

September 3, 2019

**E-PORTAL FILING**

Mr. Adam Teitzman, Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

**Re: New Filing** – Joint Petition for Approval of GRIP Cost Recovery Factors by Florida Public Utilities Company, Florida Public Utilities Company-Fort Meade, and Florida Division of Chesapeake Utilities Corporation.

Dear Mr. Teitzman:

Attached for filing, please find the Joint Petition for Approval of GRIP Cost Recovery Factors by Florida Public Utilities Company, Florida Public Utilities Company-Fort Meade, and Florida Division of Chesapeake Utilities Corporation, along with the Direct Testimony and Exhibit DMC-1 of Mr. Derrick M. Craig. Also included with this filing are the following revised tariff pages:

**Revised Tariff Sheets**

*(Clean and Legislative Versions)*

CFG Eighth Revised Sheet No. 105.1

CFG Eighth Revised Sheet No. 105.2

FPUC NG Fourteenth Revised Sheet No. 35.4

FPUC-FORT MEADE Third Revised Sheet No. 64

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

Kind regards,



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

MEK  
cc://(Certificate of Service)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Joint Petition for Approval of Gas Reliability Infrastructure Program (GRIP) True-Up by Florida Public Utilities Company and the Florida Division of Chesapeake Utilities Corporation and Florida Public Utilities Company-Fort Meade

DOCKET NO.

DATED: September 3, 2019

**JOINT PETITION FOR APPROVAL OF GRIP  
COST RECOVERY FACTORS BY FLORIDA PUBLIC UTILITIES COMPANY,  
FLORIDA PUBLIC UTILITIES COMPANY-FORT MEADE, AND THE FLORIDA  
DIVISION OF CHESAPEAKE UTILITIES CORPORATION**

Florida Public Utilities Company, Florida Public Utilities Company-Fort Meade (“Fort Meade”) (herein jointly “FPUC”), and the Florida Division of Chesapeake Utilities Corporation (“CFG”)(also referred to herein individually as “Company” and jointly as “Companies”), by and through their undersigned counsel, hereby file this Petition, pursuant to Section 366.06, Florida Statutes, and Order No. PSC-2012-0490-TRF-GU, seeking approval from the Florida Public Service Commission (“FPSC” or “Commission”) of FPUC's and CFG's GRIP cost recovery factors for the period January 2020 through December 2020. In support of this request, the Companies hereby state:

- 1) FPUC is a natural gas utility subject to the Commission's jurisdiction under Chapter 366, Florida Statutes.<sup>1</sup> Its principal business address is:

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

Florida Public Utilities Company – Fort Meade is a division of FPUC with its principal business address being the same as FPUC.

- 2) CFG is also a natural gas utility subject to the Commission's jurisdiction under Chapter 366, Florida Statutes. Its principal business address is:

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<sup>1</sup> FPUC's Indiantown Division does not participate in a GRIP program.

GRIP True-Up

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

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

Beth Keating, Esq.  
Gunster, Yoakley & Stewart, P.A.  
215 South Monroe Street, Suite 601  
Tallahassee, Florida 32301-1839  
(850) 521-1706

Mike Cassel  
AVP, Regulatory and Governmental Affairs  
Florida Public Utilities Company/Chesapeake  
1750 S 14th Street, Suite 200  
Fernandina Beach FL 32034  
mcassel@fpuc.com

4) The Commission is vested with jurisdiction in this matter in accordance with Sections 366.04, 366.041, 366.05, and 366.06, Florida Statutes, pursuant to which the Commission is authorized to establish rates and charges for public utilities, including the relief requested herein, and to consider, among other things, the adequacy of facilities, as well as the utility's ability to improve such facilities. Likewise, in accordance with Section 368.05(2), Florida Statutes, the Commission has the authority to require improvements to natural gas distribution systems as may be necessary to promote the protection of the public.

5) Consistent with the requirements of Order No. PSC-12-0490-TRF-GU, issued September 24, 2012, the Companies have included with this filing Schedules A-D, which support the Companies' calculations of the yearly GRIP surcharge factors for the calendar year 2019.

6) The Companies are also submitting, contemporaneously with this Petition, the Direct Testimony and Exhibit DMC-1, which includes the referenced schedules, of Mr. Derrick M. Craig in support of the Companies' request for approval of the requested factors. Therein, Mr. Craig explains that projects in high consequence areas continue to be a priority. As also noted by Mr. Craig, the Companies continue to discover new bare steel, cast iron, and steel tubing beyond that which was originally anticipated.

GRIP True-Up

7) As reflected on Schedule B-1, the final GRIP true-up amount for the period January 2018 through December 2018 was an over-recovery of \$2,616,870 for FPUC, an over-recovery of \$192,146 for CFG, and an under-recovery of \$3,693 for Fort Meade.

8) The Company projects total GRIP expenditures of \$8,200,000 for mains and \$1,800,000 for services for FPUC, \$1,800,000 for mains and \$200,000 for services for CHPK, and \$0 for Fort Meade for the period January 2020 through December 2020. The projected net true-up is an under-recovery of \$1,103,688 for FPUC, an over-recovery of \$509,752 for CFG, and an under-recovery of \$495 for Fort Meade. After adding the projected GRIP revenue requirement to the (over/under) recovery amount, a total of \$1,513,182 for FPUC and \$701,897 for CFG remains to be refunded, and \$4,188 for Fort Meade remains to be collected during the period January 1, 2020 through December 31, 2020. After adding the projected revenue requirements for the programs and the true-up amounts then dividing this total among the Companies' rate classes, the following are the GRIP Cost Recovery factors for which the Companies seek approval in this petition:

**CFG**

RATE CLASS	GRIP FACTORS PER THERM
FTS-A	\$ 0.58634
FTS-B	\$ 0.17923
FTS-1	\$ 0.10585
FTS-2	\$ 0.11969
FTS-2.1	\$ 0.11818
FTS-3	\$ 0.04936
FTS-3.1	\$ 0.05900

GRIP True-Up

FTS-4	\$ 0.06632
FTS-5	\$ 0.07411
FTS-6	\$ 0.05246
FTS-7	\$ 0.07043
FTS-8	\$ 0.06898
FTS-9	\$ 0.14575
FTS-10	\$ 0.08765
FTS-11/FTS-NGV	\$ 0.09581
FTS-12	\$ 0.02970
FTS-13	N/A

**CFG**

**Experimental**

<u>CLASS</u>	<u>GRIP FACTORS</u>
<u>Rate Schedule</u>	<u>Rate per bill</u>
FTS-A (Exp)	\$ 3.62
FTS-B (Exp)	\$ 1.85
FTS-1 (Exp)	\$ 1.56
FTS-2 (Exp)	\$ 6.93
FTS-2.1 (Exp)	\$ 13.59
FTS-3 (Exp)	\$ 15.58
FTS-3.1 (Exp)	\$ 35.77

**FPUC**

<u>RATE</u>	<u>GRIP FACTORS</u>
<u>SCHEDULE</u>	<u>PER THERM</u>
RESIDENTIAL	\$0.22312
COMMERCIAL SMALL	\$0.14188

GRIP True-Up

COMMERCIAL SMALL (General Service 1 & 2 & GS 1 & 2 Transportation)	\$0.14188
COMM. LRG VOLUME (Large Vol & LV Transportation)	\$0.09269
INTERRUPTIBLE SERVICE (Int Service & IS Transportation)	\$0.05864
GENERAL LIGHTING SERVICE (Gen Light Service & GLS Transportation)	\$0.49288
Rate Schedule NGV	\$0.14188
Rate Schedule NGVTS	\$0.14188

**Fort Meade**

<u>RATE</u> <u>SCHEDULE</u>	<u>FACTORS</u> <u>PER THERM</u>
RESIDENTIAL	\$0.24865
COMMERCIAL SMALL (General Service & GS Transportation)	\$0.07705
COMM. LRG VOLUME (Large Vol & LV Transportation)	\$0.00000
INTERRUPTIBLE SERVICE (Int Service & IS Transportation)	\$0.00000
GENERAL LIGHTING SERVICE	\$0.00000

GRIP True-Up

9) The Companies attest that these factors have been calculated correctly and consistent with Commission requirements. Thus, the Companies ask that the Commission approve the proposed factors as set forth herein.

10) Attached to this Petition as Attachment A are proposed tariff pages, in clean and legislative format, reflecting the GRIP factors set forth herein.

**WHEREFORE**, FPUC, FPUC-Fort Meade, and CFG respectfully request that the Commission approve the proposed GRIP cost recovery factors to be effective for all meter readings for the period January 2020 through December 2020.

