florida Public Utilities Company" to selected wholesale power suppliers for the purpose of providing an all requirements wholesale service to the Northeast Florida Division effective January 1, 2018. Without this transmission interconnection, existing transmission constraints eliminated the ability of certain providers to participate in the solicitation. As a result of this

interconnection, other providers were able to participate in the Company's most recent solicitation which enabled the Company to secure a more competitive arrangement for wholesale power which directly benefits FPUC's customers.

Second, the existing transmission system is connected only to the Jacksonville Electric Authority ("JEA") electrical transmission grid. This project will allow the direct connection to the FPL electrical transmission grid while still preserving the direct connection to JEA's electrical transmission grid. Should an issue occur for which transmission service is unavailable for one company, the other company should be available to provide the service, which should reduce electric outages to customers on Amelia Island.

I note that in the 2015 Fuel Cost Recovery proceeding, the Commission acknowledged that the parties to that proceeding did not dispute the benefits of the proposed interconnection with FPL.[1] Furthermore, as I will describe below, the benefit of opening the door for competitive supply options from other providers, as contemplated in the prior proceeding, has already come to fruition.

1 Order No. PSC-15-0586-FOF-EI, issued December 23, 2015, in Docket No. 150001-EI, at p. 15.

Q. What is the estimated cost for constructing an interconnection with FPL?

A. The estimated cost for constructing the interconnection includes both internal and external costs. These costs include amounts necessary for FPUC, FPL and JEA to make modifications to their respective transmission systems for the benefit of FPUC, which is currently estimated to be $2,930,668.

Q. Can you provide some additional background on the transmission interconnect project with FPL?

A. Yes. Historically, FPUC's ability to secure competitive wholesale power quotations has been hindered by the limitation on the transmission interconnections providing power to FPUC's Northeast Florida Division on Amelia Island. At present, the FPU 138 KV transmission is directly connected to the JEA 138 KV transmission system. The FPUC 138 KV transmission line is a dual circuit, single pole line, which includes several miles of line located in relatively inaccessible marshy areas. This transmission line serves as the only off-island power supply to Amelia Island. In order to help mitigate the issues for wholesale power proposals, FPUC proposed an interconnection with the FPL transmission system, which is located in very close proximity to the existing FPUC transmission system. Numerous discussions between FPUC and FPL

occurred in which possible benefits to both companies were identified and confirmed. Although the initial engineering design did not receive local approval, an alternative design was developed which received approval from all parties in 2016.

Q. Can you provide an update on the transmission interconnect project with FPL?

A. Yes. Currently, FPUC, FPL and JEA are working on separate projects that will allow completion of the transmission interconnection project prior to the end of 2017. The projects will include modifications at the JEA Nassau Substation, FPL 230 KV transmission line, FPL Yulee Substation, FPL Oneil Substation, FPUC 138 KV transmission line and the FPUC Stepdown Substation.

Q. When will construction of the FPL transmission interconnection be completed and what is the in-service date?

A. Construction is currently underway on all phases of the project. Completion is scheduled for the fourth quarter of 2017 so that testing of the system can be completed and ready for the in-service date of December 31, 2017.

Q. When can customers anticipate seeing savings as a result of this new interconnect with FPL?

A. Based upon the "Native Load Firm All Requirements Power and Energy Agreement Between Florida Public Utilities Company and Florida Power

& Light Company" which was executed on April 10, 2017, FPUC customers can expect to see a reduction in the purchased power cost beginning January 1, 2018.

Q. Does this conclude your testimony?

A. Yes.

Direct Testimony of Michael Cassel
On Behalf of
Florida Public Utilities Company

Q. Please state your name and business address.

A. My name is Michael Cassel, my business address is 1750 South 14th Street, Suite 200, Fernandina Beach, Florida 32034.

Q. By whom are you employed?

A. I am employed by Florida Public Utilities Company ("FPUC" or "Company").

Q. Could you give a brief description of your background and business experience?

A. I received a Bachelor of Science Degree in Accounting from Delaware State University in Dover, Delaware in 1996. I was hired by Chesapeake Utilities Corporation ("CUC") as a Senior Regulatory Analyst in March 2008. As a Senior Regulatory Analyst, I was primarily involved in the areas of gas cost recovery, rate of return analysis, and budgeting for the CUC's Delaware and Maryland natural gas distribution companies. In 2010, I moved to Florida in the role of Senior Tax Accountant for CUC's Florida business units. Since that time, I have held various management roles including Manager of the Back Office in 2011, Director of Business Management in 2012. I am currently the Director of Regulatory and Governmental Affairs for CUC's Florida business units. In this role, my responsibilities include directing the regulatory and governmental affairs

for the Company in Florida including regulatory analysis, and reporting and filings before the Florida Public Service Commission (FPSC) for FPU, FPU-Indiantown, FPU-Fort Meade, Central Florida Gas, and Peninsula Pipeline Company. Prior to joining Chesapeake, I was employed by J.P. Morgan Chase & Company, Inc. from 2006 to 2008 as a Financial Manager in their card finance group. My primary responsibility in this position was the development of client specific financial models and profit loss statements. I was also 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 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.

