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October 11, 2019

BY E-PORTAL

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

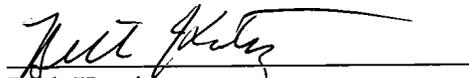
Re: Docket No. 20190173-GU – Joint Petition for Approval of GRIP Cost Recovery Factors by Florida Public Utilities Company, Florida Public Utilities Company-Fort Meade, and Florida Division of Chesapeake Utilities Corporation.

Dear Mr. Teitzman:

Attached for electronic filing, please find the Joint Responses of Florida Public Utilities Company, Florida Public Utilities Company-Indiantown Division, Florida Public Utilities Company-Fort Meade, and the Florida Division of Chesapeake Utilities Corporation to Staff's Second Data Requests in the referenced docket.

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

Sincerely,



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

Docket No. 20190173-GU – 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.

The responses of the FPUC Companies to Staff's second data requests are below:

1. Please state why Florida Public Utilities Company, Florida Public Utilities Company-Fort Meade, and Florida Division of Chesapeake Utilities Corporation (FPUC/CPK) did not make a consistency and proration adjustment to the WACC to comply with the normalization rules in IRC § 1.167(1)-1(h)(6).

Company's Response:

FPUC and Chesapeake (Companies) believed that FPSC Order No. PSC-2012-0425-PAA-EU, which addressed compliance with IRC 1.167(1)-1(h)(6), related only to clause-recoverable investments for electric utilities. Since this docket pertains to natural gas, the Companies did not make the consistency and proration adjustment to WACC. Also, the Companies have previously filed and received approval from this Commission on its methodology on the calculation of WACC since GRIP's inception in 2012. Therefore, the Companies believed that they were in compliance with all rules and orders.

2. How does FPUC/CPK know its WACC is compliant with IRC § 167 and § 168?

Company's Response:

Please see response to No. 1 above.

3. Please provide the WACC using the consistency rule per IRC § 168(i)(9)(B) and proration adjustments according to IRC § 1.167(1)-1(h)(6)(ii), even if an adjustment to the WACC is not required.

Company's Response:

Please see Attachment A.

4. Please provide a revised revenue requirement using the consistency and proration adjustments per IRC § 168(i)(9)(B) and § 1.167(1)-1(h)(6)(ii), even if an adjustment to its WACC is not required.

Company's Response:

Please see Attachment B.

Attachment A

FPU

2018 YE Surveillance with ADFIT Consistency and Proration Adjustments (13-month average)									
	Per Book	Consistency and Pro-Rata		Specific	Adjusted	Cap Ratio	Cost Rate	Weighted Cost	
		Rata Adjustment	Books Adjusted	Adjustment	Balance				
Common Equity	\$94,385,921	(\$1,254,144)	\$93,131,777	\$1,538,972	(\$2,469,682)	\$92,201,067	39.41%	10.85%	4.28%
Long Term Debt	\$39,631,777	(\$526,603)	\$39,105,173	\$646,200		\$39,751,373	16.99%	4.04%	0.69%
Short Term Debt	\$46,141,408	(\$613,099)	\$45,528,309	\$752,340		\$46,280,649	19.78%	2.94%	0.58%
LTD Corporate	\$5,491,366	(\$72,966)	\$5,418,400	\$89,537		\$5,507,937	2.35%	11.70%	0.28%
Cust Dep Active	\$8,146,930		\$8,146,930			\$8,146,930	3.48%	2.40%	0.08%
Deferred Income Tax	\$39,621,946	\$2,466,812	\$42,088,758			\$42,088,758	17.99%	0.00%	0.00%
Total	\$233,419,347		\$233,419,347	\$3,027,049	(\$2,469,682)	\$233,976,714	100%		5.90%

Proration Adjustment and Consistency Adjustment To Reflect Projected ADFIT Consistent with Projection Year								
	Month	Total Deferred Income Tax Balance	Deprec Related ADFIT Balance	Deprec Related ADFIT Activity	Days to Prorate	Future Days in Period	Prorated Deprec-Related ADFIT Activity	Prorated Deprec-Related ADFIT Balance
Projected	Dec-19	41,749,520	41,749,520					41,749,520
Projected	Jan-20	41,841,439	41,841,439	91,919	31	336	84,384	41,833,905
Projected	Feb-20	41,933,358	41,933,358	91,919	29	307	77,101	41,911,006
Projected	Mar-20	42,025,276	42,025,276	91,919	31	276	69,316	41,980,322
Projected	Apr-20	42,117,195	42,117,195	91,919	30	246	61,781	42,042,103
Projected	May-20	42,209,114	42,209,114	91,919	31	215	53,996	42,096,099
Projected	Jun-20	42,301,032	42,301,032	91,919	30	185	46,462	42,142,561
Projected	Jul-20	42,392,951	42,392,951	91,919	31	154	38,676	42,181,237
Projected	Aug-20	42,484,870	42,484,870	91,919	31	123	30,891	42,212,127
Projected	Sep-20	42,576,788	42,576,788	91,919	30	93	23,356	42,235,484
Projected	Oct-20	42,668,707	42,668,707	91,919	31	62	15,571	42,251,055
Projected	Nov-20	42,760,626	42,760,626	91,919	30	32	8,037	42,259,091
Projected	Dec-20	42,852,544	42,852,544	91,919	31	1	251	42,259,342
		42,301,032	42,301,032	1,103,024	366		509,822	42,088,758
2018 YE Surveil Bal.		39,621,946	39,621,946				13-Month Avg. Bal	42,301,032
Consistency Adjustment		2,679,087	2,679,087				Proration Adj.	(212,275)
Proration Adjustment			(212,275)					
Total Adjustment			2,466,812					