RESPECTFULLY SUBMITTED this 3<sup>rd</sup> day of September, 2019, by:



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Beth Keating  
Gunster, Yoakley & Stewart, P.A.  
215 South Monroe St., Suite 601  
Tallahassee, FL 32301  
(850) 521-1706  
*Attorneys for Florida Public Utilities  
Company and the Florida Division of  
Chesapeake Utilities Corporation*

**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 September, 2019.

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

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



ATTACHMENT A

Florida Public Utilities Company, Florida Public Utilities Company – Indiantown Division,  
Florida Public Utilities Company-Fort Meade, and  
The Florida Division of Chesapeake Utilities Corporation

**Revised Tariff Sheets**

*(Clean and Legislative Versions)*

CFG Eighth Revised Sheet No. 105.1

CFG Eighth Revised Sheet No. 105.2

FPUC NG Fourteenth Revised Sheet No. 35.4

FPUC-FORT MEADE Third Revised Sheet No. 64

*RATE SCHEDULES*  
*MONTHLY RATE ADJUSTMENTS*

Rate Schedule MRA

7. GAS REPLACEMENT INFRASTRUCTURE PROGRAM (GRIP):

Applicability:

All Customers receiving Transportation Service from the Company and are assigned to or have selected rate schedules FTS-A, FTS-B, FTS-1, FTS-2, FTS-2.1, FTS-3, FTS-3.1, FTS-4, FTS-5, FTS-6, FTS-7, FTS-8, FTS-9, FTS-10, FTS-11, FTS-12, and FTS-13.

The Usage Rate for Transportation Service to each applicable rate classification shall be adjusted by the following recovery factors. The recovery factors for all meters read for the period January 1, 2020 through December 31, 2020 for each rate classification are as follows:

<u>Rate Schedule</u>	<u>Classification of Service</u>	<u>Rate per therm</u>
FTS A	< 130 therms	\$0.58634
FTS-B	> 130 therms up to 250 therms	\$0.17923
FTS-1	> 0 up to 500 therms	\$0.10585
FTS-2	> 500 therms up to 1,000 therms	\$0.11969
FTS-2.1	> 1,000 therms up to 2,500 therms	\$0.11818
FTS-3	> 2,500 therms up to 5,000 therms	\$0.04936
FTS-3.1	> 5,000 therms up to 10,000 therms	\$0.05900
FTS-4	> 10,000 therms up to 25,000 therms	\$0.06632
FTS-5	> 25,000 therms up to 50,000 therms	\$0.07411
FTS-6	> 50,000 therms up to 100,000 therms	\$0.05246
FTS-7	> 100,000 therms up to 200,000 therms	\$0.07043
FTS-8	> 200,000 therms up to 400,000 therms	\$0.06898
FTS-9	> 400,000 therms up to 700,000 therms	\$0.14575
FTS-10	> 700,000 therms up to 1,000,000 therms	\$0.08765
FTS-11	> 1,000,000 therms up to 2,500,000 therms	\$0.09581
FTS-12	> 2,500,000 therms up to 12,500,000	\$0.02970
FTS-13	> 12,500,000 therms	N/A

(Continued to Sheet No. 105.2)

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*RATE SCHEDULES*  
*MONTHLY RATE ADJUSTMENTS*

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Rate Schedule MRA  
(Continued from Sheet No. 105.1)

7. GAS INFRASTRUCTURE REPLACEMENT PROGRAM (GRIP) (Experimental):

Applicability:

All Customers, assigned to a TTS Shipper, receiving Transportation Service from the Company and are assigned to or have selected rate schedules FTS-A (Exp), FTS-B (Exp), FTS-1 (Exp), FTS-2 (Exp), FTS-2.1 (Exp), FTS-3 (Exp), and FTS-3.1 (Exp).

The Firm Transportation Charge for Transportation Service to each applicable rate classification shall be adjusted by the following recovery factors. The recovery factors for all meters read for the period January 1, 2020 through December 31, 2020 for each rate classification are as follows:

Consumer Rate Schedule	Rate per bill
FTS-A (Exp)	\$ 3.62
FTS-B (Exp)	\$ 1.85
FTS-1 (Exp)	\$ 1.56
FTS-2 (Exp)	\$ 6.93
FTS-2.1 (Exp)	\$ 13.59
FTS-3 (Exp)	\$ 15.58
FTS-3.1 (Exp)	\$ 35.77

(Continued to Sheet No. 105.3)

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*BILLING ADJUSTMENTS*

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(Continued from Sheet No. 35.3)

Gas Reliability Infrastructure Program (GRIP)

Applicability

The bill for gas or transportation service supplied to a Customer in any Billing Period shall be adjusted as follows:

The GRIP factors for the period from the first billing cycle for January 2020 through the last billing cycle for December 2020 are as follows:

<u>Rate Class</u>	<u>Rates Per Therm</u>
Rate Schedule RS	\$0.22312
Schedule GS-1	\$0.14188
Rate Schedule GS-2	\$0.14188
Rate Schedule GSTS-1	\$0.14188
Rate Schedule GSTS-2	\$0.14188
Rate Schedule LVS	\$0.09269
Schedule LVTS	\$0.09269
Schedule IS	\$0.05864
Schedule ITS	\$0.05864
Schedule GLS	\$0.49288
Rate Schedule GLSTS	\$0.49288
Rate Schedule NGV	\$0.14188
Rate Schedule NGVTS	\$0.14188

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*BILLING ADJUSTMENTS*

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Gas Reliability Infrastructure Program (GRIP)

Applicability

The bill for gas or transportation service supplied to a Customer in any Billing Period shall be adjusted as follows:

The GRIP factors for the period from the first billing cycle for January 2020 through the last billing cycle for December 2020 are as follows:

<u>Rate Class</u>	<u>Rates Per Therm</u>
Rate Schedule RS	\$0.24865
Rate Schedule GS-1	\$0.07705
Rate Schedule GS-2	\$0.07705
Rate Schedule GSTS-1	\$0.07705
Rate Schedule GSTS-2	\$0.07705
Rate Schedule LVS	\$0.00000
Rate Schedule LVTS	\$0.00000
Rate Schedule IS	\$0.00000
Rate Schedule ITS	\$0.00000
Rate Schedule GLS	\$0.00000
Rate Schedule GLSTS	\$0.00000
Rate Schedule NGV	\$0.00000
Rate Schedule NGVTS	\$0.00000

*RATE SCHEDULES*  
*MONTHLY RATE ADJUSTMENTS*

Rate Schedule MRA

7. GAS REPLACEMENT INFRASTRUCTURE PROGRAM (GRIP):

Applicability:

All Customers receiving Transportation Service from the Company and are assigned to or have selected rate schedules FTS-A, FTS-B, FTS-1, FTS-2, FTS-2.1, FTS-3, FTS-3.1, FTS-4, FTS-5, FTS-6, FTS-7, FTS-8, FTS-9, FTS-10, FTS-11, FTS-12, and FTS-13.

The Usage Rate for Transportation Service to each applicable rate classification shall be adjusted by the following recovery factors. The recovery factors for all meters read for the period January 1, 2019 through December 31, 2020 for each rate classification are as follows:

<u>Rate Schedule</u>	<u>Classification of Service</u>	<u>Rate per therm</u>
FTS A	< 130 therms	\$0.7042358634
FTS-B	> 130 therms up to 250 therms	\$0.2188617923
FTS-1	> 0 up to 500 therms	\$0.1359310585
FTS-2	> 500 therms up to 1,000 therms	\$0.1460711969
FTS-2.1	> 1,000 therms up to 2,500 therms	\$0.1388811818
FTS-3	> 2,500 therms up to 5,000 therms	\$0.0658004936
FTS-3.1	> 5,000 therms up to 10,000 therms	\$0.0733705900
FTS-4	> 10,000 therms up to 25,000 therms	\$0.0838206632
FTS-5	> 25,000 therms up to 50,000 therms	\$0.0883707411
FTS-6	> 50,000 therms up to 100,000 therms	\$0.0666605246
FTS-7	> 100,000 therms up to 200,000 therms	\$0.0905607043
FTS-8	> 200,000 therms up to 400,000 therms	\$0.0826906898
FTS-9	> 400,000 therms up to 700,000 therms	\$0.1589714575
FTS-10	> 700,000 therms up to 1,000,000 therms	\$0.1127608765
FTS-11	> 1,000,000 therms up to 2,500,000 therms	\$0.1504409581
FTS-12	> 2,500,000 therms up to 12,500,000	\$0.0375302970
FTS-13	> 12,500,000 therms	N/A

(Continued to Sheet No. 105.2)

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*RATE SCHEDULES*  
*MONTHLY RATE ADJUSTMENTS*

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Rate Schedule MRA  
(Continued from Sheet No. 105.1)

7. GAS INFRASTRUCTURE REPLACEMENT PROGRAM (GRIP) (Experimental):

Applicability:

All Customers, assigned to a TTS Shipper, receiving Transportation Service from the Company and are assigned to or have selected rate schedules FTS-A (Exp), FTS-B (Exp), FTS-1 (Exp), FTS-2 (Exp), FTS-2.1 (Exp), FTS-3 (Exp), and FTS-3.1 (Exp).