Q. Have you previously testified before the Florida Public Service Commission ("Commission")?

A. I've provided written, pre-filed testimony in a variety of the Company's annual proceedings, including the Fuel and Purchased Power Cost Recovery Clause, Docket No. 160001-EI and the GRIP Cost Recovery Factors proceeding, Docket No. 160199.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to explain the financial analysis and options considered underlying the Company's decision to pursue rate relief through a limited proceeding, to sponsor the required minimum filing requirement ("MFR") schedules, to provide context for the initiatives included in this request as compared to the initiatives identified in the Company's 2014 rate case settlement in Docket No. 140025-EI, and to provide support for the calculation of the requested revenue requirement and rate adjustments.

Q. Were the MFR schedules filed by the Company completed by you or under your direct supervision?

A. They were completed under my direct supervision and review.

Q. Which MFR schedules is the Company providing in support of this filing?

A. I am attaching, as composite Exhibit MDC-1, supporting MFR Schedules A-1, B-1, B-2, C-1, C-2, D-1a, and D-1b.

Q. Are you providing any other supporting documents with this filing?

A. Yes. I am also sponsoring the following Exhibits:

1. Exhibit MDC-2.

Page 1: This schedule details the initiatives that were requested in this Petition along with the associated revenue requirement.

Page 2: This schedule starts with Exhibit A of the Stipulation and Settlement Agreement between the Company and OPC, dated August 29, 2014 and subsequently approved by the Commission on September 29, 2014, in Order PSC-14-0517-S-CI of Company's most recent base rate proceeding (Docket 140025-EI). It shows the Company's progress on those initiatives, as well as the additional investments that have been made. To be clear, not all of the initiatives identified as part of the Stipulation and Settlement Agreement Attachment A have been included in this Petition; however, all are planned to be completed by the end of 2019.

2. MDC-3: This schedule details the calculation and distribution of the revenue requirement requested in this Petition across the Company's rate schedules.

3. MDC-4:

Page 1: This schedule is a comparison of the current to proposed rates for the Company's rate schedules.

Page 2: This schedule is a comparison of the current to proposed rates for the outdoor lights rate schedule.

Q. Are the investments included in this filing appropriate for inclusion in the Company's rate base?

A. Yes. The Company's petition outlines three primary projects that are included for cost recovery. As further detailed in the testimony of Company witness Shelley, the first project is a multi-year initiative designed to storm harden the Company's energy delivery systems with the goals of improving overall reliability and safety. A significant part of this initiative is the Company's on-going effort to storm harden critical assets as directed by the Commission's approved storm hardening plan. Witness Shelley will also further elaborate on the second project, which is also a multi-year initiative designed to modernize and improve the safety of the Company's systems, while also equipping the system to take advantage of emerging electric system technology advances.

The third project is the construction of an interconnection with Florida Power and Light ("FPL") in Nassau County, Florida, that FPUC anticipates will lower the cost of wholesale power to its customers, as outlined in the testimony of Company witness Cutshaw.

The investments included in this filing represent prudent improvements to the Company's primary assets: poles, wires, and substation equipment, as well as the addition of a new access point for purchased power.

Q. Why is the Company seeking rate relief at this time for its grid modernization and improvement investments?

A. Subsequent to its 2014 base rate proceeding, the Company has continued to invest capital in grid modernization and storm hardening, as well as the

critical FPL interconnection project. While these modernization and improvement investments are important in meeting customer expectations and operating a reliable energy delivery system, they do not directly result in increased customers or incremental revenue. Consequently, these non-revenue producing investments are contributing to an erosion in its financial circumstance. The December 31, 2016 Earnings Surveillance Report showed that the Company's average return on equity had declined to 7.75%, well below its authorized range of 9.25% to 11.25%. The Company is entitled to earn a reasonable return on prudent investments.

Q. What filing options did the Company evaluate to achieve rate relief?

A. Three filing options were evaluated: 1) a surcharge mechanism similar to the pipeline replacement surcharge mechanism approved by the Commission for certain natural gas utilities, 2) a full base rate proceeding and 3) a limited proceeding.

Q. Did the Company pursue the surcharge mechanism option?

A. Yes. The Company originally filed a surcharge mechanism with the Commission in February 2017 (Docket 170033). The Company subsequently withdrew its petition on April 13, 2017, in order to pursue a limited proceeding for more targeted recovery of critical projects.

Q. Given that the Company's current returns are substantially lower than the authorized mid-point, why not file a full rate case?

A. In contemplating a full rate case, the Company considered the following issues. First, the rate impact to our customers was of primary concern. Given the total system improvement investment level anticipated over the next several years, it was clear that multiple rate proceedings may be necessary to adequately address the projected revenue requirement deficiencies resulting from the investments. We considered the significant cost of filing not just one, but several, full base rate proceedings. The average cost of a full base rate proceeding for a small company such as FPUC, is close to $1 million. Given the limited scope and nature of this request, as compared to a full base rate proceeding, it simply was not deemed reasonable to burden ratepayers with such an expense to recover the cost of the system improvement investments in this limited filing. Second, the preparation and processing time for a full case typically runs anywhere from 8 months to just over a year. If the Company were required to wait a year for rate relief, it would lead to delays in the planned system improvement investments. Third, as noted above, the Commission completed a full base rate review of the Company in late 2014 (with a projected test year ending September 2015) which included a reduction of the Company's mid-point authorized ROE to 10.25%.