Attachment A

CFG

2018 YE Surveillance with ADFIT Consistency and Proration Adjustments (13-month average)											
	Per Book	Consistency and Pro-Rata		Pro-Rata	Specific	Adjusted	Cap Ratio	Cost Rate	Weighted Cost		
		Rata Adjustment	Books Adjusted	Adjustment	Adjustment	Balance					
Common Equity	\$37,890,035	(\$632,793)	\$37,257,242	\$0	(\$68,216)	\$37,189,026	40.05%	10.85%	4.35%		
Long Term Debt	\$17,595,675	(\$293,861)	\$17,301,814	\$0	(\$31,678)	\$17,270,136	18.60%	4.04%	0.75%		
Short Term Debt	\$18,522,885	(\$309,347)	\$18,213,538	\$0	(\$33,347)	\$18,180,191	19.58%	2.94%	0.58%		
LTD Corporate	\$0	\$0	\$0	\$0		\$0	0.00%	11.70%	0.00%		
Cust Dep Active	\$1,138,435		\$1,138,435			\$1,138,435	1.23%	2.40%	0.03%		
Deferred Income Tax	\$17,844,457	\$1,236,001	\$19,080,458			\$19,080,458	20.55%	0.00%	0.00%		
Total	\$92,991,487		\$92,991,487	\$0	(\$133,241)	\$92,858,246	100%		5.70%		

Proration Adjustment and Consistency Adjustment To Reflect Projected ADFIT Consistent with Projection Year									
	Month	Total Deferred Income Tax Balance	Deprec Related ADFIT Balance	Deprec Related ADFIT Activity	Days to Prorate	Future Days in Period	Prorated Deprec-Related ADFIT Activity	Prorated Deprec-Related ADFIT Balance	
Projected	Dec-19	18,919,370	18,919,370					18,919,370	
Projected	Jan-20	18,963,018	18,963,018	43,648	31	336	40,070	18,959,440	
Projected	Feb-20	19,006,666	19,006,666	43,648	29	307	36,612	18,996,052	
Projected	Mar-20	19,050,313	19,050,313	43,648	31	276	32,915	19,028,966	
Projected	Apr-20	19,093,961	19,093,961	43,648	30	246	29,337	19,058,304	
Projected	May-20	19,137,609	19,137,609	43,648	31	215	25,640	19,083,944	
Projected	Jun-20	19,181,257	19,181,257	43,648	30	185	22,062	19,106,006	
Projected	Jul-20	19,224,905	19,224,905	43,648	31	154	18,366	19,124,372	
Projected	Aug-20	19,268,553	19,268,553	43,648	31	123	14,669	19,139,040	
Projected	Sep-20	19,312,201	19,312,201	43,648	30	93	11,091	19,150,131	
Projected	Oct-20	19,355,849	19,355,849	43,648	31	62	7,394	19,157,525	
Projected	Nov-20	19,399,497	19,399,497	43,648	30	32	3,816	19,161,341	
Projected	Dec-20	19,443,145	19,443,145	43,648	31	1	119	19,161,461	
		19,181,257	19,181,257	523,775	366		242,091	19,080,458	
2018 YE Surveil Bal.		17,844,457	17,844,457					19,181,257	
Consistency Adjustment		1,336,801	1,336,801				13-Month Avg. Bal		
Proration Adjustment			(100,799)				Proration Adj.	(100,799)	
Total Adjustment			1,236,001						

Attachment A

FT

2018 YE Surveillance with ADFIT Consistency and Proration Adjustments (13-month average)										
	Consistency and Pro-		Pro-Rata		Specific	Adjusted		Cap Ratio	Cost Rate	Weighted Cost
	Per Book	Rata Adjustment	Books Adjusted	Adjustment	Adjustment	Balance				
Common Equity	\$167,554	(\$57,187)	\$110,367		\$0	\$0	\$110,367	20.60%	10.85%	2.23%
Long Term Debt	\$77,810	(\$26,557)	\$51,253		\$0	\$0	\$51,253	9.56%	4.04%	0.39%
Short Term Debt	\$81,910	(\$27,956)	\$53,954		\$0	\$0	\$53,954	10.07%	2.94%	0.30%
LTD Corporate	\$0	\$0	\$0		\$0	\$0	\$0	0.00%	11.70%	0.00%
Cust Dep Active	\$15,095		\$15,095				\$15,095	2.82%	2.40%	0.07%
Deferred Income Tax	\$193,518	\$111,700	\$305,218				\$305,218	56.96%	0.00%	0.00%
Total	\$535,887		\$535,887		\$0	\$0	\$535,887	100%		2.99%