The Firm Transportation Charge for Transportation Service to each applicable rate classification shall be adjusted by the following recovery factors. The recovery factors for all meters read for the period January 1, 2019 through December 31, 2019 for each rate classification are as follows:

Consumer Rate Schedule	Rate per bill
FTS-A (Exp)	\$ 4,193.62
FTS-B (Exp)	\$ 2,221.85
FTS-1 (Exp)	\$ 2,041.56
FTS-2 (Exp)	\$ -8,556.93
FTS-2.1 (Exp)	\$ 15,9013.59
FTS-3 (Exp)	\$ 19,9615.58
FTS-3.1 (Exp)	\$ 43,3735.77

(Continued to Sheet No. 105.3)

BILLING ADJUSTMENTS

(Continued from Sheet No. 35.3)

Gas Reliability Infrastructure Program (GRIP)

Applicability

The bill for gas or transportation service supplied to a Customer in any Billing Period shall be adjusted as follows:

The GRIP factors for the period from the first billing cycle for January ~~2019~~2020 through the last billing cycle for December ~~2019~~2020 are as follows:

<u>Rate Class</u>	<u>Rates Per Therm</u>
Rate Schedule RS	\$ <u>0.2135622312</u>
Schedule GS-1	\$ <u>0.1367214188</u>
Rate Schedule GS-2	\$ <u>0.1367214188</u>
Rate Schedule GSTS-1	\$ <u>0.1367214188</u>
Rate Schedule GSTS-2	\$ <u>0.1367214188</u>
Rate Schedule LVS	\$ <u>0.0860609269</u>
Schedule LVTS	\$ <u>0.0860609269</u>
Schedule IS	\$ <u>0.0583005864</u>
Schedule ITS	\$ <u>0.0583005864</u>
Schedule GLS	\$ <u>0.3746949288</u>
Rate Schedule GLSTS	\$ <u>0.3746949288</u>
Rate Schedule NGV	\$ <u>0.1367214188</u>
Rate Schedule NGVTS	\$ <u>0.1367214188</u>



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*BILLING ADJUSTMENTS*

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Gas Reliability Infrastructure Program (GRIP)

Applicability

The bill for gas or transportation service supplied to a Customer in any Billing Period shall be adjusted as follows:

The GRIP factors for the period from the first billing cycle for January 2020~~19~~ through the last billing cycle for December 2020~~19~~ are as follows:

<u>Rate Class</u>	<u>Rates Per Therm</u>
Rate Schedule RS	\$0.2938224865
Rate Schedule GS-1	\$0.088837705
Rate Schedule GS-2	\$0.08883-07705
Rate Schedule GSTS-1	\$0.08883-07705
Rate Schedule GSTS-2	\$0.08883-07705
Rate Schedule LVS	\$0.00000
Rate Schedule LVTS	\$0.00000
Rate Schedule IS	\$0.00000
Rate Schedule ITS	\$0.00000
Rate Schedule GLS	\$0.00000
Rate Schedule GLSTS	\$0.00000
Rate Schedule NGV	\$0.00000
Rate Schedule NGVTS	\$0.00000

1 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

2 In Re: Gas Reliability Infrastructure Program

3 DIRECT TESTIMONY OF DERRICK MAURICE CRAIG

4 On behalf of

5 Florida Public Utilities Company,

6 Florida Division of Chesapeake Utilities Corporation and Florida Public Utilities

7 Company-Fort Meade

8 **Q. Please state your name, occupation, and business address.**

9 A. My name is Derrick Maurice Craig. I am employed by Florida Public Utilities  
10 Company (FPUC or Company) as a Senior Regulatory Analyst. My business  
11 address is 1635 Meathe Drive, West Palm Beach, FL 33411.

12 **Q. Describe briefly your education and relevant professional background.**

13 A. In 1991, I received a Bachelor of Electrical Engineering degree from the  
14 Georgia Institute of Technology in Atlanta, Georgia and in 1997, I received a  
15 Masters of Business Administration from the University of Virginia (Darden  
16 Graduate Business School) in Charlottesville, Virginia. I have worked in  
17 various engineering and financial analysis roles for several utilities, including  
18 Baltimore Gas and Electric, Oglethorpe Power Company and Southern  
19 Company. I have been in my current position as Senior Regulatory Analyst  
20 with Florida Public Utilities Company (FPUC) since April 2019. My  
21 responsibilities include the fulfillment of regulatory activities for FPUC,  
22 ranging from regulatory analysis to filings (Purchased Gas Adjustment, Swing

1 Service and the Gas Reliability Infrastructure Program) before the Florida  
2 Public Service Commission.

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

5 A. Yes, I have submitted testimony for the 2020 Swing Service Rider and the  
6 2019 Purchased Gas Adjustment docket.

7 **Q. Are you familiar with the Gas Reliability Infrastructure Program**  
8 **("GRIP") of the Company and the associated projected and actual**  
9 **revenues and costs?**

10 A. Yes.

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

12 A. My testimony will provide the actual true-up for January 1, 2018 to December  
13 1, 2018 and the actual/estimated true-up based on seven months actual 2019  
14 data and five months projected 2019 data. My testimony will describe the  
15 Company's forecast of GRIP investment for natural gas mains and services  
16 for 2020. Finally, I will summarize the computations that are contained in  
17 composite exhibit DMC-1 supporting the January through December 2020  
18 projected GRIP surcharge factors for the FPUC, Florida Division of  
19 Chesapeake Utilities Corporation (CFG), and Fort Meade natural gas  
20 divisions.

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

22 A. The Company has prepared and filed in composite Exhibit DMC-1, Schedules  
23 A, B, C, and D that support the calculation of the yearly GRIP surcharge

1 factors for January 2020 through December 2020 for FPUC, CFG and Fort  
2 Meade.

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

5 A. Yes, they were completed by me.

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

7 A. The projection period is January through December 2020.

8 **Q. What is the appropriate final GRIP true-up amount for the period**  
9 **January through December 2018?**

10 A. As shown on Schedule B-1, page 2 of 18, the total over-recovery for FPUC is  
11 \$2,616,870 inclusive of interest and CFG, Schedule B-1 page 7 of 15, has a  
12 total over-recovery of \$192,146 inclusive of interest. Fort Meade, Schedule  
13 B-1 page 12 of 15, has a total under-recovery of \$3,693 inclusive of interest.

14 **Q. What is the projected GRIP true-up amount for the period January**  
15 **through December 2019?**

16 A. For FPUC, the projected GRIP true-up amount is an under-recovery of  
17 \$1,103,688 inclusive of interest, for the period January through December  
18 2019. CFG has projected an over-recovery for the same period of \$509,752  
19 inclusive of interest. Fort Meade has projected an under-recovery for the same  
20 period of \$495 inclusive of interest.

21 **Q. What is the total projected GRIP true-up amount to be collected from or**  
22 **refunded to customers for the period January through December 2019?**

23 A. As shown on Schedule C-1, page 3 of 15, the total net over-recovery to be

1 refunded for FPUC is \$1,513,182 and CFG, Schedule C-1 page 8 of 15, has a  
2 total net over-recovery of \$701,897 to be refunded for the period January  
3 through December 2019. Fort Meade, Schedule C-1 page 13 of 15, has a total  
4 net under-recovery of \$4,188 to be collected.

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

7 A. In the initial joint petition for approval of GRIP (Order No. PSC-12-0490-  
8 TRF-GU), FPUC and CFG reviewed the remaining eligible infrastructure and  
9 developed a replacement plan based on our Distribution Integrity  
10 Management Program (“DIMP”) and estimated it would take approximately  
11 10 years to replace our bare steel and cast iron facilities at an accelerated pace.  
12 Both companies prioritized the potential replacement projects focusing  
13 initially on areas of high consequence and areas more susceptible to corrosion.  
14 FPUC provides service to large metropolitan areas and the replacement of  
15 eligible infrastructure in high-density, urban areas typically cost more than  
16 areas that are primarily rural. FPUC and CFG have continued to replace eligible  
17 infrastructure aggressively. The Company continues to discover new bare steel, cast  
18 iron and steel tubing mains and services for replacement that was not included in the  
19 original petition.

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

22 A. The projected revenue requirements include several components: 1) the return  
23 on estimated qualified investments for the projection period as calculated  
24 using the equity and debt components of the weighted average cost of capital

1 from each companies respective prior rate cases. 2) depreciation expense  
2 (respectively calculated using the currently approved depreciation rates) and  
3 3) expenses for customer and general public notifications associated with  
4 GRIP and ad valorem taxes, grossed up for federal and state income taxes.  
5 Since FPUC has a bare steel replacement and recovery program, originally  
6 approved in the Company's 2004 rate case proceeding, the revenue  
7 requirement is net of the existing bare steel program, which equates to  
8 \$747,727 embedded in base rate revenues. CFG and Fort Meade do not have  
9 any recovery amounts embedded in their base rates. The 2019 projected  
10 mains and services to be replaced are shown on Exhibit DMC-1, Schedule C-  
11 1, pages 4, 9 and 14. FPUC is expecting to invest \$8,200,000 in mains and  
12 \$1,800,000 for services. CFG is expecting to invest \$1,800,000 in mains, and  
13 \$200,000 in services. Fort Meade has no investments expected in 2020.

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

16 A. The total projected revenue requirements to be recovered are \$9,851,484 for  
17 FPUC, Schedule D-1 page 5 of 15, \$3,479,325 for CFG, Schedule D-1 page  
18 10 of 15, and \$29,715 for Fort Meade, Schedule D-1 page 15 of 15.

19 **Q. Have you prepared a schedule that shows the calculation of the proposed**  
20 **GRIP surcharge factors for each rate class to be applied during the**  
21 **billing period January 1, 2020 through December 31, 2020?**

22 A. Yes, Please see Schedule D-1 pages 5, 10 and 15 for FPUC, CFG, and Fort  
23 Meade, respectively. For CFG, rate class FTS-13 is excluded from the GRIP

1 surcharge factor calculation because there are no customers in the rate class  
2 and it is closed.