Q. Will a limited proceeding completely satisfy the Company's need for rate relief?

A. If the Commission grants the Company's request in total, the relief provided will be sufficient to delay a full rate proceeding, but will not negate entirely the need for the Company to pursue a full base rate proceeding within the foreseeable future. By its very nature, a limited proceeding is designed to focus on a very specific set of circumstances, or in this case, a specific set of investments. The initiatives addressed in this proceeding represent only a portion of the Company's total investments, and the requested revenue requirement is specifically tied to the limited set of investments in this filing. As such, the Company will need to pursue a full base rate proceeding in the foreseeable future to address earnings and additional initiatives not included in this petition. Utilization of the limited proceeding vehicle does, however, mitigate the Company's concerns regarding the expense and time associated with a full base rate proceeding. Commission approval will enable the Company to recover the revenue requirement on a limited group of investments, which will further enable the Company to pursue additional system improvements without delay.

Q. Can you outline the intent of the project list set forth in Attachment B to the Company's Petition?

A. Yes. Attachment B to the Company's Petition is the list of projects originally contained in Exhibit A to the Commission-approved Settlement of the Company's 2014 rate proceeding. As I mentioned above, since the

Chesapeake Utilities Corporation acquisition of FPUC, the Company has invested approximately $29 million in modernizing and improving its energy delivery system. In the rate case settlement discussions with OPC, the Company asserted that it fully intended to continue those improvements beyond the end of the September 2015 projected test year. As part of the settlement, the Company agreed (Section III) to, ". . . use all reasonable and prudent efforts to continue implementing infrastructure projects, consistent with those outlined in the attached demonstrative Exhibit A. . . ." The referenced Exhibit A to the Settlement Agreement includes a list of the types of initiatives that the Company contemplated completing over the period 2016-2019. This schedule has been included for ease of reference as Attachment B to the Company's Petition. The Settlement goes on to note that the project list is, "...in no way intended to constrain or otherwise restrict FPUC's ability to undertake other capital projects that it deems necessary and prudent for purposes of ensuring reliable service to its customers." The list included initiatives from the Company's five-year capital improvement plan. Some, but not all, of the projects on that list have been included for recovery in the instant request. As explained in the testimony of witness Shelley, circumstances necessitated that certain projects take precedence over projects identified on the list included with the Settlement.

Q. What is the status of the initiatives that were listed in the exhibit to the 2014 Settlement?

A. I have included an analysis of those projects on page 2 of my exhibit MDC-2. As set forth therein, the Company is approximately eighteen months into the forty-eight month (2016-2019) time-period contemplated by Exhibit A to the Settlement Agreement. The list included thirty-six initiatives. As of the filing date of the instant petition, the Company has completed approximately 48% of the initiatives originally identified on Exhibit A with several additional initiatives anticipated for completion by the end of 2017, weather and operational circumstances permitting. Company witness Buddy Shelley's testimony provides a more complete description of the initiatives.

Q. Was the revenue requirement for the initiatives listed in Exhibit A to the Settlement included in the Company's base rate increase in Docket 140025-EI?

A. No. These initiatives were part of the Settlement Agreement to reflect additional planned improvements that the Company was committed to moving forward on, but the revenue requirement associated with those anticipated projects was not included for recovery in the 2014 rate case.

Q. What is the total capital investment and revenue requirement requested by the Company?

A. As provided in my attached Exhibit MDC-1, the total capital investment requested, in this Petition, by the Company is $15,241,515 with an associated revenue requirement of $1,823,869.

Q. Does this conclude your testimony?

A. Yes it does.

EXHIBIT _____(MDC-1)
Composite

Schedules A1, B1, B2,C1, C2, D1a, and D1b

Florida Public Utilities Company
Limited Proceeding Electric
Estimated First Year Revenue Requirements

Docket No.
Exhibit **MDC-1 Page 1 of 7**
Schedule **A-1**

1	**Project Capital Cost**	$ 15,241,515
2	**13-Month Average Projected Capital Cost**	$ 12,060,074
	Revenue Requirement Calculation	**Projected 2017**
3	Jurisdictional Adjusted Rate Base	$ 11,850,296
4	Rate of Return on Rate Base	5.7200%
5	Required Jurisdictional Net Operating Income (Line 2 x 3)	$ 677,837
6	Required Net Operating Income (Line 4)	$ 677,837
7	Jurisdictional Adjusted Net Operating Income (Loss)	$ (438,704)
8	Net Operating Income Deficiency (Excess) (Line 5-6)	$ 1,116,541
9	Net Operating Income Multiplier	1.6335
10	Revenue Requirement (Line 7 x 8)	$ 1,823,869

Schedule B-1

ADJUSTED RATE BASE
FOR ADDITIONS REQUESTED IN THE LIMITED PROCEEDING

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: Florida Public Utilities Company
Consolidated Electric Division

EXPLANATION: Provide a schedule of the 13-month average adjusted rate base for the test year, the prior year and the most recent historical year. Provide the details of all adjustments on Schedule B-2.

