

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for Rate Increase by Florida Public
Utilities Company, Florida Division of
Chesapeake Utilities Corporation, Florida Public
Utilities Company – Fort Meade, and Florida
Public Utilities Company – Indiantown Division

Docket No. 20220067-GU

Filed: September 27, 2022

SUPPLEMENTAL DIRECT TESTIMONY

OF

RALPH SMITH, CPA

ON BEHALF OF THE CITIZENS OF THE STATE OF FLORIDA

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Exhibits:

RCS-2R - Revised Revenue Requirement and Adjustment Schedules for Projected 2023 Test Year

RCS-3 - Changes to Amounts Mentioned in the Direct Testimony of Ralph C. Smith

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SUPPLEMENTAL DIRECT TESTIMONY
OF
RALPH SMITH
On Behalf of the Office of Public Counsel
Before the
Florida Public Service Commission
Docket No. 20220067-GU

I. INTRODUCTION

Q. WHAT IS YOUR NAME, OCCUPATION, AND BUSINESS ADDRESS?

A. My name is Ralph Smith. I am a Certified Public Accountant licensed in the State of Michigan and a senior regulatory consultant at the firm Larkin & Associates, PLLC, Certified Public Accountants, with offices at 15728 Farmington Road, Livonia, Michigan, 48154.

Q. ARE YOU THE SAME RALPH C. SMITH WHO PREVIOUSLY FILED DIRECT TESTIMONY ON BEHALF OF THE OFFICE OF PUBLIC COUNSEL?

A. Yes. I previously filed direct testimony on August 24, 2022 on behalf of the Florida Office of Public Counsel (“OPC”) concerning the results of my review of the rate request of Florida Public Utilities Company (“FPUC” or “Company”). Accordingly, I am appearing on behalf of the Citizens of the State of Florida (“Citizens”).

Q. WHAT IS THE PURPOSE OF YOUR SUPPLEMETNAL TESTIMONY IN THIS PROCEEDING?

1 A. The purpose of my supplemental testimony is to reflect the impact of corrections filed by
2 FPUC on September 9, 2022 concerning errors discovered by the Company in the
3 direct testimony of Company witness Patricia Lee and in the Depreciation Study that was
4 filed with Ms. Lee's direct testimony. I have reflected revisions to the OPC's overall
5 recommended revenue requirement in this case based on incorporating the FPUC error
6 corrections and reflecting the impacts on OPC's previously filed schedules. In reflecting
7 these impacts, I have incorporated information provided to me from OPC witness David
8 Garrett concerning depreciation rates and depreciation expense.

9

10 **Q. WHAT EXHIBITS HAVE YOU ATTACHED TO YOUR SUPPLEMENTAL**
11 **TESTIMONY?**

12 A. I have attached the following exhibits:

13 RCS-2R, Revised Revenue Requirement and Adjustment Schedules for projected
14 2023 Test Year.

15 RCS-3, a listing of dollar amounts mentioned in my direct testimony that have
16 changed, with page and line number references.

17

18 **Q. ARE ANY ADDITIONAL WITNESSES APPEARING ON BEHALF OF THE**
19 **FLORIDA OFFICE OF PUBLIC COUNSEL ALSO PRESENTING**
20 **SUPPLEMENTAL TESTIMONY CONCERNING THE IMPACTS OF THOSE**
21 **FPUC CORRECTIONS?**

22 A. Yes. David Garrett addresses the impact of those FPUC corrections upon his
23 recommended depreciation rates.

1 **II. UPDATED OPC REVENUE REQUIREMENT AND ADJUSTMENT**
2 **SCHEDULES**

3 **Q. WHAT IS THE JANUARY 2023 BASE RATE REVENUE REQUIREMENT**
4 **DEFICIENCY OR EXCESS FOR FPUC, BASED ON YOUR UPDATES TO**
5 **REFLECT THE IMPACT OF THE COMPANY’S DEPRECIATION STUDY**
6 **ERROR CORRECTIONS?**

7 A. As shown on Exhibit RCS-2R, Schedule A, the OPC’s recommended adjustments in this
8 case result in a recommendation that FPUC not be authorized a revenue increase in January
9 2023 of any more than approximately \$7.88 million exclusive of the GRIP revenue
10 requirement transfer into base rates. This is \$16.18 million less than the base rate revenue
11 increase of \$24.06 million (exclusive of the GRIP investments) requested by FPUC in its
12 Petition.