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

5 A. The GRIP surcharge factors should be effective for all meter reading during  
6 the period of January 1, 2020 through December 31, 2020.

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

8 A. Yes, it does.

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

Schedule A-1  
Exhibit \_\_\_\_\_  
Derrick M. Craig (DMC - 1)  
Page 1 of 15

Earnings Surveillance Report - December 31, 2018

Equity Cost Rate	10.85%
Weighted Equity Cost Rate	4.33%
Revenue Expansion Factor	1.350
Weighted Equity Cost Rate, times Revenue Expansion Factor	<u>5.850%</u>
Long Term Debt-CU	0.700%
Short Term Debt	0.590%
Long Term Debt-FC	0.280%
Short Term Debt-Refinanced LTD	0.000%
Customer Deposits	<u>0.080%</u>
Weighted Debt Cost Rate	<u>1.650%</u>
Overall Weighted Cost Rate	<u><u>5.98%</u></u>



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

Schedule B-1  
 Exhibit \_\_\_\_\_  
 Derrick M. Craig (DMC - 1)  
 Page 2 of 15

Item	Beginning Balance	Actual Jan	Actual Feb	Actual Mar	Actual Apr	Actual May	Actual Jun	Actual Jul	Actual Aug	Actual Sep	Actual Oct	Actual Nov	Actual Dec	Year End Total/Balance
<b>Qualified Investment</b>														
Qualified Investment - Mains - Current Year 1070 Activity		\$326,853	\$531,442	\$1,330,778	\$409,002	\$527,490	\$171,753	\$177,133	\$530,858	\$360,527	\$475,071	\$479,863	\$234,665	\$5,555,455
Qualified Investment - Mains - Closed 1070 Activity to Plant			(\$712,143)	(\$1,031,358)	(\$432,533)	(\$205,277)	(\$1,064,690)	(\$222,909)	(\$370,738)	(\$192,800)	(\$374,054)	(\$708,525)	(\$520,463)	(\$5,835,490)
Qualified Investment - Services - Current Year 1070 Activity		\$39,526	\$35,740	\$224,492	\$43,381	\$237,879	\$154,820	\$143,303	\$476,868	\$125,588	\$166,245	\$251,764	\$107,698	\$2,007,304
Qualified Investment - Services - Closed 1070 Activity to Plant			(\$58,894)	(\$203,768)	(\$47,093)	(\$109,600)	(\$169,678)	(\$225,049)	(\$457,080)	(\$110,230)	(\$228,140)	(\$186,155)	(\$216,938)	(\$2,012,626)
Qualified Investment - Mains - Current 1010 Activity		\$0	\$712,143	\$1,031,358	\$432,533	\$205,277	\$1,064,690	\$222,909	\$370,738	\$192,800	\$374,054	\$708,525	\$520,463	\$5,835,490
Qualified Investment - Services - Current 1010 Activity		\$0	\$58,894	\$203,768	\$47,093	\$109,600	\$169,678	\$225,049	\$457,080	\$110,230	\$228,140	\$186,155	\$216,938	\$2,012,626
<b>Total Qualified Investment - Mains 1070</b>	\$407,194	\$734,047	\$553,346	\$852,766	\$829,235	\$1,151,447	\$258,511	\$212,735	\$372,855	\$540,582	\$641,599	\$412,937	\$127,139	\$127,139
<b>Total Qualified Investment - Service 1070</b>	\$5,322	\$44,848	\$21,695	\$42,419	\$38,706	\$166,986	\$152,127	\$70,381	\$90,170	\$105,527	\$43,632	\$109,241	\$1	\$1
<b>Total Qualified Investment - Mains 1010</b>	\$66,062,978	\$66,062,978	\$66,775,121	\$67,806,479	\$68,239,012	\$68,444,289	\$69,508,979	\$69,731,888	\$70,102,626	\$70,295,426	\$70,669,480	\$71,378,005	\$71,898,468	\$71,898,468
<b>Total Qualified Investment - Service 1010</b>	\$20,860,048	\$20,860,048	\$20,918,942	\$21,122,710	\$21,169,803	\$21,279,403	\$21,449,081	\$21,674,130	\$22,131,210	\$22,241,440	\$22,469,580	\$22,655,735	\$22,872,673	\$22,872,673
<b>Total Qualified Investment</b>	\$87,335,542	\$87,701,921	\$88,269,103	\$89,824,373	\$90,276,756	\$91,042,125	\$91,368,698	\$91,689,135	\$92,696,860	\$93,182,975	\$93,824,291	\$94,555,918	\$94,898,281	\$94,898,281
<b>Less: Accumulated Depreciation</b>	(\$5,626,904)	(\$5,816,976)	(\$6,007,047)	(\$6,198,794)	(\$6,393,234)	(\$6,588,718)	(\$6,784,892)	(\$6,983,756)	(\$7,183,608)	(\$7,385,292)	(\$7,587,642)	(\$7,791,316)	(\$7,996,944)	(\$7,996,944)
<b>Net Book Value</b>	\$81,708,638	\$81,884,945	\$82,262,056	\$83,625,579	\$83,883,521	\$84,453,407	\$84,583,805	\$84,705,379	\$85,513,252	\$85,797,683	\$86,236,649	\$86,764,602	\$86,901,337	\$86,901,337
<b>Average Net Qualified Investment</b>		\$81,796,791	\$82,075,501	\$82,943,817	\$83,754,550	\$84,168,464	\$84,518,606	\$84,644,592	\$85,109,316	\$85,655,468	\$86,017,166	\$86,500,625	\$86,832,970	
<b>Depreciation Rates</b>														
Approved Depreciation Rate-Mains		2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%
Approved Depreciation Rate-Services		2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%
<b>Return on Average Net Qualified Investment</b>														
Equity - Cost of Capital, inclusive of Income Tax Gross-up		7.7600%	6.3900%	6.3900%	6.3900%	6.3900%	6.3900%	6.3900%	6.3900%	6.3900%	6.3900%	6.3900%	6.3900%	6.3900%
Debt - Cost of Capital		1.4400%	1.4400%	1.4400%	1.4400%	1.4400%	1.4400%	1.4400%	1.4400%	1.4400%	1.4400%	1.4400%	1.4400%	1.4400%
<b>Equity Component - inclusive of Income Tax Gross-up</b>	\$528,953	\$437,041	\$441,676	\$445,993	\$448,197	\$450,062	\$450,732	\$453,207	\$456,115	\$458,041	\$460,616	\$462,386	\$463,200	\$5,493,019
<b>Debt Component</b>	\$98,156	\$98,488	\$99,533	\$100,505	\$101,002	\$101,422	\$101,574	\$102,131	\$102,787	\$103,221	\$103,801	\$104,200	\$104,619	\$1,216,819
<b>Return Requirement</b>	\$627,109	\$535,530	\$541,208	\$546,498	\$549,199	\$551,484	\$552,306	\$555,338	\$558,902	\$561,262	\$564,417	\$566,585	\$567,819	\$6,709,838
<b>Investment Expenses</b>														
Depreciation Expense - Mains		\$143,136	\$143,136	\$144,679	\$146,914	\$147,851	\$148,296	\$150,603	\$151,086	\$151,889	\$152,307	\$153,117	\$154,652	\$1,787,667
Depreciation Expense - Services		\$46,935	\$46,935	\$47,068	\$47,526	\$47,632	\$47,879	\$48,260	\$48,767	\$49,795	\$50,043	\$50,557	\$50,975	\$582,372
Property Taxes		\$136,181	\$136,181	\$136,181	\$136,181	\$136,181	\$136,181	\$136,181	\$136,181	\$136,181	\$136,181	\$136,181	\$136,181	\$1,634,173
General Public Notice Expense & Customer Notice Expense		\$0	\$0	\$1,971	\$943	\$2,190	\$0	\$708	\$0	\$2,169	\$0	\$0	\$0	\$7,980
<b>Total Expense</b>	\$326,253	\$326,253	\$329,899	\$331,564	\$333,854	\$332,356	\$335,752	\$336,034	\$340,034	\$338,531	\$339,855	\$341,809	\$340,192	\$4,012,192
<b>Total Revenue Requirements</b>	\$953,361	\$861,782	\$871,108	\$878,062	\$883,053	\$883,840	\$888,058	\$891,372	\$898,936	\$899,793	\$904,271	\$908,394	\$908,394	\$10,722,030
<b>Annual Revenue Requirement for Bare Steel Replacement Investment</b>	\$62,310	\$62,310	\$62,310	\$62,310	\$62,310	\$62,310	\$62,310	\$62,310	\$62,310	\$62,310	\$62,310	\$62,310	\$62,310	\$747,727
<b>Tax Reform-Adjustment for 2/1-2/6/2018</b>		20,079												\$20,079
<b>Net Annual Revenue Requirements</b>	\$891,051	\$819,551	\$808,798	\$815,752	\$820,743	\$821,530	\$825,748	\$829,062	\$836,626	\$837,483	\$841,961	\$846,077	\$846,077	\$9,994,382
<b>GRIP Surchage Revenues Collected Month</b>	\$ 1,237,987	\$ 1,024,324	\$ 964,815	\$ 959,446	\$ 807,569	\$ 772,269	\$ 678,842	\$ 675,362	\$ 690,386	\$ 662,430	\$ 825,036	\$ 1,027,802	\$ 1,027,802	\$10,326,269
<b>Beginning True-Up</b>														
(Over) and Under Recovery for the Month	\$ (346,936)	\$ (204,773)	\$ (156,017)	\$ (143,694)	\$ 13,174	\$ 49,260	\$ 146,906	\$ 153,700	\$ 146,240	\$ 175,053	\$ 16,925	\$ (181,725)	\$ (331,887)	\$ (2,231,264)
Monthly Interest (Expense)/Income	\$ (3,006)	\$ (3,542)	\$ (4,215)	\$ (4,744)	\$ (4,854)	\$ (4,935)	\$ (4,904)	\$ (4,692)	\$ (4,639)	\$ (4,596)	\$ (4,576)	\$ (5,017)	\$ (5,720)	\$ (53,720)
Ending (Over) and Under Recovery	\$ (2,231,264)	\$ (2,581,205)	\$ (2,789,520)	\$ (2,949,753)	\$ (3,098,811)	\$ (3,089,871)	\$ (3,045,546)	\$ (2,903,543)	\$ (2,754,535)	\$ (2,612,935)	\$ (2,442,477)	\$ (2,430,128)	\$ (2,616,870)	\$ (2,616,870)
<b>Beg of Month Annual Interest Rate</b>	1.49%	1.50%	1.66%	1.86%	1.90%	1.86%	2.00%	1.97%	2.02%	2.13%	2.24%	2.27%	2.27%	
<b>End of Month Annual Interest Rate</b>	1.50%	1.66%	1.86%	1.90%	1.86%	2.00%	1.97%	2.02%	2.13%	2.24%	2.27%	2.50%	2.50%	
<b>Average Monthly Interest Rate</b>	0.125%	0.132%	0.147%	0.157%	0.157%	0.161%	0.165%	0.166%	0.173%	0.182%	0.188%	0.199%	0.199%	