Type of Data Shown:
Projected Test Year Ended December 31, 2017

Line No.		(1) Plant in Service	(2) Accumulated Provision for Depreciation and Amortization	(3) Net Plant in Service (1 - 2)	(4) CWIP - No AFUDC	(5) Plant Held For Future Use	(6) Nuclear Fuel - No AFUDC (Net)	(7) Net Utility Plant	(8) Working Capital Allowance	(9) Other Rate Base Items	(10) Total Rate Base
1	System Per Books (B-3)	10,679,670	(209,778)	10,469,892	1,380,404	0	0	11,850,296			11,850,296
2	Jurisdictional Factors	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
3	Jurisdictional Per Books	10,679,670	(209,778)	10,469,892	1,380,404	-	-	11,850,296	-	-	11,850,296
4	Adjustments:										
5											
6								-			-
7											-
8											-
9											-
10											-
11											-
12											-
13											-
14											-
15											
16											
17											
18											
19											
20											
21											
22											
23											
24											
25											
26											
27											
28	Total Adjustments	-	-	-	-	-	-	-	-	-	-
29											
30	Adjusted Jurisdictional	10,679,670	(209,778)	10,469,892	1,380,404	-	-	11,850,296	-	-	11,850,296

Schedule B-2

RATE BASE ADJUSTMENTS
FOR ADDITIONS REQUESTED IN THE LIMITED PROCEEDING

Docket No.:

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: Florida Public Utilities Company
Consolidated Electric Division

EXPLANATION:

List and explain all proposed adjustments to the 13-month average rate base for the test year,the prior year and the most recent historical year. List the adjustments included in the last case that are not proposed in the current case and the reasons for excluding them.

Type of Data Shown:
Projected Test Year Ended December 31, 2017

Line No.	Adjustment Title	Reason for Adjustment or Omission (provide supporting schedule)	(1) Adjustment Amount	(2) Jurisdictional Factor	(3) Jurisdictional Amount of Adjustment (1) x (2)
1	PLANT				
2	Commission Adjustment:				
3	NONE IN RELIABILITY PROJECTS ON MFR B-1				
4					
5					
6					
7					
8					
9				100%	-
10				100%	-
11				100%	-
12	Total	"	-	100%	-
13					
14					
15					
16					
17	Company Adjustment:				
18	Common Allocation				
19					
20	WORKING CAPITAL				
21	NONE IN RELIABILITY PROJECTS ON MFR B-1				
22					
23					-
24					-
25				100%	-
26	Total		-	100%	-
27					-
28					
29	Company Adjustment:				
30	None				

Schedule C-1 (2017)

ADJUSTED JURISDICTIONAL NET OPERATING INCOME
FOR ADDITIONS REQUESTED IN THE LIMITED PROCEEDING

Docket No.:

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division

EXPLANATION: Provide the calculation of jurisdictional net operating income for the test year, the prior year and the most recent historical year.

Type of Data Shown:
Projected Test Year Ended December 31, 2017

Line No.		(1) Total Company Per Books	(2) Non-Electric Utility	(3) Total Electric (1)-(2)	(4) Jurisdictional Factor	(5) Jurisdictional Amount (3)x(4)	(6) Jurisdictional Adjustments (Schedule C-2)	(7) Adjusted Jurisdictional Amount (5)+(6)
1	Operating Revenues:							
2	Sales of Electricity	-		-	100%	-		-
3	Other Operating Revenues	-		-	100%	-		-
4	Total Operating Revenues	-		-	100%	-		-
5								
6	Operating Expenses:							
7	Operation & Maintenance:							
8	Fuel	-		-	100%	-		-
9	Purchased Power	-		-	100%	-		-
10	Other	50,000		50,000	100%	50,000		50,000
11	Depreciation	461,353		461,353	100%	461,353		461,353
12	Amortization	-		-	100%	-		-
13	Decommissioning Expense	-		-	100%	-		-
14	Taxes Other Than Income Taxes	305,564		305,564	100%	305,564		305,564
15	Income Taxes	(378,213)		(378,213)	100%	(378,213)		(378,213)
16	Deferred Income Taxes-Net	-		-	100%	-		-
17	Investment Tax Credit-Net	-		-	100%	-		-
18	(Gain)/Loss on Disposal of Plant	-		-	100%	-		-
19	Total Operating Expenses	438,704		438,704	100%	438,704	-	438,704
20								
21	Net Operating Income	(438,704)		(438,704)	100%	(438,704)	-	(438,704)
22								
23								
24								
25								
26								
27								
28								
29								
30								
31								
32								

NET OPERATING INCOME ADJUSTMENTS
FOR ADDITIONS REQUESTED IN THE LIMITED PROCEEDING

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division

EXPLANATION: Provide a schedule of net operating income adjustments for the test year, the prior year and the most recent historical year. Provide the details of all adjustments on Schedule C-3.

Type of Data Shown:
Projected TYE December 31, 2017

Line No.		Jurisdictional Amount Schedule c1 Col. 5	Adjustments (1) Proforma Depreciation & Property Tax	(2) Interest Synchronization				Total Adjustments	Adjusted Jurisdictional NOI
1	Operating Revenues:								
2	Sales of Electricity							-	-
3	Other Operating Revenues		-						-
4	Total Operating Revenues	-	-	-	-	-	-	-	-
5									
6	Operating Expenses:								
7	Operation & Maintenance:								
8	Fuel (nonrecoverable)	-						-	-
9	Purchased Power	-						-	-
10	Other	50,000						-	50,000
11	Depreciation	302,093	159,260					159,260	461,353
12	Amortization							-	-
13	Decommissioning Expense	-						-	-
14	Taxes Other Than Income Taxes	214,052	91,511					91,511	305,564
15	Income Taxes	(218,391)	(96,735)	(63,087)				(159,822)	(378,213)
16	Deferred Income Taxes-Net							-	-
17	Investment Tax Credit-Net	-						-	-
18	(Gain)/Loss on Disposal of Plant	-						-	-
19									
20	Total Operating Expenses	347,755	154,036	(63,087)	-	-	-	90,949	438,704
21									
22	Net Operating Income	(347,755)	(154,036)	63,087	-	-	- -	(90,949)	(438,704)
23									
24									
25									
26									
27									
28									
29									
30									
31									
32									
33									
34									