Proration Adjustment and Consistency Adjustment To Reflect Projected ADFIT Consistent with Projection Year								
	Month	Total Deferred Income Tax Balance	Deprec Related ADFIT Balance	Deprec Related ADFIT Activity	Days to Prorate	Future Days in Period	Prorated Deprec-Related ADFIT Activity	Prorated Deprec-Related ADFIT Balance
Projected	Dec-19	292,252	292,252					292,252
Projected	Jan-20	295,765	295,765	3,513	31	336	3,225	295,477
Projected	Feb-20	299,278	299,278	3,513	29	307	2,947	298,424
Projected	Mar-20	302,791	302,791	3,513	31	276	2,649	301,073
Projected	Apr-20	306,304	306,304	3,513	30	246	2,361	303,434
Projected	May-20	309,817	309,817	3,513	31	215	2,064	305,498
Projected	Jun-20	313,330	313,330	3,513	30	185	1,776	307,274
Projected	Jul-20	316,843	316,843	3,513	31	154	1,478	308,752
Projected	Aug-20	320,356	320,356	3,513	31	123	1,181	309,933
Projected	Sep-20	323,869	323,869	3,513	30	93	893	310,825
Projected	Oct-20	327,382	327,382	3,513	31	62	595	311,420
Projected	Nov-20	330,895	330,895	3,513	30	32	307	311,727
Projected	Dec-20	334,408	334,408	3,513	31	1	10	311,737
		313,330	313,330	42,156	366		19,485	305,218
2018 YE Surveil Bal.		193,518	193,518				13-Month Avg. Bal	313,330
Consistency Adjustment		119,813	119,813				Proration Adj.	(8,113)
Proration Adjustment			(8,113)					
Total Adjustment			111,700					

Attachment B

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	4.28%
Revenue Expansion Factor	1.350
Weighted Equity Cost Rate, times Revenue Expansion Factor	<u>5.770%</u>
Long Term Debt-CU	0.69%
Short Term Debt	0.58%
Long Term Debt-FC	0.28%
Short Term Debt-Refinanced LTD	0.00%
Customer Deposits	0.08%
Weighted Debt Cost Rate	<u>1.63%</u>
Overall Weighted Cost Rate	<u>5.90%</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
Qualified Investment														
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	\$5,553,435
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	\$125,388	\$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
Total Qualified Investment - Mains 1070	\$407,194	\$734,047	\$553,346	\$852,766	\$829,235	\$1,151,447	\$258,511	\$212,735	\$372,855	\$540,582	\$641,599	\$412,957	\$127,139	\$127,139
Total Qualified Investment - Service 1070	\$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
Total Qualified Investment - Mains 1010	\$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
Total Qualified Investment - Service 1010	\$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
Total Qualified Investment	\$87,335,342	\$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
Less: Accumulated Depreciation	(\$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)
Net Book Value	\$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
Average Net Qualified Investment	\$81,796,791	\$82,073,501	\$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		
Depreciation Rates														
Approved Depreciation Rate-Mains		2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%
Approved Depreciation Rate-Services		2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%
Return on Average Net Qualified Investment														
Equity - Cost of Capital, inclusive of Income Tax Gross-up		7.7600%	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%
Equity Component - inclusive of Income Tax Gross-up	\$528,953	\$437,041	\$441,676	\$445,993	\$448,197	\$450,062	\$450,732	\$453,207	\$456,115	\$458,041	\$460,616	\$462,386	\$462,386	\$5,493,019
Debt Component	\$98,156	\$98,488	\$99,533	\$100,505	\$101,002	\$101,422	\$101,574	\$102,131	\$102,787	\$103,221	\$103,801	\$104,200	\$104,200	\$1,216,819
Return Requirement	\$627,109	\$535,530	\$541,208	\$546,498	\$549,199	\$551,484	\$552,306	\$555,338	\$558,902	\$561,262	\$564,417	\$566,585	\$566,585	\$6,709,838
Investment Expenses														
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	\$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	\$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	\$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	\$0	\$7,980
Total Expense	\$326,253	\$326,253	\$329,899	\$331,564	\$333,854	\$332,336	\$335,752	\$336,034	\$340,034	\$338,531	\$339,855	\$341,809	\$341,809	\$4,012,192
Total Revenue Requirements	\$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
Annual Revenue Requirement for Bare Steel Replacement Investment	\$62,310	\$62,310	\$62,310	\$62,310	\$62,310	\$62,310	\$62,310	\$62,310	\$62,310	\$62,310	\$62,310	\$62,310	\$62,310	\$747,727
Tax Reform-Adjustment for 2/1-2/6/2018		20,079												\$20,079
Net Annual Revenue Requirements	\$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
GRIP Surcharge Revenues Collected Month	\$ 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
Beginning True-Up														\$ (2,231,264)
(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)	\$ (331,887)
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)	\$ (5,017)	\$ (53,720)
Ending (Over) and Under Recovery	\$ (2,231,264)	\$ (2,581,205)	\$ (2,789,520)	\$ (2,949,753)	\$ (3,098,191)	\$ (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)
Boq of Month Annual Interest Rate		1.49%	1.50%	1.66%	1.86%	1.90%	1.86%	2.00%	1.97%	2.02%	2.13%	2.24%	2.27%	
End of Month Annual Interest Rate		1.50%	1.66%	1.86%	1.90%	1.86%	2.00%	1.97%	2.02%	2.13%	2.24%	2.27%	2.50%	
Average Monthly Interest Rate		0.125%	0.132%	0.147%	0.157%	0.157%	0.161%	0.165%	0.166%	0.173%	0.182%	0.188%	0.199%	