**Florida Public Utilities Company**  
 Gas Reliability Infrastructure Program (GRIP)  
 Calculation of the Projected Revenue Requirements  
 January 1, 2020 through December 31, 2020

Schedule C-2  
 Exhibit \_\_\_\_\_  
 Derrick M. Craig (DMC - 1)  
 Page 4 of 15

Item	Beginning Balance	Forecast Jan	Forecast Feb	Forecast Mar	Forecast Apr	Forecast May	Forecast Jun	Forecast Jul	Forecast Aug	Forecast Sep	Forecast Oct	Forecast Nov	Forecast Dec	Year End Total/Balance
<b>Qualified Investment</b>														
Qualified Investment - Mains - Current Year 1070 Activity		\$683,333	\$683,333	\$683,333	\$683,333	\$683,333	\$683,333	\$683,333	\$683,333	\$683,333	\$683,333	\$683,333	\$683,333	\$8,200,000
Qualified Investment - Mains - Closed 1070 Activity to Plant		(\$833,333)	(\$833,333)	(\$833,333)	(\$833,333)	(\$833,333)	(\$833,333)	(\$833,333)	(\$833,333)	(\$833,333)	(\$833,333)	(\$833,333)	(\$833,333)	(\$10,000,000)
Qualified Investment - Services - Current Year 1070 Activity		\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$1,800,000
Qualified Investment - Services - Closed 1070 Activity to Plant		(\$185,000)	(\$185,000)	(\$185,000)	(\$185,000)	(\$185,000)	(\$185,000)	(\$185,000)	(\$185,000)	(\$185,000)	(\$185,000)	(\$185,000)	(\$185,000)	(\$2,220,000)
Qualified Investment - Mains - Current 1010 Activity		\$833,333	\$833,333	\$833,333	\$833,333	\$833,333	\$833,333	\$833,333	\$833,333	\$833,333	\$833,333	\$833,333	\$833,333	\$10,000,000
Qualified Investment - Services - Current 1010 Activity		\$185,000	\$185,000	\$185,000	\$185,000	\$185,000	\$185,000	\$185,000	\$185,000	\$185,000	\$185,000	\$185,000	\$185,000	\$2,220,000
<b>Total Qualified Investment - Mains 1070</b>	\$2,791,996	\$2,641,996	\$2,491,996	\$2,341,996	\$2,191,996	\$2,041,996	\$1,891,996	\$1,741,996	\$1,591,996	\$1,441,996	\$1,291,996	\$1,141,996	\$991,996	\$991,996
<b>Total Qualified Investment - Service 1070</b>	\$487,936	\$452,936	\$417,936	\$382,936	\$347,936	\$312,936	\$277,936	\$242,936	\$207,936	\$172,936	\$137,936	\$102,936	\$67,936	\$67,936
<b>Total Qualified Investment - Mains 1010</b>	\$77,133,611	\$77,966,944	\$78,800,277	\$79,633,611	\$80,466,944	\$81,300,277	\$82,133,611	\$82,966,944	\$83,800,277	\$84,633,611	\$85,466,944	\$86,300,277	\$87,133,611	\$87,133,611
<b>Total Qualified Investment - Service 1010</b>	\$24,584,738	\$24,769,738	\$24,954,738	\$25,139,738	\$25,324,738	\$25,509,738	\$25,694,738	\$25,879,738	\$26,064,738	\$26,249,738	\$26,434,738	\$26,619,738	\$26,804,738	\$26,804,738
<b>Total Qualified Investment</b>	\$104,998,281	\$105,831,614	\$106,664,947	\$107,498,281	\$108,331,614	\$109,164,947	\$109,998,281	\$110,831,614	\$111,664,947	\$112,498,281	\$113,331,614	\$114,164,947	\$114,998,281	\$114,998,281
<b>Less: Accumulated Depreciation</b>	(\$10,544,561)	(\$10,766,999)	(\$10,991,659)	(\$11,218,542)	(\$11,447,645)	(\$11,678,971)	(\$11,912,519)	(\$12,148,288)	(\$12,386,279)	(\$12,626,492)	(\$12,868,927)	(\$13,113,583)	(\$13,360,462)	(\$13,360,462)
<b>Net Book Value</b>	\$94,453,720	\$95,064,615	\$95,673,288	\$96,279,739	\$96,883,969	\$97,485,976	\$98,085,762	\$98,683,326	\$99,278,668	\$99,871,789	\$100,462,687	\$101,051,364	\$101,637,819	\$101,637,819
<b>Average Net Qualified Investment</b>	\$94,759,167	\$95,368,951	\$95,976,513	\$96,581,854	\$97,184,972	\$97,785,869	\$98,384,544	\$98,980,997	\$99,575,228	\$100,167,238	\$100,757,026	\$101,344,592		
<b>Depreciation Rates</b>														
Approved Depreciation Rate-Mains		2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%
Approved Depreciation Rate-Services		2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%
<b>Return on Average Net Qualified Investment</b>														
Equity - Cost of Capital, inclusive of Income Tax Gross-up		5.8500%	5.8500%	5.8500%	5.8500%	5.8500%	5.8500%	5.8500%	5.8500%	5.8500%	5.8500%	5.8500%	5.8500%	5.8500%
Debt - Cost of Capital		1.6500%	1.6500%	1.6500%	1.6500%	1.6500%	1.6500%	1.6500%	1.6500%	1.6500%	1.6500%	1.6500%	1.6500%	1.6500%
<b>Equity Component - inclusive of Income Tax Gross-up</b>	\$461,951	\$464,924	\$467,886	\$470,837	\$473,777	\$476,706	\$479,625	\$482,532	\$485,429	\$488,315	\$491,191	\$494,055	\$494,055	\$5,737,226
<b>Debt Component</b>	\$130,294	\$131,132	\$131,968	\$132,800	\$133,629	\$134,456	\$135,279	\$136,099	\$136,916	\$137,730	\$138,541	\$139,349	\$139,349	\$1,618,192
<b>Return Requirement</b>	\$592,245	\$596,056	\$599,853	\$603,637	\$607,406	\$611,162	\$614,903	\$618,631	\$622,345	\$626,045	\$629,731	\$633,404	\$633,404	\$7,355,418
<b>Investment Expenses</b>														
Depreciation Expense - Mains		\$167,123	\$168,928	\$170,734	\$172,539	\$174,345	\$176,151	\$177,956	\$179,762	\$181,567	\$183,373	\$185,178	\$186,984	\$2,124,641
Depreciation Expense - Services		\$55,316	\$55,732	\$56,148	\$56,564	\$56,981	\$57,397	\$57,813	\$58,229	\$58,646	\$59,062	\$59,478	\$59,894	\$691,260
Property Taxes		\$157,423	\$157,423	\$157,423	\$157,423	\$157,423	\$157,423	\$157,423	\$157,423	\$157,423	\$157,423	\$157,423	\$157,423	\$1,889,074
General Public Notice Expense & Customer Notice Expense		\$4,333	\$4,333	\$4,333	\$4,333	\$4,333	\$4,333	\$4,333	\$4,333	\$4,333	\$4,333	\$4,333	\$4,333	\$52,000
<b>Total Expense</b>	\$384,195	\$386,416	\$388,638	\$390,860	\$393,082	\$395,304	\$397,526	\$399,747	\$401,969	\$404,191	\$406,413	\$408,635	\$408,635	\$4,756,975
<b>Total Revenue Requirements</b>	\$976,459	\$982,472	\$988,492	\$994,497	\$1,000,488	\$1,006,465	\$1,012,429	\$1,018,379	\$1,024,314	\$1,030,236	\$1,036,144	\$1,042,038	\$1,042,038	\$12,112,394
<b>Annual Revenue Requirement for Bare Steel Replacement Investment</b>	\$62,310	\$62,310	\$62,310	\$62,310	\$62,310	\$62,310	\$62,310	\$62,310	\$62,310	\$62,310	\$62,310	\$62,310	\$62,310	\$747,727
<b>Net Annual Revenue Requirements</b>	\$914,129	\$920,162	\$926,182	\$932,187	\$938,178	\$944,155	\$950,119	\$956,069	\$962,004	\$967,926	\$973,834	\$979,721	\$979,721	\$11,364,667