Schedule D-1a

COST OF CAPITAL - 13-MONTH AVERAGE

Exhibit MDC-1 Page 6 of 7
Docket No.:

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: Florida Public Utilities Company
Consolidated Electric Division

EXPLANATION: Provide the company's 13-month average cost of capital for the test year.

Type of Data Shown:

Projected Test Year Ended December 31, 2017

13-Month Average Projected 2017

Line No.	Class of Capital	(A) Company Total Per Books	(B) Specific Adjustments	(C) Pro Rata Adjustments	(D) System Adjusted	(E) Jurisdictional Factor	(F) Pro-Rata Allocation	(G) Jurisdictional Capital Structure	(H) Ratio	(I) Cost Rate	(J) Weighted Cost Rate	(K) Limited Proceeding Rate Base	(L) Limited Proceeding Interest Expense (K * I)
					Regulatory Capital Structure								
1	Long Term Debt	181,785,487			181,785,487	100%	7.09%	11,662,275	0.1482	4.62%	0.68%	1,756,086	81,131
2	Long Term Debt - FPU only	6,892,095			6,892,095	100%	24.99%	1,722,335	0.0219	12.25%	0.27%	259,346	31,770
3	Short Term Debt	202,326,109			202,326,109	100%	7.09%	14,352,824	0.1824	1.82%	0.33%	2,161,224	39,334
4	Preferred Stock	0			0	100%	7.09%	0	0.0000	0.00%	0.00%	-	0
5	Common Equity	465,355,473	4,575,651		469,931,124	100%	7.09%	33,336,469	0.4236	10.25%	4.34%	5,019,749	
6	Customer Deposits	3,209,653			3,209,653	100%		3,209,653	0.0408	2.34%	0.10%	483,304	11,309
7	Deferred Income Taxes	14,415,006			14,415,006	100%		14,415,006	0.1832	0.00%	0.00%	2,170,587	0
8	ITC-Zero Cost	0			0	100%		0	0.0000	0.00%	0.00%	-	0
9	ITC- Weighted Cost	0			0	100%		0	0.0000	5.34%	0.00%	-	0
10													
11	TOTAL	873,983,823	4,575,651		878,559,474			78,698,562	1.0000		5.72%	11,850,296	163,545
12													
13													

Line No.	Class of Capital	Company Total Per Books	Ratio	Cost Rate	Weighted Cost Rate
14					
15					
16					
17		**Conventional Capital Structure 2017**			
18	Long Term Debt	181,785,487	0.2111	4.62%	0.98%
19	Long Term Debt-FPU only	6,892,095	0.0080	12.25%	0.10%
20	Short Term Debt	202,326,109	0.2350	1.82%	0.43%
21	Preferred Stock	0	0.0000	0.00%	0.00%
22	Common Equity	469,931,124	0.5458	10.25%	5.59%
23	TOTAL	860,934,815	1.0000		7.10%

Pro-Rata Factors:

Rate Base	78,698,565
Direct Components	17,624,659
	61,073,906
Pro-Rata Factor	7.09%
Non Electric FPUC Average Rate Base	183,298,235
Electric FPUC Average Rate Base	61,073,906
Net	244,372,141
ProRata FPUC Factor	24.99%

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: Florida Public Utilities Company
Consolidated Electric Division

EXPLANATION:

1.) List and describe the basis for the specific adjustments appearing on Schedule D-1a.

2.) List and describe the basis for the pro-rata adjustments appearing on Schedule D-1a.

Type of Data Shown:

Projected Test Year Ended December 31, 2017

Line No.	Class of Capital	Description	
1		Specific Adjustments	
2			
3	Equity	Other Comprehensive Income Loss which is related to the	$ 4,575,651
4		valuation of the employees pension plans was removed from	
5		equity. It was included in test year equity as a debit. This	
6		adjustment removes the debit.	
7			
8		Pro Rata Adjustments	
9			
10	Equity	The determination of the cost of capital for purposes of setting	
11		retail rates in the immediate docket incorporates pro-rata adjustments	
12		based on reducing the parent capital structure to the division's rate	
13		base.	
14			
15			

EXHIBIT _____(MDC-2)

Requested Project Revenue Requirement
And Analysis of Projects Identified in
Settlement Agreement

Florida Public Utilities Company
Limited Proceeding Electric
Modernization & Storm Hardening Initiatives