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

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
Qualified Investment														
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
Total Qualified Investment - Mains 1070	\$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
Total Qualified Investment - Service 1070	\$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
Total Qualified Investment - Mains 1010	\$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
Total Qualified Investment - Service 1010	\$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
Total Qualified Investment	\$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
Less: Accumulated Depreciation	(\$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)
Net Book Value	\$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
Average Net Qualified Investment	\$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		
Depreciation Rates														
Approved Depreciation Rate-Mains		2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%
Approved Depreciation Rate-Services		2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%
Return on Average Net Qualified Investment														
Equity - Cost of Capital, inclusive of Income Tax Gross-up		5.7700%	5.7700%	5.7700%	5.7700%	5.7700%	5.7700%	5.7700%	5.7700%	5.7700%	5.7700%	5.7700%	5.7700%	5.7700%
Debt - Cost of Capital		1.6277%	1.6277%	1.6277%	1.6277%	1.6277%	1.6277%	1.6277%	1.6277%	1.6277%	1.6277%	1.6277%	1.6277%	1.6277%
Equity Component - inclusive of Income Tax Gross-up	\$455,634	\$458,566	\$461,487	\$464,398	\$467,298	\$470,187	\$473,066	\$475,934	\$478,791	\$481,637	\$484,473	\$487,299	\$487,299	\$5,658,769
Debt Component	\$128,535	\$129,362	\$130,186	\$131,007	\$131,825	\$132,641	\$133,453	\$134,262	\$135,068	\$135,871	\$136,671	\$137,468	\$137,468	\$1,596,348
Return Requirement	\$584,169	\$587,928	\$591,673	\$595,405	\$599,123	\$602,828	\$606,518	\$610,195	\$613,859	\$617,508	\$621,144	\$624,766	\$624,766	\$7,255,117
Investment Expenses														
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	\$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	\$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	\$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	\$4,333	\$52,000
Total Expense	\$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
Total Revenue Requirements	\$968,363	\$974,344	\$980,312	\$986,265	\$992,205	\$998,131	\$1,004,044	\$1,009,943	\$1,015,828	\$1,021,699	\$1,027,557	\$1,033,401	\$1,039,247	\$12,012,092
Annual Revenue Requirement for Bare Steel Replacement Investment	\$62,310	\$747,727												
Net Annual Revenue Requirements	\$906,053	\$912,034	\$918,002	\$923,955	\$929,895	\$935,821	\$941,734	\$947,633	\$953,518	\$959,389	\$965,247	\$971,084	\$976,931	\$11,264,365

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)
 Page 5 of 15

1. 1/1/20-12/31/20 Qualified Mains & Services Replacement Revenue Requirements		\$11,264,365
Mains	74%	\$8,335,630
Services	26%	\$2,928,735
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		\$ 9,751,183
Mains	74%	\$7,215,875
Services	26%	\$2,535,307
Net		<u>\$9,751,183</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%	\$1,470,478	\$1,587,493	\$3,057,971	\$0.21974	1.00503	\$0.22085	250	\$55.21	\$4.60
COMMERCIAL SMALL (General Service & GS Transportation & NGVS & NGVTS)	14,961,638	17.00%	23.00%	\$431,002	\$1,659,651	\$2,090,654	\$0.13973	1.00503	\$0.14044	2,500	\$351.09	\$29.26
COMM. LRG VOLUME (Large Vol & LV Transportation)	43,304,805	25.00%	46.00%	\$633,827	\$3,319,303	\$3,953,129	\$0.09129	1.00503	\$0.09175	25,000	\$2,293.63	\$191.14
INTERRUPTIBLE SERVICE (Int Service & IS Transportation)	9,996,142	0.00%	8.00%	\$0	\$577,270	\$577,270	\$0.05775	1.00503	\$0.05804	50,000	\$2,901.99	\$241.83
GENERAL LIGHTING SERVICE (Gen Light Service & GLS Transportation)	148,651	0.00%	1.00%	\$0	\$72,159	\$72,159	\$0.48542	1.00503	\$0.48786	500	\$243.93	\$20.33
TOTAL	<u>82,327,449</u>	<u>100.00%</u>	<u>100.00%</u>	<u>\$2,535,307</u>	<u>\$7,215,875</u>	<u>\$9,751,183</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)