13
14 **Q. WHAT SCHEDULES IN EXHIBIT RCS-2R ARE AFFECTED BY REFLECTING**
15 **THE IMPACTS OF THE COMPANY’S DEPRECIATION STUDY ERROR**
16 **CORRECTIONS?**

17 A. The cover page of Exhibit RCS-2R identifies which schedules in that Exhibit are being
18 revised or updated to reflect impacts on the OPC’s presentation of the depreciation study
19 errors that the Company has identified and for which the Company filed corrections on
20 September 9, 2022.

21
22 **Q. PLEASE DISCUSS THE SCHEDULES IN EXHIBIT RCS-2R THAT HAVE BEEN**
23 **REVISED AS A RESULT OF THE IMPACT OF THE COMPANY’S**
24 **DEPRECIATION STUDY ERROR CORRECTIONS.**

1 A. Exhibit RCS-2R consists of the same Summary Schedules A, A-1, B, B.1, C, C.1 and D
2 and the same Adjustment Schedules B-1 through B-6 and C-1 through C-12, that were filed
3 with my direct testimony. Of those, the following schedules have been updated to reflect
4 the impacts of the Company's depreciation study error corrections:

5 **Summary Schedules**

6 Schedule A

7 Schedule A-1

8 Schedule B

9 Schedule B.1

10 Schedule C

11 Schedule C.1

12 Schedule D

13 **Adjustment Schedules**

14 Schedule B-3 Revised – Accumulated Depreciation – New Depreciation Rates

15 Schedule C-1 Revised – Depreciation Expense – New Depreciation Rates

16 Schedule C-10 Revised – Interest Synchronization

17 Schedule C-11 Revised – Parent Company Debt Adjustment

18 Adjustment Schedules B-3 Revised and C-1 Revised present the updated impacts on
19 Accumulated Depreciation and Depreciation Expense, respectively. In addition,
20 adjustment Schedules C-10 Revised and C-11 Revised present the updated impact on
21 income tax expense as a result of the revised adjustment to Accumulated Depreciation,
22 which impacted rate base.

23 The other revised schedules are summary schedules into which the impacts of those
24 revisions, along with OPC's other adjustments that were previously presented in my direct
25 testimony, have been summarized.

1 Accumulated Depreciation - New Depreciation Rates

2 **Q. PLEASE EXPLAIN THE UPDATED ADJUSTMENT TO ACCUMULATED**
3 **DEPRECIATION EXPENSE FOR NEW DEPRECIATION RATES.**

4 A. As shown on Exhibit RCS-2R, Schedule B-3, average rate base for the 2023 projected test
5 year is increased by \$870,378 for the updated impact of the new depreciation rates being
6 recommended by Witness Garrett. His updated recommendation for new depreciation rates
7 results in lower 2023 depreciation expense than that contained in FPUC's proposal. Thus,
8 a lower amount of average 2023 accumulated depreciation results from his depreciation
9 rate recommendation. The 2023 rate base impact was calculated by calculating a 13-month
10 average of the impact on depreciation expense from Mr. Garrett's recommended
11 depreciation rates. The impact of Mr. Garrett's depreciation rate recommendations is
12 discussed below in conjunction with the related adjustment to depreciation expense.

13 Depreciation Expense - New Depreciation Rates – Updated OPC Adjustment

14 **Q. PLEASE SUMMARIZE YOUR UPDATED ANNUAL DEPRECIATION EXPENSE**
15 **AMOUNT AND RELATED ADJUSTMENT AS COMPARED TO THE AMOUNT**
16 **DISCUSSED IN YOUR DIRECT TESTIMONY.**

17 A. As shown in the table below, annual depreciation expense is \$12.49 million based on Mr.
18 Garrett's updated depreciation rates. This compares to the \$12.36 million of annual
19 depreciation expense that was discussed in my direct testimony, which resulted in an
20 adjustment to reduce depreciation expense by \$2.205 million, which is an increase to
21 depreciation expense of \$131,196 versus the amount used in my direct testimony.

	Pro Forma	Depreciation
	Depreciation	Expense
	Expense	Adjustment
Description	Col. B, Line 1	Col. C, Line 15
Exh. RCS-2R Supplemental Amounts	\$ 12,487,591	\$ (2,073,621)
Exh. RCS-2 As-Filed Amounts	\$ 12,356,395	\$ (2,204,818)
Difference	\$ 131,196	\$ 131,196

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As shown in the above table, there is an increase of \$131,196 in depreciation expense.

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Q. WHAT IS YOUR SOURCE FOR THE UPDATED ADJUSTMENT TO DEPRECIATION EXPENSE FOR NEW DEPRECIATION RATES.