Docket No.: _____

Initiative	Project	Cost Completed	2017 Forecast	Total	Revenue Requirement
FPL Interconnect	FPL Interconnect	$ 941,208	$ 1,989,460	$ 2,930,668	$ 307,291
Install New SCADA at JLT and SD	Modernization/Safety	$ 1,058,910		$ 1,058,910	$ 139,862
Loop Underground Feed in Amelia Park Subdivision NE Division	Modernization/Safety	$ 38,255		$ 38,255	$ 4,318
Miscellaneous Underground Cable Replacement Northwest Division	Modernization/Safety	$ 10,867	$ 100,000	$ 110,867	$ 8,919
Purchase and Install Electronic Recloser NW Division	Modernization/Safety	$ 124,961	$ 25,000	$ 149,961	$ 19,951
Replace Conduit/Cable-Forrest Ridge Condos NE Division	Modernization/Safety	$ 225,929		$ 225,929	$ 30,586
SHN Reclosers NE Division	Modernization/Safety		$ 100,000	$ 100,000	$ 8,481
Substation Voltage Regulators NW Division	Modernization/Safety	$ 198,183	$ 60,000	$ 258,183	$ 29,918
Apalachicola River Crossing	Storm Hardening		$ 1,500,000	$ 1,500,000	$ 119,597
Decayed Pole Replacements from Osmose Pole Inspections Both Divisions	Storm Hardening	$ 572,919	$ 150,000	$ 722,919	$ 108,797
Extend Underground Feeder #312 Airport to S. Fletcher -Cond./SW. NE Division	Storm Hardening	$ 701,257	$ -	$ 701,257	$ 86,423
Overhead Reconductor Along South Fletcher (Atlantic to Sadler) NE Division	Storm Hardening	$ 580,320	$ 952,273	$ 1,532,592	$ 151,732
Phase Down HWY-73	Storm Hardening	$ 40,939		$ 40,939	$ 5,895
RE-Build AIP Substation NE Division	Storm Hardening	$ 3,124,123		$ 3,124,123	$ 436,157
Replace 69KV Pole with Concrete NE Division	Storm Hardening	$ 2,550,431		$ 2,550,431	$ 346,621
Storm Harden Prison Feeder From Substation to High School NW Division	Storm Hardening	$ 76,481		$ 76,481	$ 10,973
Storm Hardening -Jackson County Hospital Feeder NW Division	Storm Hardening		$ 120,000	$ 120,000	$ 8,350
		$ 10,244,782	$ 4,996,733	$ 15,241,515	$ 1,823,869

Florida Public Utilities Company
Limited Proceeding Electric
Modernization & Storm Hardening Capital Improvements

Docket No.: _____

Initiative Name	Project	Cost Estimate from Exhibit A of Settlement Agreement (Informational Only)	Actuals	Additional Projects Completed	Total Actual Projects Completed	Forecast 2017	Total Actual and 2017 Forecast
Decayed Pole Replacements (from Osmose Inspections) Both Divisions	Storm Hardening	$ 1,400,000	$ 572,919		$ 572,919	$ 150,000	$ 722,919
Substation Voltage Regulators NW Division	Modernization/Safety	$ 200,000	$ 198,183		$ 198,183	$ 60,000	$ 258,183
Purchase and Install Electronic Recloser NW Division	Modernization/Safety	$ 125,000	$ 124,961		$ 124,961	$ 25,000	$ 149,961
Remove Load From Feeders 310 and 311 transfer to 312 NE Division	Not Included in Request	$ 150,000					
Install 69KV Lightning Arrestors, Insulators and Grounding NE Division	Not Included in Request	$ 300,000					
Convert Overhead to Underground Marsh Cove & Gateway to Amelia NE Division	Not Included in Request	$ 77,000					
Overhead Reconductor along South Fletcher (Atlantic to Sadler) NE Division	Storm Hardening	$ 125,000	$ 580,320		$ 580,320	$ 952,273	$ 1,532,593
Overhead Reconductor along South Fletcher (Sadler to Al Parkway) NE Division	Not Included in Request	$ 220,000					
Miscellaneous Underground Cable Replacement Both Divisions	Modernization/Safety	$ 300,000	$ 10,867		$ 10,867	$ 100,000	$ 110,867
Storm Harden the Hospital Feeder from Marianna Sub to Railroad Trestle NW Division	Not Included in Request	$ 200,000					
Storm Harden Prison Feeder from Substation to High School NW Division	Storm Hardening	$ 150,000	$ 76,481		$ 76,481		$ 76,481
Move Line From Woods to Rd ROW- Lawrenceville Rd NW Division	Not Included in Request	$ 40,000					
Move Line From Woods to Rd ROW - Obert Rd NW Division	Not Included in Request	$ 20,000					
Extend Underground Feeder #312 Airport to S. Fletcher - Cond./Sw. NE Division	Storm Hardening	$ 810,000	$ 701,257		$ 701,257		$ 701,257
Relocate the Railroad Feeder to Hwy 90 from Orange St. to Wynn St. NW Division	Not Included in Request	$ 400,000					
Underground Feeder to Airport NE Division	Not Included in Request	$ 180,000					
Install 69KV Lightning Arrestors, Insulators and Grounding (along S. Fletcher) NE	Not Included in Request	$ 300,000					
Replace Conduit/Cable - Forrest Ridge Condos NE Division	Modernization/Safety	$ 400,000	$ 225,929		$ 225,929		$ 225,929
Loop Underground Feed in Amelia Park Subdivision NE Division	Modernization/Safety	$ 100,000	$ 38,255		$ 38,255		$ 38,255
Replace 69kV CKT BKR (305, 304 & 309) & Switches at Stepdown Sub. NE Division	Not Included in Request	$ 270,000					
Overhead Reconductor on S. Fletcher (Simmons - Amelia Island Pky)	Not Included in Request	$ 125,000					
Replace 69KV pole with concrete NE Division	Storm Hardening	$ 900,000	$ 2,550,430		$ 2,550,430		$ 2,550,430
Storm Hardening - Feeder #215 Upgrade - Baptist Hospital NE Division	Not Included in Request	$ 213,500					
Storm Harden Jackson County Hospital Feeder NW Division	Storm Hardening	$ 120,000				$ 120,000	$ 120,000
Relocate Altha Feeder from Jackson Co. Line to Fuqua Cir. NW Division	Not Included in Request	$ 190,000					
Add Second phase Mt Olive Cemetery Rd to Red Level Rd NW Division	Not Included in Request	$ 70,000					
Replace UG Cable Feeding Cottondale Village Apartments NW Division	Not Included in Request	$ 50,000					
Move Line From Woods Bellamy Bridge Rd NW Division	Not Included in Request	$ 60,000					
Rebuild Caverns Rd Substation NW Division	Not Included in Request	$ 150,000					
Purchase & Install New Capacitor Controls NW Division	Not Included in Request	$ 50,000					
Convert OH to UG on Buccaneer Trail NE Division	Not Included in Request	$ 320,000					
Replace 138 KV Circuit Switchers (406, 405, 404) at Step-down Sub. NE Division	Not Included in Request	$ 345,000					
OH Feeder Reconductor for SHN (Self Healing Network) NE Division	Not Included in Request	$ 300,000					
SHN Reclosers NE Division	Modernization/Safety	$ 100,000				$ 100,000	$ 100,000
RE-Build AIP Substation NE Division	Storm Hardening	$ 1,600,000		$ 3,124,123	$ 3,124,123		$ 3,124,123
Backup feed to Marianna Industrial Park from Chipola Substation NW Division	Not Included in Request	$ 200,000					
TOTAL		$ 10,560,500	$ 5,079,603	$ 3,124,123	$ 8,203,726	$ 1,507,273	$ 9,710,999
FPL Interconnect	FPL Interconnect			$ 941,208	$ 941,208	$ 1,989,460	$ 2,930,668
Apalachicola River Crossing	Storm Hardening					$ 1,500,000	$ 1,500,000
Install new SCADA at JLT and SD	Modernization/Safety			$ 1,058,910	$ 1,058,910		$ 1,058,910
Phase Down HWY 73	Storm Hardening			$ 40,939	$ 40,939		$ 40,939
Other Reliability Projects	Not Included in Request						
TOTAL		$ 10,560,500	$ 5,079,603	$ 5,165,179	$ 10,244,782	$ 4,996,733	$ 15,241,515