Page 6 of 15

Earnings Surveillance Report - December 31, 2018

Equity Cost Rate	10.80%
Weighted Equity Cost Rate	4.35%
Revenue Expansion Factor	1.3488
Weighted Equity Cost Rate, times Revenue Expansion Factor	<u>5.861%</u>
Long Term Debt-CU	0.75%
Short Term Debt	0.58%
Short Term Debt-Refinanced LTD	0.00%
Customer Deposits	0.03%
Tax Credits-Weighted Cost	0.00%
Weighted Debt Cost Rate	<u>1.36%</u>
Overall Weighted Cost Rate	<u><u>5.70%</u></u>

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

Schedule B-1
 Exhibit _____
 Derrick M. Craig (DMC - 1)
 Page 7 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
Qualified Investment														
Qualified Investment - Mains - Current 1070 Activity		\$65,104	\$209,453	\$420,099	\$568,280	\$463,831	\$363,299	\$405,095	\$326,365	\$383,866	\$400,347	\$409,958	\$1,110,564	\$5,126,264
Qualified Investment - Mains - Closed 1070 Activity to Plant			(\$135,245)	(\$455,006)	(\$99,739)	(\$1,059,421)	(\$413,604)	(\$291,003)	(\$451,712)	(\$223,047)	(\$393,582)	(\$376,171)	(\$379,203)	(\$4,277,734)
Qualified Investment - Services - Current 1070 Activity		\$13,361	\$37,667	\$47,894	\$35,292	\$65,555	\$55,655	\$20,630	\$61,857	\$73,798	\$87,536	\$60,522	\$42,019	\$601,586
Qualified Investment - Services - Closed 1070 Activity to Plant			(\$35,332)	(\$50,128)	(\$15,239)	(\$38,113)	(\$27,844)	(\$54,773)	(\$55,751)	(\$76,599)	(\$100,903)	(\$70,712)	(\$76,192)	(\$601,586)
Qualified Investment - Mains - Current 1010 Activity		\$0	\$135,245	\$455,006	\$99,739	\$1,059,421	\$413,604	\$291,003	\$451,712	\$223,047	\$393,582	\$376,171	\$379,203	\$4,277,734
Qualified Investment - Services - Current 1010 Activity		\$0	\$35,332	\$50,128	\$15,239	\$38,113	\$27,844	\$54,773	\$55,751	\$76,599	\$100,903	\$70,712	\$76,192	\$601,586
Total Qualified Investment - Mains 1070	\$320,043	\$385,147	\$459,356	\$424,449	\$892,990	\$297,401	\$247,096	\$361,188	\$235,841	\$396,660	\$403,425	\$437,211	\$1,168,573	\$1,168,573
Total Qualified Investment - Services 1070	\$4,001	\$17,363	\$19,697	\$17,463	\$37,516	\$64,958	\$92,770	\$58,626	\$64,732	\$61,931	\$48,564	\$38,174	\$4,001	\$4,001
Total Qualified Investment - Mains 1010	\$23,922,233	\$23,922,233	\$24,057,478	\$24,512,484	\$24,612,223	\$25,671,644	\$26,085,248	\$26,376,251	\$26,827,963	\$27,051,010	\$27,444,592	\$27,820,764	\$28,199,967	\$28,199,967
Total Qualified Investment - Services 1010	\$2,127,336	\$2,127,336	\$2,162,668	\$2,212,796	\$2,228,035	\$2,266,148	\$2,293,992	\$2,348,765	\$2,404,516	\$2,481,115	\$2,582,018	\$2,652,730	\$2,728,922	\$2,728,922
Total Qualified Investment	\$26,373,613	\$26,452,078	\$26,699,199	\$27,167,192	\$27,770,764	\$28,300,151	\$28,719,105	\$29,144,830	\$29,533,052	\$29,990,716	\$30,478,599	\$30,948,879	\$32,101,463	\$32,101,463
Less: Accumulated Depreciation	(\$1,600,187)	(\$1,656,806)	(\$1,713,425)	(\$1,770,416)	(\$1,828,505)	(\$1,886,844)	(\$1,947,565)	(\$2,009,244)	(\$2,071,678)	(\$2,135,215)	(\$2,199,409)	(\$2,264,682)	(\$2,330,929)	(\$2,330,929)
Net Book Value	\$24,773,426	\$24,795,272	\$24,985,774	\$25,396,776	\$25,942,259	\$26,413,307	\$26,771,540	\$27,135,586	\$27,461,374	\$27,855,501	\$28,279,190	\$28,684,197	\$29,770,534	\$29,770,534