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A. The amounts on Exhibit RCS-2R, Schedule C-1 Revised, page 4 in column A, were supplied to me by Witness Garrett, who is recommending new depreciation rates that differ from those proposed by FPUC. FPUC’s original filing proposed depreciation rates that were applied to FPUC's projected 2023 test year Plant, which produced annual depreciation expense accruals of approximately \$14.56 million, as summarized in column A, line 1 of Schedule C-1 Revised, page 1. In comparison, Mr. Garrett’s updated recommended new depreciation rates produce annual depreciation accruals of approximately \$12.49 million, as summarized on Schedule C-1 Revised, page 1 in column B, line 1. The revised annual depreciation expense resulting from Mr. Garrett’s updated depreciation rates is \$131,196 higher than the annual depreciation accruals of approximately \$12.36 million that was previously discussed in my direct testimony that was filed on August 24, 2022. As shown on Schedule C-1 Revised, page 1, column C, Mr. Garrett’s updated recommended new depreciation rates for FPUC results in an annual depreciation expense for 2023 that is \$2.074 million less than the annual depreciation accruals computed using FPUC’s depreciation rates from its original filing.

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1 **Q. IS THERE A CORRESPONDING RATE BASE ADJUSTMENT RELATED TO**
2 **THE ADJUSTMENT FOR THE NEW DEPRECIATION RATES FOR FPUC?**

3 A. Yes. As shown on Exhibit RCS-2R, Schedule B-3 Revised, and discussed above in
4 conjunction with rate base adjustments, there is a related adjustment which decreases
5 accumulated depreciation (and increases rate base). The impacts on 2023 average rate base
6 shown on Schedule B-3 Revised were derived by calculating a 13-month average of the
7 depreciation expense adjustment that is shown on Schedule C-1 Revised, page 5.

8 Interest Synchronization

9 **Q. DID THE AFOREMENTIONED REVISIONS HAVE AN IMPACT ON THE**
10 **INTEREST SYNCHRONIZATION ADJUSTMENT?**

11 A. Yes. The interest synchronization adjustment allows the adjusted rate base and cost of debt
12 to coincide with the income tax calculation. Since interest expense is deductible for income
13 tax purposes, any revisions to the rate base or to the weighted cost of debt will impact the
14 test year income tax expense related to the amount of the regulated utility's jurisdictional
15 debt supporting the jurisdictional rate base. OPC's proposed rate base was impacted by
16 the revision to accumulated depreciation that was discussed above. This results in a revised
17 reduction to income tax expense in the amount of \$133,877 as shown on Exhibit RCS-2R,
18 Schedule C-10 Revised.

19 Parent Company Debt Adjustment

20 **Q. WAS THE IMPACT ON FEDERAL INCOME TAX EXPENSE FOR THE EFFECT**
21 **OF PARENT DEBT AFFECTED BY THE REVISIONS TO RATE BASE?**

22 A. Yes. As shown on Exhibit RCS-2R, Schedule C-11 Revised, page 1, I have updated the
23 parent company debt adjustment to now reduce federal income tax expense by \$679,881.

1 Q. DOES THIS COMPLETE YOUR SUPPLEMENTAL DIRECT TESTIMONY?

2 A. Yes, it does.

CERTIFICATE OF SERVICE

DOCKET NO. 20220067-GU

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by electronic mail on this 27th day of September, 2022, to the following:

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Florida Public Utilities Company Consolidated Gas
Docket No. 20220067-GU
Exhibit RCS-2R
Revenue Requirement Schedules
Accompanying the Supplemental Testimony of Ralph C. Smith

Schedule	Description	Pages	Revised/ New	Confidential	Exhibit Page No.
Revenue Requirement Summary Schedules					
A	Calculation of Revenue Deficiency (Sufficiency)	2	Revised	No	2-3
A-1	Gross Revenue Conversion Factor	1	Revised	No	4
B	Adjusted Rate Base	1	Revised	No	5
B.1	Summary of Adjustments to Rate Base	1	Revised	No	6
C	Adjusted Net Operating Income	1	Revised	No	7
C.1	Summary of Net Operating Income Adjustments	2	Revised	No	8-9
D	Capital Structure and Cost Rates	1	Revised	No	10
Rate Base Adjustments					
B-1	Miscellaneous Intangible Plant	1		No	11
B-2	Directors and Officers Liability Insurance Expense in Working Capital	1		No	12
B-3	Accumulated Depreciation - New Depreciation Rates	1	Revised	No	13
B-4	Unamortized Rate Case Expense	1		No	14
B-5	Accumulated Depreciation - Area Expansion Program	1		No	15
B-6	FPUC Merger Acquisition Adjustment	1		No	16
Net Operating Income Adjustments					
C-1	Depreciation Expense - New Depreciation Rates	5	Revised	No	17-21
C-2	Amortization Expense Related to FPUC Merger Acquisition Adjustment	1		No	22
C-3	Incentive Compensation Expense	1		No	23
C-4	Stock-Based Compensation Expense	1		No	24
C-5	Payroll Tax Expense	1		No	25
C-6	Supplemental Executive Retirement Program (SERP) Expense	1		No	26
C-7	Directors and Officers Liability Insurance Expense	1		No	27
C-8	Rent Expense	1		No	28
C-9	Lobbying Costs	1		No	29
C-10	Interest Synchronization	1	Revised	No	30
C-11	Parent Company Debt Adjustment	2	Revised	No	31-32
C-12	Company Sponsored Events	1		No	33
Total Pages, Including Content Listing		33			