EXHIBIT _____(MDC-3)

Distribution of Revenue Requirement

Florida Public Utilities Company
Limited Proceeding Electric
Distribution of Revenue Rquirement

Docket No.: _____

LINE NO.	RATE SCHEDULE	(1) 2017 FORECAST KWH SALES	2017 FORECAST	(3) PERCENT OF TOTAL	(4) BASE RATE INCREASE AT UNIFORM PERCENT	(5) TOTAL CLASS REVENUE WITH INCREASE
1	RESIDENTIAL	288,098,927	$ 10,722,575	54.72%	$ 998,021	$ 11,720,596
2	COMMERCIAL SMALL	65,923,336	$ 2,635,444	13.45%	$ 245,310	$ 2,880,754
3	COMMERCIAL	151,664,914	$ 2,958,283	15.10%	$ 275,404	$ 3,233,687
4	COMMERCIAL LARGE	85,862,594	$ 1,214,581	6.20%	$ 113,080	$ 1,327,661
5	INDUSTRIAL	21,110,000	$ 503,282	2.57%	$ 46,873	$ 550,155
6	OUTDOOR LIGHTS	7,465,395	$ 1,562,771	7.96%	$ 145,180	$ 1,707,951
		620,125,166	$ 19,596,936	100.00%	$ 1,823,869	$ 21,420,805
	Percent Increase				9.31%	

EXHIBIT _____(MDC-4)

Comparison of Current and Proposed Rates

Florida Public Utilities Company
Limited Proceeding Electric
Present and Proposed Rates

Docket No.: _____

Customer Facility Charge:

		Present Rates	Proposed Rates
Residential (RS)		$14.00	$15.30
General Service (GS)		$23.00	$25.14
General Service Demand (GSD)		$68.00	$74.33
General Service Large Demand (GSLD)		$130.00	$142.10
General Service Large Demand (GSLD1)		$805.00	$879.92
Standby (SB)	<500 kw	$100.00	$109.31
Standby (SB)	≥500 kw	$805.00	$879.92

Base Energy Charge:		Present Rates	Proposed Rates
Residential (RS)	≤1,000 -	$0.01960	$0.02142
	>1,000 -	$0.03210	$0.03509
General Service (GS)		$0.02397	$0.02620
General Service Demand (GSD)		$0.00452	$0.00494
General Service Large Demand (GSLD)		$0.00209	$0.00228
General Service Large Demand (GSLD1)		$0.00000	$0.00000
Standby (SB)	<500 kw	$0.00000	$0.00000
Standby (SB) ≥500 kw		$0.00000	$0.00000