Average Net Qualified Investment	\$24,784,349	\$24,890,523	\$25,191,275	\$25,669,518	\$26,177,785	\$26,592,423	\$26,953,563	\$27,298,480	\$27,658,438	\$28,067,346	\$28,481,694	\$28,927,365	\$29,227,365	\$29,227,365
Depreciation Rates														
Approved Depreciation Rate-Mains		2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%
Approved Depreciation Rate-Services		2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%
Return on Average Net Qualified Investment														
Equity - Cost of Capital, inclusive of Income Tax Gross-up		7.6740%	6.2380%	6.2380%	6.2380%	6.2380%	6.2380%	6.2380%	6.2380%	6.2380%	6.2380%	6.2380%	6.2380%	6.2380%
Debt - Cost of Capital		1.1400%	1.1400%	1.1400%	1.1400%	1.1400%	1.1400%	1.1400%	1.1400%	1.1400%	1.1400%	1.1400%	1.1400%	1.1400%
Equity Component - inclusive of Income Tax Gross-up	\$158,496	\$129,389	\$130,953	\$133,439	\$136,081	\$138,256	\$140,114	\$141,907	\$143,778	\$145,903	\$148,057	\$151,934	\$151,934	\$1,698,286
Debt Component	\$23,545	\$23,646	\$23,932	\$24,386	\$24,869	\$25,263	\$25,606	\$25,934	\$26,276	\$26,664	\$27,058	\$27,766	\$27,766	\$304,943
Return Requirement	\$182,041	\$153,035	\$154,884	\$157,825	\$160,950	\$163,499	\$165,719	\$167,840	\$170,053	\$172,567	\$175,115	\$179,700	\$179,700	\$2,003,229
Investment Expenses														
Depreciation Expense - Mains		\$51,852	\$51,832	\$52,125	\$53,110	\$53,326	\$55,622	\$56,518	\$57,149	\$58,127	\$58,611	\$59,463	\$60,278	\$667,993
Depreciation Expense - Services		\$4,787	\$4,787	\$4,866	\$4,979	\$5,013	\$5,099	\$5,161	\$5,285	\$5,410	\$5,585	\$5,810	\$5,969	\$62,749
Property Taxes		\$41,289	\$41,289	\$41,289	\$41,289	\$41,289	\$41,289	\$41,289	\$41,289	\$41,289	\$41,289	\$41,289	\$41,289	\$495,468
General Public Notice Expense and Customer Notice Expense		\$2,205	\$1,319	\$2,148	\$0	\$0	\$0	\$1,729	\$2,006	\$0	\$1,621	\$0	\$0	\$1,029
Total Expense		\$100,113	\$99,227	\$100,428	\$99,578	\$99,628	\$102,010	\$104,697	\$105,729	\$104,826	\$107,104	\$106,562	\$107,536	\$1,237,239
Tax Reform-Adjustment for 2/1-2/6/2018			\$ 6,383											\$6,383
Total Revenue Requirements	\$282,154	\$258,645	\$255,313	\$257,203	\$260,378	\$265,509	\$270,417	\$273,569	\$274,879	\$279,671	\$281,677	\$287,236	\$287,236	\$3,246,851
GRIP Surcharge Revenues Collected Month	\$ 359,901	\$ 291,756	\$ 303,021	\$ 308,816	\$ 280,471	\$ 275,325	\$ 269,065	\$ 287,192	\$ 294,238	\$ 290,903	\$ 311,352	\$ 329,985	\$ 329,985	\$3,602,006
Beginning True-Up														\$ 164,174
(Over) and Under Recovery for the Month		\$ (77,747)	\$ (33,111)	\$ (47,708)	\$ (51,614)	\$ (19,893)	\$ (9,816)	\$ 1,352	\$ (13,622)	\$ (19,359)	\$ (11,232)	\$ (29,655)	\$ (42,750)	\$ (355,155)
Monthly Interest (Expense)/Income		\$ 157	\$ 92	\$ 44	\$ (31)	\$ (87)	\$ (114)	\$ (124)	\$ (135)	\$ (169)	\$ (206)	\$ (252)	\$ (339)	\$ (51,164)
Ending (Over) and Under Recovery	\$ 164,174	\$ 86,584	\$ 53,565	\$ 5,901	\$ (45,744)	\$ (65,724)	\$ (75,654)	\$ (74,427)	\$ (88,184)	\$ (107,712)	\$ (119,150)	\$ (149,057)	\$ (192,146)	\$ (192,146)
Beg of Month Annual Interest Rate		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%
End of Month Annual Interest Rate		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%
Average Monthly Interest Rate		0.13%	0.13%	0.15%	0.16%	0.16%	0.16%	0.17%	0.17%	0.17%	0.18%	0.19%	0.20%	0.20%