**Florida Public Utilities Company**  
 Gas Reliability Infrastructure Program (GRIP)  
 Projection of Qualified Mains & Services Revenue Requirements  
 Surcharge Calculation - January 1, 2020 through December 31, 2020  
 Per Therm Rate

Schedule D-1  
 Exhibit \_\_\_\_\_  
 Derrick M. Craig (DMC - 1)  
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1. 1/1/20-12/31/20 Qualified Mains & Services Replacement Revenue Requirements		\$11,364,667
Mains	74%	\$8,409,853
Services	26%	\$2,954,813
Net		<u>\$10,666,754</u>
2. TRUE-UP from Prior Period (Over)/Under Recovery Estimated thru 12/2019		\$ (1,513,182)
3. 2020 Qualified Mains & Services Replacement Revenue Requirements		\$ 9,851,484
Mains	74%	\$7,290,098
Services	26%	\$2,561,386
Net		<u>\$9,851,484</u>

RATE SCHEDULE	2020 THERMS	SERVICES COS %	MAINS COS %	SERVICES REV REQ	MAINS REV REQ	GRIP REV REQ	DOLLARS PER THERM	TAX FACTOR	GRIP FACTORS PER THERM	TYPICAL ANNUAL THERMS	ANNUAL COST	AVERAGE MONTHLY COST
RESIDENTIAL	13,916,212	58.00%	22.00%	\$1,485,604	\$1,603,822	\$3,089,426	\$0.22200	1.00503	\$0.22312	250	\$55.78	\$4.65
COMMERCIAL SMALL (General Service & GS Transportation & NGVS & NGVTS)	14,961,638	17.00%	23.00%	\$435,436	\$1,676,723	\$2,112,158	\$0.14117	1.00503	\$0.14188	2,500	\$354.70	\$29.56
COMM. LRG VOLUME (Large Vol & LV Transportation)	43,304,805	25.00%	46.00%	\$640,346	\$3,353,445	\$3,993,792	\$0.09223	1.00503	\$0.09269	25,000	\$2,317.23	\$193.10
INTERRUPTIBLE SERVICE (Int Service & IS Transportation)	9,996,142	0.00%	8.00%	\$0	\$583,208	\$583,208	\$0.05834	1.00503	\$0.05864	50,000	\$2,931.84	\$244.32
GENERAL LIGHTING SERVICE ( Gen Light Service & GLS Transportation)	148,651	0.00%	1.00%	\$0	\$72,901	\$72,901	\$0.49042	1.00503	\$0.49288	500	\$246.44	\$20.54
<b>TOTAL</b>	<u>82,327,449</u>	<u>100.00%</u>	<u>100.00%</u>	<u>\$2,561,386</u>	<u>\$7,290,098</u>	<u>\$9,851,484</u>						

## Florida Division of Chesapeake Utilities Corporation

Gas Reliability Infrastructure Program (GRIP)

Calculation of Equity and Debt Returns

Schedule A-1

Exhibit \_\_\_\_\_

Derrick M. Craig (DMC - 1)

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Earnings Surveillance Report - December 31, 2018

Equity Cost Rate	10.80%
Weighted Equity Cost Rate	4.40%
Revenue Expansion Factor	1.3488
Weighted Equity Cost Rate, times Revenue Expansion Factor	<u>5.935%</u>
Long Term Debt-CU	0.770%
Short Term Debt	0.590%
Short Term Debt-Refinanced LTD	0.000%
Customer Deposits	0.030%
Tax Credits-Weighted Cost	0.000%
Weighted Debt Cost Rate	<u>1.390%</u>
Overall Weighted Cost Rate	<u><u>5.79%</u></u>





Florida Division of Chesapeake Utilities Corporation  
 Gas Reliability Infrastructure Program (GRIP)  
 Calculation of the Projected Revenue Requirements  
 January 1, 2020 through December 31, 2020

Schedule C-2  
 Exhibit \_\_\_\_\_  
 Derrick M. Craig (DMC - 1)  
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Item	Beginning Balance	Forecast Jan	Forecast Feb	Forecast Mar	Forecast Apr	Forecast May	Forecast Jun	Forecast Jul	Forecast Aug	Forecast Sep	Forecast Oct	Forecast Nov	Forecast Dec	Year End Total
<b>Qualified Investment</b>														
Qualified Investment - Mains - Current 1070 Activity		\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$1,800,000
Qualified Investment - Mains - Closed 1070 Activity to Plant		(\$164,113)	(\$164,113)	(\$164,113)	(\$164,113)	(\$164,113)	(\$164,113)	(\$164,113)	(\$164,113)	(\$164,113)	(\$164,113)	(\$164,113)	(\$164,113)	(\$1,969,355)
Qualified Investment - Services - Current 1070 Activity		\$16,667	\$16,667	\$16,667	\$16,667	\$16,667	\$16,667	\$16,667	\$16,667	\$16,667	\$16,667	\$16,667	\$16,667	\$200,000
Qualified Investment - Services - Closed 1070 Activity to Plant		(\$16,709)	(\$16,709)	(\$16,709)	(\$16,709)	(\$16,709)	(\$16,709)	(\$16,709)	(\$16,709)	(\$16,709)	(\$16,709)	(\$16,709)	(\$16,709)	(\$200,513)
Qualified Investment - Mains - Current 1010 Activity		\$164,113	\$164,113	\$164,113	\$164,113	\$164,113	\$164,113	\$164,113	\$164,113	\$164,113	\$164,113	\$164,113	\$164,113	\$1,969,355
Qualified Investment - Services - Current 1010 Activity		\$16,709	\$16,709	\$16,709	\$16,709	\$16,709	\$16,709	\$16,709	\$16,709	\$16,709	\$16,709	\$16,709	\$16,709	\$200,513
<b>Total Qualified Investment - Mains 1070</b>	\$169,355	\$155,242	\$141,129	\$127,016	\$112,903	\$98,790	\$84,677	\$70,564	\$56,452	\$42,339	\$28,226	\$14,113	\$0	\$0
<b>Total Qualified Investment - Services 1070</b>	\$513	\$470	\$427	\$385	\$342	\$299	\$256	\$214	\$171	\$128	\$85	\$43	\$0	\$0
<b>Total Qualified Investment - Mains 1010</b>	\$33,749,186	\$33,913,299	\$34,077,412	\$34,241,525	\$34,405,638	\$34,569,751	\$34,733,863	\$34,897,976	\$35,062,089	\$35,226,202	\$35,390,315	\$35,554,428	\$35,718,541	\$35,718,541
<b>Total Qualified Investment - Services 1010</b>	\$3,082,410	\$3,099,120	\$3,115,829	\$3,132,538	\$3,149,248	\$3,165,957	\$3,182,667	\$3,199,376	\$3,216,085	\$3,232,795	\$3,249,504	\$3,266,214	\$3,282,923	\$3,282,923
<b>Total Qualified Investment</b>	\$37,001,464	\$37,168,131	\$37,334,797	\$37,501,464	\$37,668,131	\$37,834,797	\$38,001,464	\$38,168,131	\$38,334,797	\$38,501,464	\$38,668,131	\$38,834,797	\$39,001,464	\$39,001,464
Less: Accumulated Depreciation	(\$3,224,388)	(\$3,304,446)	(\$3,384,898)	(\$3,465,743)	(\$3,546,981)	(\$3,628,613)	(\$3,710,637)	(\$3,793,055)	(\$3,875,866)	(\$3,959,070)	(\$4,042,667)	(\$4,126,657)	(\$4,211,041)	(\$4,211,041)
<b>Net Book Value</b>	\$33,777,076	\$33,863,685	\$33,949,899	\$34,035,721	\$34,121,150	\$34,206,184	\$34,290,827	\$34,375,076	\$34,458,931	\$34,542,394	\$34,625,464	\$34,708,140	\$34,790,423	\$34,790,423
<b>Average Net Qualified Investment</b>	\$33,820,380	\$33,906,792	\$33,992,810	\$34,078,435	\$34,163,667	\$34,248,506	\$34,332,951	\$34,417,003	\$34,500,663	\$34,583,929	\$34,666,802	\$34,749,282		
<b>Depreciation Rates</b>														
Approved Depreciation Rate-Mains		2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%
Approved Depreciation Rate-Services		2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%
<b>Return on Average Net Qualified Investment</b>														
Equity - Cost of Capital, inclusive of Income Tax Gross-up		5.9350%	5.9350%	5.9350%	5.9350%	5.9350%	5.9350%	5.9350%	5.9350%	5.9350%	5.9350%	5.9350%	5.9350%	5.9350%
Debt - Cost of Capital		1.3900%	1.3900%	1.3900%	1.3900%	1.3900%	1.3900%	1.3900%	1.3900%	1.3900%	1.3900%	1.3900%	1.3900%	1.3900%
<b>Equity Component - inclusive of Income Tax Gross-up</b>	\$167,270	\$167,697	\$168,123	\$168,546	\$168,968	\$169,387	\$169,805	\$170,221	\$170,635	\$171,046	\$171,456	\$171,864	\$171,864	\$2,035,019
<b>Debt Component</b>	\$39,175	\$39,275	\$39,375	\$39,474	\$39,573	\$39,671	\$39,769	\$39,866	\$39,963	\$40,060	\$40,156	\$40,251	\$40,251	\$476,609
<b>Return Requirement</b>	\$206,445	\$206,973	\$207,498	\$208,020	\$208,541	\$209,059	\$209,574	\$210,087	\$210,598	\$211,106	\$211,612	\$212,115	\$212,115	\$2,511,628
<b>Investment Expenses</b>														
Depreciation Expense - Mains		\$73,123	\$73,479	\$73,834	\$74,190	\$74,546	\$74,901	\$75,257	\$75,612	\$75,968	\$76,323	\$76,679	\$77,035	\$900,947
Depreciation Expense - Services		\$6,935	\$6,973	\$7,011	\$7,048	\$7,086	\$7,123	\$7,161	\$7,199	\$7,236	\$7,274	\$7,311	\$7,349	\$85,706
Property Taxes		\$56,295	\$56,295	\$56,295	\$56,295	\$56,295	\$56,295	\$56,295	\$56,295	\$56,295	\$56,295	\$56,295	\$56,295	\$675,540
General Public Notice Expense and Customer Notice Expense		\$2,205	\$1,319	\$2,148	\$0	\$0	\$0	\$1,729	\$0	\$0	\$0	\$0	\$0	\$7,402
<b>Total Expense</b>	\$138,558	\$138,066	\$139,288	\$137,533	\$137,927	\$138,319	\$140,442	\$139,106	\$139,499	\$139,892	\$140,285	\$140,679	\$140,679	\$1,669,595
<b>Total Revenue Requirements</b>	\$345,003	\$345,039	\$346,786	\$345,553	\$346,468	\$347,378	\$350,016	\$349,193	\$350,097	\$350,998	\$351,897	\$352,794	\$352,794	\$4,181,223