Demand Charge:			Present Rates	Proposed Rates
Residential (RS)			$0.00	$0.00
General Service (GS)			$0.00	$0.00
General Service Demand (GSD)			$3.70	$4.04
General Service Large Demand (GSLD)			$5.30	$5.79
General Service Large Demand (GSLD1)			$1.50	$1.64
General Service Large Demand (GSLD1)		kVAR	$0.36	$0.39
Standby (SB)	<500 kw		$2.60	$2.84
Standby (SB)	≥500 kw		$0.65	$0.71
Standby (SB)		kVAR	$0.36	$0.39

		Present Rates	Proposed Rates
Initial Entitlement of Service		$61.00	No change
Re-establish Service or Account Changes		$26.00	No change
Customer Request Temp Disconnect/Reconn		$65.00	No change
Reconnect After Disconnect (Normal Hrs)		$52.00	No change
Reconnect After Disconnect (After Hours)		$178.00	No change
Temporary Service		$85.00	No change
Collection Charge		$16.00	No change
Returned Check Charge	Per Statute		Per Statute

Credit Card Fees	---------- $3.50 RS and 3.5% other classes ----------
Late Fees	---------- Greater of 1.5% or $5.00 ----------

Florida Public Utilities Company
Limited Proceeding Electric
Present and Proposed Rates - Lighting

Docket No.: _____

Lighting:	Present Rates				Proposed Rates			
	Facility Charge	Energy Charge	Maint Charge	Total Charge	Facility Charge	Energy Charge	Maint Charge	Total Charge
1000w HPS Flood	$18.46	$17.59	$2.48	$38.53	$20.18	$19.23	$2.71	$42.12
1000w MH Flood	$17.03	$17.59	$2.41	$37.03	$18.61	$19.23	$2.63	$40.47
1000w MH Vert Shoebox	$21.02	$17.59	$2.74	$41.35	$22.98	$19.23	$3.00	$45.21
100w HPS Amer Rev	$7.98	$1.78	$2.71	$12.47	$8.72	$1.95	$2.96	$13.63
100w HPS Cobra Head	$5.99	$1.78	$1.74	$9.51	$6.55	$1.95	$1.90	$10.40
100w HPS SP2 Spectra	$20.49	$1.78	$2.56	$24.83	$22.40	$1.95	$2.80	$27.15
100w MH SP2 Spectra	$20.33	$1.78	$2.48	$24.59	$22.22	$1.95	$2.71	$26.88
150w HPS Acorn	$16.25	$2.64	$2.06	$20.95	$17.76	$2.89	$2.25	$22.90
150w HPS ALN 440	$23.18	$2.64	$2.74	$28.56	$25.34	$2.89	$3.00	$31.23
150w HPS Am Rev	$7.48	$2.64	$2.75	$12.87	$8.18	$2.89	$3.01	$14.08
175w MH ALN 440	$22.18	$3.10	$2.16	$27.44	$24.24	$3.39	$2.36	$29.99
175w MH Shoebox	$18.73	$3.10	$2.42	$24.25	$20.47	$3.39	$2.65	$26.51
200w HPS Cobra Head	$8.08	$3.52	$2.08	$13.68	$8.83	$3.85	$2.27	$14.95
250w HPS Cobra Head	$9.60	$4.37	$2.75	$16.72	$10.49	$4.78	$3.01	$18.28
250w HPS Flood	$9.40	$4.37	$2.00	$15.77	$10.27	$4.78	$2.19	$17.24
250w MH Shoebox	$19.94	$4.37	$2.70	$27.01	$21.80	$4.78	$2.95	$29.53
400w HPS Cobra Head	$8.96	$7.05	$2.29	$18.30	$9.79	$7.71	$2.50	$20.00
400w HPS Flood	$14.74	$7.05	$1.88	$23.67	$16.11	$7.71	$2.05	$25.87
400w MH Flood	$10.00	$7.05	$1.83	$18.88	$10.93	$7.71	$2.00	$20.64
10' Alum Deco Base	$15.33	$ -	$ -	$15.33	$16.76	$0.00	$0.00	$16.76
13' Decorative Concrete	$11.68	$ -	$ -	$11.68	$12.77	$0.00	$0.00	$12.77
18' Fiberglass Round	$8.24	$ -	$ -	$8.24	$9.01	$0.00	$0.00	$9.01
20' Decorative Concrete	$13.55	$ -	$ -	$13.55	$14.81	$0.00	$0.00	$14.81
30' Wood Pole Std	$4.42	$ -	$ -	$4.42	$4.83	$0.00	$0.00	$4.83
35' Concrete Square	$13.07	$ -	$ -	$13.07	$14.29	$0.00	$0.00	$14.29
40' Wood Pole Std	$8.85	$ -	$ -	$8.85	$9.67	$0.00	$0.00	$9.67
30' Wood pole	$3.98	$ -	$ -	$3.98	$4.35	$0.00	$0.00	$4.35
175w MV Cobra Head	$1.16	$3.05	$1.02	$5.23	$1.27	$3.33	$1.11	$5.71
400w MV Cobra Head	$1.27	$6.56	$1.09	$8.92	$1.39	$7.17	$1.19	$9.75