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)
 Page 9 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
Qualified Investment														
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
Total Qualified Investment - Mains 1070	\$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
Total Qualified Investment - Services 1070	\$513	\$470	\$427	\$385	\$342	\$299	\$256	\$214	\$171	\$128	\$85	\$43	\$0	\$0
Total Qualified Investment - Mains 1010	\$33,749,186	\$33,913,299	\$34,077,412	\$34,241,525	\$34,405,638	\$34,569,751	\$34,733,865	\$34,897,978	\$35,062,089	\$35,226,202	\$35,390,315	\$35,554,428	\$35,718,541	\$35,718,541
Total Qualified Investment - Services 1010	\$5,082,410	\$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
Total Qualified Investment	\$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)
Net Book Value	\$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
Average Net Qualified Investment		\$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	
Depreciation Rates														
Approved Depreciation Rate-Mains		2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%
Approved Depreciation Rate-Services		2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%
Return on Average Net Qualified Investment														
Equity - Cost of Capital, inclusive of Income Tax Gross-up		5.8610%	5.8610%	5.8610%	5.8610%	5.8610%	5.8610%	5.8610%	5.8610%	5.8610%	5.8610%	5.8610%	5.8610%	5.8610%
Debt - Cost of Capital		1.3573%	1.3573%	1.3573%	1.3573%	1.3573%	1.3573%	1.3573%	1.3573%	1.3573%	1.3573%	1.3573%	1.3573%	1.3573%
Equity Component - inclusive of Income Tax Gross-up	\$165,184	\$165,606	\$166,027	\$166,445	\$166,861	\$167,275	\$167,688	\$168,098	\$168,507	\$168,914	\$169,318	\$169,721	\$169,721	\$2,009,645
Debt Component	\$38,253	\$38,351	\$38,448	\$38,545	\$38,641	\$38,737	\$38,833	\$38,928	\$39,023	\$39,117	\$39,211	\$39,304	\$39,304	\$465,391
Return Requirement	\$203,438	\$203,957	\$204,475	\$204,990	\$205,505	\$206,013	\$206,521	\$207,026	\$207,530	\$208,031	\$208,529	\$209,025	\$209,025	\$2,475,037
Investment Expenses														
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	\$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	\$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	\$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	\$0	\$7,402
Total Expense	\$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
Total Revenue Requirements	\$341,996	\$342,024	\$343,763	\$342,523	\$343,430	\$344,332	\$346,963	\$346,132	\$347,029	\$347,923	\$348,814	\$349,704	\$349,704	\$4,144,631

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)

Page 11 of 15

	<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			2.23%
Revenue Expansion Factor			<u>1.3559</u>
Weighted Equity Cost Rate, times Revenue Expansion Factor			<u>3.03%</u>
Long Term Debt-CU			0.39%
Short Term Debt			0.30%
Short Term Debt-Refinanced LTD			0.000%
Customer Deposits			0.07%
Tax Credits-Weighted Cost			<u>0.000%</u>
Weighted Debt Cost Rate			<u>0.750%</u>
Overall Weighted Cost Rate			<u><u>2.99%</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)
 Page 12 of 15

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
Qualified Investment														
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
Total Qualified Investment - Mains 1070	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Qualified Investment - Services 1070	(\$1)	\$1,137	\$1,337	\$2,749	(\$1)	(\$1)	\$19,715	\$9,491	\$2,448	\$711	(\$1)	\$186	(\$1)	(\$1)
Total Qualified Investment - Mains 1010	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Qualified Investment - Services 1010	\$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
Total Qualified Investment	\$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)
Net Book Value	\$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
Average Net Qualified Investment	\$185,738	\$186,348	\$187,764	\$188,712	\$188,280	\$207,363	\$232,285	\$238,929	\$240,032	\$241,039	\$241,777	\$241,307		
Depreciation Rates														
Approved Depreciation Rate-Mains		2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%
Approved Depreciation Rate-Services		2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%
Return on Average Net Qualified Investment														
Equity - Cost of Capital, inclusive of Income Tax Gross-up		7.2000%	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%
Equity Component - inclusive of Income Tax Gross-up	\$1,114	\$922	\$929	\$934	\$932	\$1,026	\$1,150	\$1,183	\$1,188	\$1,193	\$1,197	\$1,194	\$1,194	\$12,964
Debt Component	\$158	\$158	\$160	\$160	\$160	\$176	\$197	\$203	\$204	\$205	\$206	\$206	\$205	\$2,193
Return Requirement	\$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
Investment Expenses														
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
Total Expense	\$734	\$734	\$735	\$738	\$744	\$744	\$788	\$837	\$859	\$864	\$872	\$872	\$872	\$9,521
Tax Reform-Adjustment for 2/1-2/6/2018			\$42											\$42
Total Revenue Requirements	\$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
GRIP Surcharge Revenues Collected Month	\$ 1,216	\$ 864	\$ 624	\$ 680	\$ 508	\$ 536	\$ 402	\$ 433	\$ 449	\$ 402	\$ 492	\$ 786		\$7,394
Beginning True-Up														
(Over) and Under Recovery for the Month	\$ 790	\$ 992	\$ 1,200	\$ 1,152	\$ 1,328	\$ 1,411	\$ 1,733	\$ 1,790	\$ 1,802	\$ 1,860	\$ 1,782	\$ 1,486	\$ 1,486	\$ (13,528)
Monthly Interest (Expense)/Income	\$ (16)	\$ (16)	\$ (16)	\$ (16)	\$ (14)	\$ (12)	\$ (10)	\$ (7)	\$ (4)	\$ (1)	\$ 2	\$ 6	\$ 6	\$ (104)
Ending (Over) and Under Recovery	\$ (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
Beg of Month Annual Interest Rate	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%	
End of Month Annual Interest Rate	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%	
Average Monthly Interest Rate	0.13%	0.13%	0.15%	0.16%	0.16%	0.16%	0.17%	0.17%	0.17%	0.18%	0.19%	0.20%	0.20%	