**Florida Public Utilities Company -Ft. Meade**

Gas Reliability Infrastructure Program (GRIP)  
Investment and Calculation of Equity and Debt Returns

Schedule A-1

Exhibit \_\_\_\_\_

Derrick M. Craig (DMC - 1)

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	<u># of Services</u>	<u>Cost per Service</u>	<u>Projected Total Investment</u>		
Earnings Surveillance Report - December 31, 2017					
Equity Cost Rate			11.00%		
Weighted Equity Cost Rate			3.44%		
Revenue Expansion Factor			1.3559		
Weighted Equity Cost Rate, times Revenue Expansion Factor			<u>4.660%</u>		
Long Term Debt-CU			0.590%		
Short Term Debt			0.450%		
Short Term Debt-Refinanced LTD			0.000%		
Customer Deposits			0.010%		
Tax Credits-Weighted Cost			<u>0.000%</u>		
Weighted Debt Cost Rate			<u>1.050%</u>		
Overall Weighted Cost Rate			<u><u>4.49%</u></u>		

**Florida Public Utilities-Ft. Meade**  
 Gas Reliability Infrastructure Program (GRIP)  
 Calculation of the Projected Revenue Requirements  
 January 1, 2018 through December 31, 2018

Schedule B-2  
 Exhibit \_\_\_\_\_  
 Derrick M. Craig (DMC - 1)  
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Item	Beginning Balance	Actual Jan	Actual Feb	Actual Mar	Actual Apr	Actual May	Actual Jun	Actual Jul	Forecast Aug	Forecast Sep	Forecast Oct	Forecast Nov	Forecast Dec	Year End Total
<b>Qualified Investment</b>														
Qualified Investment - Mains - Current 1070 Activity				\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Qualified Investment - Mains - Closed 1070 Activity to Plant				\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Qualified Investment - Services - Current 1070 Activity		\$1,138	\$933	\$2,750	\$0	\$0	\$39,036	\$11,721	\$2,574	\$711	\$2,407	\$187	\$0	\$61,458
Qualified Investment - Services - Closed 1070 Activity to Plant			(\$733)	(\$1,338)	(\$2,750)	\$0	(\$19,321)	(\$21,945)	(\$9,617)	(\$2,449)	(\$3,118)	\$0	(\$187)	(\$61,458)
Qualified Investment - Mains - Current 1010 Activity		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Qualified Investment - Services - Current 1010 Activity		\$0	\$733	\$1,338	\$2,750	\$0	\$19,321	\$21,945	\$9,617	\$2,449	\$3,118	\$0	\$187	\$61,458
<b>Total Qualified Investment - Mains 1070</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Qualified Investment - Services 1070</b>	(\$1)	\$1,137	\$1,337	\$2,749	(\$1)	(\$1)	\$19,715	\$9,491	\$2,448	\$711	(\$1)	\$186	(\$1)	(\$1)
<b>Total Qualified Investment - Mains 1010</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Qualified Investment - Services 1010</b>	\$188,731	\$188,731	\$189,464	\$190,802	\$193,552	\$193,552	\$212,873	\$234,818	\$244,434	\$246,883	\$250,001	\$250,001	\$250,188	\$250,188
<b>Total Qualified Investment</b>	\$188,730	\$189,868	\$190,801	\$193,552	\$193,552	\$193,552	\$232,588	\$244,309	\$246,883	\$247,594	\$250,001	\$250,188	\$250,188	\$250,188
Less: Accumulated Depreciation	(\$3,349)	(\$3,774)	(\$4,199)	(\$4,625)	(\$5,054)	(\$5,489)	(\$5,924)	(\$6,403)	(\$6,931)	(\$7,481)	(\$8,036)	(\$8,599)	(\$9,162)	(\$9,162)
<b>Net Book Value</b>	\$185,381	\$186,094	\$186,602	\$188,927	\$188,498	\$188,063	\$226,664	\$237,906	\$239,952	\$240,113	\$241,965	\$241,589	\$241,026	\$241,026
<b>Average Net Qualified Investment</b>		\$185,738	\$186,348	\$187,764	\$188,712	\$188,280	\$207,363	\$232,285	\$238,929	\$240,032	\$241,039	\$241,777	\$241,307	
<b>Depreciation Rates</b>														
Approved Depreciation Rate-Mains		2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%
Approved Depreciation Rate-Services		2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%
<b>Return on Average Net Qualified Investment</b>														
Equity - Cost of Capital, inclusive of Income Tax Gross-up		7.2000%	5.9400%	5.9400%	5.9400%	5.9400%	5.9400%	5.9400%	5.9400%	5.9400%	5.9400%	5.9400%	5.9400%	5.9400%
Debt - Cost of Capital		1.0200%	1.0200%	1.0200%	1.0200%	1.0200%	1.0200%	1.0200%	1.0200%	1.0200%	1.0200%	1.0200%	1.0200%	1.0200%
<b>Equity Component - inclusive of Income Tax Gross-up</b>	\$1,114	\$922	\$929	\$934	\$932	\$1,026	\$1,150	\$1,183	\$1,188	\$1,193	\$1,197	\$1,194	\$1,194	\$12,964
<b>Debt Component</b>	\$158	\$158	\$160	\$160	\$160	\$176	\$197	\$203	\$204	\$205	\$206	\$205	\$205	\$2,193
<b>Return Requirement</b>	\$1,272	\$1,081	\$1,089	\$1,095	\$1,092	\$1,203	\$1,347	\$1,386	\$1,392	\$1,398	\$1,402	\$1,402	\$1,400	\$15,157
<b>Investment Expenses</b>														
Depreciation Expense - Mains	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Depreciation Expense - Services	\$425	\$425	\$426	\$429	\$435	\$435	\$479	\$528	\$550	\$555	\$563	\$563	\$563	\$5,813
Property Taxes	\$309	\$309	\$309	\$309	\$309	\$309	\$309	\$309	\$309	\$309	\$309	\$309	\$309	\$3,708
General Public Notice Expense and Customer Notice Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Expense</b>	\$734	\$734	\$735	\$738	\$744	\$744	\$788	\$837	\$859	\$864	\$872	\$872	\$872	\$9,521
<b>Tax Reform-Adjustment for 2/1-2/6/2018</b>			\$42											\$42
<b>Total Revenue Requirements</b>	\$2,006	\$1,857	\$1,824	\$1,833	\$1,836	\$1,947	\$2,135	\$2,223	\$2,251	\$2,262	\$2,274	\$2,272	\$2,272	\$24,720
<b>GRIP Surcharge Revenues Collected Month</b>	\$ 1,216	\$ 864	\$ 624	\$ 680	\$ 508	\$ 536	\$ 402	\$ 433	\$ 449	\$ 402	\$ 492	\$ 786		\$7,394
<b>Beginning True-Up (Over) and Under Recovery for the Month</b>	\$ 790	\$ 992	\$ 1,200	\$ 1,152	\$ 1,328	\$ 1,411	\$ 1,733	\$ 1,790	\$ 1,802	\$ 1,860	\$ 1,782	\$ 1,486		\$ (13,528)
<b>Monthly Interest (Expense)/Income</b>	\$ (16)	\$ (16)	\$ (16)	\$ (16)	\$ (14)	\$ (12)	\$ (10)	\$ (7)	\$ (4)	\$ (1)	\$ 2	\$ 6		\$ (104)
<b>Ending (Over) and Under Recovery</b>	\$ (13,528)	\$ (12,754)	\$ (11,778)	\$ (10,594)	\$ (9,458)	\$ (8,144)	\$ (6,746)	\$ (5,022)	\$ (3,239)	\$ (1,441)	\$ 418	\$ 2,202	\$ 3,693	\$ 3,693
<b>Beg of Month Annual Interest Rate</b>	1.49%	1.50%	1.66%	1.86%	1.90%	1.86%	2.00%	1.97%	2.02%	2.13%	2.24%	2.27%	2.27%	2.50%
<b>End of Month Annual Interest Rate</b>	1.50%	1.66%	1.86%	1.90%	1.86%	2.00%	1.97%	2.02%	2.13%	2.24%	2.27%	2.27%	2.50%	2.50%
<b>Average Monthly Interest Rate</b>	0.13%	0.13%	0.15%	0.16%	0.16%	0.17%	0.17%	0.17%	0.17%	0.18%	0.19%	0.20%	0.20%	0.20%