Attachment B

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)
 Page 14 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
Qualified Investment														
Qualified Investment - Mains - Current 1070 Activity		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Qualified Investment - Mains - Closed 1070 Activity to Plant		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Qualified Investment - Services - Current 1070 Activity		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$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
Total Qualified Investment - Mains 1070	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Qualified Investment - Services 1070	(\$1)	(\$1)	(\$1)	(\$1)	(\$1)	(\$1)	(\$1)	(\$1)	(\$1)	(\$1)	(\$1)	(\$1)	(\$1)	(\$1)
Total Qualified Investment - Mains 1010	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Qualified Investment - Services 1010	\$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
Total Qualified Investment	\$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)
Net Book Value	\$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
Average Net Qualified Investment	\$242,618	\$242,035	\$241,452	\$240,869	\$240,286	\$239,703	\$239,120	\$238,537	\$237,954	\$237,371	\$236,788	\$236,205		
Depreciation Rates														
Approved Depreciation Rate-Mains		2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%
Approved Depreciation Rate-Services		2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%
Return on Average Net Qualified Investment														
Equity - Cost of Capital, inclusive of Income Tax Gross-up		3.0300%	3.0300%	3.0300%	3.0300%	3.0300%	3.0300%	3.0300%	3.0300%	3.0300%	3.0300%	3.0300%	3.0300%	3.0300%
Debt - Cost of Capital		0.7505%	0.7505%	0.7505%	0.7505%	0.7505%	0.7505%	0.7505%	0.7505%	0.7505%	0.7505%	0.7505%	0.7505%	0.7505%
Equity Component - inclusive of Income Tax Gross-up	\$613	\$611	\$610	\$608	\$607	\$605	\$604	\$602	\$601	\$599	\$598	\$596	\$596	\$7,254
Debt Component	\$152	\$151	\$151	\$151	\$150	\$150	\$149	\$149	\$149	\$148	\$148	\$148	\$148	\$1,797
Return Requirement	\$764	\$763	\$761	\$759	\$757	\$755	\$753	\$751	\$750	\$748	\$746	\$744	\$744	\$9,051
Investment Expenses														
Depreciation Expense - Mains	\$0	\$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	\$583	\$6,996
Property Taxes	\$405	\$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	\$0
Total Expense	\$988	\$988	\$988	\$988	\$988	\$988	\$988	\$988	\$988	\$988	\$988	\$988	\$988	\$11,856
Total Revenue Requirements	\$1,752	\$1,751	\$1,749	\$1,747	\$1,745	\$1,743	\$1,741	\$1,739	\$1,738	\$1,736	\$1,734	\$1,732	\$1,732	\$20,907

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)
 Page 15 of 15

1. 1/1/20-12/31/20 Qualified Mains & Services Replacement Revenue Requirements		\$	20,907
Mains	0%	\$0	
Services	100%	\$20,907	
Net		<u>\$20,907</u>	
2. TRUE-UP from Prior Period (Over)/Under Recovery Estimated thru 12/2019		\$	4,188
3. 2020 Qualified Mains & Services Replacement Revenue Requirements		\$	25,095
Mains	0%	\$0	
Services	100%	\$25,095	
Net		<u>\$25,095</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%	\$14,555	\$0	\$14,555	\$0.20894	1.00503	\$0.20999	250	\$52.50	\$4.37
COMMERCIAL SMALL (General Service & GS Transportation)	65,892	17.00%	23.00%	\$4,266	\$0	\$4,266	\$0.06474	1.00503	\$0.06507	2,500	\$162.68	\$13.56
COMM. LRG VOLUME (Large Vol & LV Transportation)	0	25.00%	46.00%	\$6,274	\$0	\$6,274	\$0.00000	1.00503	\$0.00000	25,000	\$0.00	\$0.00
INTERRUPTIBLE SERVICE (Int Service & IS Transportation)	0	0.00%	8.00%	\$0	\$0	\$0	\$0.00000	1.00503	\$0.00000	50,000	\$0.00	\$0.00
GENERAL LIGHTING SERVICE	0	0.00%	1.00%	\$0	\$0	\$0	\$0.00000	1.00503	\$0.00000	500	\$0.00	\$0.00
TOTAL	<u>135,555</u>	<u>100.00%</u>	<u>100.00%</u>	<u>\$25,095</u>	<u>\$0</u>	<u>\$25,095</u>						