**Florida Public Utilities-Ft. Meade**  
 Gas Reliability Infrastructure Program (GRIP)  
 Calculation of the Projected Revenue Requirements  
 January 1, 2020 through December 31, 2020

Schedule C-2  
 Exhibit \_\_\_\_\_  
 Derrick M. Craig (DMC - 1)  
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Item	Beginning Balance	Forecast Jan	Forecast Feb	Forecast Mar	Forecast Apr	Forecast May	Forecast Jun	Forecast Jul	Forecast Aug	Forecast Sep	Forecast Oct	Forecast Nov	Forecast Dec	Year End Total
<b>Qualified Investment</b>														
Qualified Investment - Mains - Current 1070 Activity		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Qualified Investment - Mains - Closed 1070 Activity to Plant		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Qualified Investment - Services - Current 1070 Activity		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Qualified Investment - Services - Closed 1070 Activity to Plant		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Qualified Investment - Mains - Current 1010 Activity		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Qualified Investment - Services - Current 1010 Activity		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Qualified Investment - Mains 1070</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Qualified Investment - Services 1070</b>	(\$1)	(\$1)	(\$1)	(\$1)	(\$1)	(\$1)	(\$1)	(\$1)	(\$1)	(\$1)	(\$1)	(\$1)	(\$1)	(\$1)
<b>Total Qualified Investment - Mains 1010</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Qualified Investment - Services 1010</b>	\$258,932	\$258,932	\$258,932	\$258,932	\$258,932	\$258,932	\$258,932	\$258,932	\$258,932	\$258,932	\$258,932	\$258,932	\$258,932	\$258,932
<b>Total Qualified Investment</b>	\$258,932	\$258,932	\$258,932	\$258,932	\$258,932	\$258,932	\$258,932	\$258,932	\$258,932	\$258,932	\$258,932	\$258,932	\$258,932	\$258,932
Less: Accumulated Depreciation	(\$16,022)	(\$16,605)	(\$17,188)	(\$17,771)	(\$18,354)	(\$18,937)	(\$19,520)	(\$20,103)	(\$20,686)	(\$21,269)	(\$21,852)	(\$22,435)	(\$23,018)	(\$23,018)
<b>Net Book Value</b>	\$242,910	\$242,327	\$241,744	\$241,161	\$240,578	\$239,995	\$239,412	\$238,829	\$238,246	\$237,663	\$237,080	\$236,497	\$235,914	\$235,914
<b>Average Net Qualified Investment</b>		\$242,618	\$242,035	\$241,452	\$240,869	\$240,286	\$239,703	\$239,120	\$238,537	\$237,954	\$237,371	\$236,788	\$236,205	
<b>Depreciation Rates</b>														
Approved Depreciation Rate-Mains		2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%
Approved Depreciation Rate-Services		2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%
<b>Return on Average Net Qualified Investment</b>														
Equity - Cost of Capital, inclusive of Income Tax Gross-up		4.6600%	4.6600%	4.6600%	4.6600%	4.6600%	4.6600%	4.6600%	4.6600%	4.6600%	4.6600%	4.6600%	4.6600%	4.6600%
Debt - Cost of Capital		1.0500%	1.0500%	1.0500%	1.0500%	1.0500%	1.0500%	1.0500%	1.0500%	1.0500%	1.0500%	1.0500%	1.0500%	1.0500%
Equity Component - inclusive of Income Tax Gross-up		\$942	\$940	\$938	\$935	\$933	\$931	\$929	\$926	\$924	\$922	\$920	\$917	\$11,157
Debt Component		\$212	\$212	\$211	\$211	\$210	\$210	\$209	\$209	\$208	\$208	\$207	\$207	\$2,514
<b>Return Requirement</b>		\$1,154	\$1,152	\$1,149	\$1,146	\$1,143	\$1,141	\$1,138	\$1,135	\$1,132	\$1,129	\$1,127	\$1,124	\$13,670
<b>Investment Expenses</b>														
Depreciation Expense - Mains		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Depreciation Expense - Services		\$583	\$583	\$583	\$583	\$583	\$583	\$583	\$583	\$583	\$583	\$583	\$583	\$6,996
Property Taxes		\$405	\$405	\$405	\$405	\$405	\$405	\$405	\$405	\$405	\$405	\$405	\$405	\$4,860
General Public Notice Expense and Customer Notice Expense		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Expense</b>		\$988	\$988	\$988	\$988	\$988	\$988	\$988	\$988	\$988	\$988	\$988	\$988	\$11,856
<b>Total Revenue Requirements</b>		\$2,142	\$2,140	\$2,137	\$2,134	\$2,131	\$2,129	\$2,126	\$2,123	\$2,120	\$2,117	\$2,115	\$2,112	\$25,526

**Florida Public Utilities Company-Fort Meade**  
 Gas Reliability Infrastructure Program (GRIP)  
 Projection of Qualified Mains & Services Revenue Requirements  
 Surcharge Calculation - January 1, 2020 through December 31, 2020  
 Per Therm Rate

Schedule D-1  
 Exhibit \_\_\_\_\_  
 Derrick M. Craig (DMC - 1)  
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1. 1/1/20-12/31/20 Qualified Mains & Services Replacement Revenue Requirements	\$	25,526
Mains	0%	\$0
Services	100%	<u>\$25,526</u>
Net		<u><u>\$25,526</u></u>
2. TRUE-UP from Prior Period (Over)/Under Recovery Estimated thru 12/2019	\$	4,188
3. 2020 Qualified Mains & Services Replacement Revenue Requirements	\$	29,715
Mains	0%	\$0
Services	100%	<u>\$29,715</u>
Net		<u><u>\$29,715</u></u>

RATE SCHEDULE	2019 THERMS	SERVICES COS %	MAINS COS %	SERVICES REV REQ	MAINS REV REQ	GRIP REV REQ	DOLLARS PER THERM	TAX FACTOR	GRIP FACTORS PER THERM	TYPICAL ANNUAL THERMS	ANNUAL COST	AVERAGE MONTHLY COST
RESIDENTIAL	69,663	58.00%	22.00%	\$17,235	\$0	\$17,235	\$0.24740	1.00503	\$0.24865	250	\$62.16	\$5.18
COMMERCIAL SMALL (General Service & GS Transportation)	65,892	17.00%	23.00%	\$5,052	\$0	\$5,052	\$0.07666	1.00503	\$0.07705	2,500	\$192.62	\$16.05
COMM. LRG VOLUME (Large Vol & LV Transportation)	0	25.00%	46.00%	\$7,429	\$0	\$7,429	\$0.00000	1.00503	\$0.00000	25,000	\$0.00	\$0.00
INTERRUPTIBLE SERVICE (Int Service & IS Transportation)	0	0.00%	8.00%	\$0	\$0	\$0	\$0.00000	1.00503	\$0.00000	50,000	\$0.00	\$0.00
GENERAL LIGHTING SERVICE	0	0.00%	1.00%	\$0	\$0	\$0	\$0.00000	1.00503	\$0.00000	500	\$0.00	\$0.00
<b>TOTAL</b>	<u>135,555</u>	<u>100.00%</u>	<u>100.00%</u>	<u>\$29,715</u>	<u>\$0</u>	<u>\$29,715</u>						