Florida Public Utilities Company Consolidated Gas
 Computation of Increase in Gross Revenue Requirement

Projected Test Year Ended December 31, 2023

Docket No. 20220067-GU
 Exhibit RCS-2R
 Schedule A
 Page 1 of 2
 Revised

Line No.	Description	Col. (B) Reference	Per Company Amount (A)	Per OPC Amount (B)	Difference (C) = (B) - (A)
1	Jurisdictional Adjusted Rate Base	Exh. RCS-2, Sch. B-1	\$ 454,887,154	\$ 435,080,074	\$ (19,807,080)
2	Required Rate of Return	Exh. RCS-2, Sch. D	6.43%	5.20%	
3	Jurisdictional Income Required	Line 1 x Line 2	\$ 29,249,244	\$ 22,634,198	\$ (6,615,046)
4	Jurisdictional Adj. Net Operating Income	Exh. RCS-2, Sch. C-1	\$ 11,417,702	\$ 16,795,756	\$ 5,378,053
5	Income Deficiency (Sufficiency)	Line 3 - Line 4	\$ 17,831,542	\$ 5,838,443	\$ (11,993,099)
6	Earned Rate of Return	Line 4 / Line 1	2.51%	3.86%	
7	Net Operating Income Multiplier	Exh. RCS-2, Sch. A-1	1.34941	1.34941	
8	Revenue Deficiency (Sufficiency)	Line 5 x Line 7	\$ 24,061,982	\$ 7,878,427	\$ (16,183,555)
9	GRIP Surcharge Revenue Embedded in Base Rates		\$ 19,755,931	\$ 19,755,931	\$ -
10	Total Revenue Requirement		\$ 43,817,913	\$ 27,634,358	\$ (16,183,555)

Source/Notes:

Col. (A): MFR Schedule G-5 Consolidated

Florida Public Utilities Company Consolidated Gas
Revenue Requirement Reconciliation
Projected Test Year Ended December 31, 2023

Docket No. 20220067-GU
Exhibit RCS-2R
Schedule A
Page 2 of 2
Revised

Line No.	Description	Schedule	OPC Adjusted Rate Base (A)	Conversion Factor (B)	Equivalent Revenue Requirement Amount (C)	
1	Rate of return difference	D		-1.23%		
2	OPC GRCF	A-1		1.34941		
3	Rate Base			-1.656657%		
4	Original Cost Rate Base per FPL's Filing	B	\$ 454,887,154		\$ (7,535,918)	
5	OPC ROR	D		5.20%		
6	OPC ROR x GRCF			7.02%		
	Effect of OPC adjustments to Rate Base					
7	Miscellaneous Intangible Plant	B-1	\$ (85,839)	7.02%	\$ (6,026)	
8	Directors and Officers Liability Insurance Expense in Working Capital	B-2	\$ (18,049)	7.02%	\$ (1,267)	
9	Accumulated Depreciation - New Depreciation Rates	B-3	\$ 870,378	7.02%	\$ 61,101	
10	Unamortized Rate Case Expense	B-4	\$ (1,871,956)	7.02%	\$ (131,412)	
11	Accumulated Depreciation - Area Expansion Program	B-5	\$ (85,698)	7.02%	\$ (6,016)	
12	FPUC Merger Acquisition Adjustment	B-6	\$ (18,615,916)	7.02%	\$ (1,306,841)	
13	Total OPC Original Cost Rate Base Adjustments		<u>\$ (19,807,080)</u>			
14	OPC Adjusted Original Cost Rate Base		<u>\$ 435,080,074</u>			
			OPC Revenue and Expense Adjs. (D)	OPC Adjusted Net Operating Income (E)		
15	Net Operating Income per FPUC's Filing			\$ 11,417,702		
16	Effect of OPC Adjustments on NOI			GRCF		
17	Depreciation Expense - New Depreciation Rates	C-1	\$ (2,073,621)	\$ 1,548,062	1.34941	\$ (2,088,964)
18	Amortization Expense Related to FPUC Merger Acquisition Adjustment	C-2	\$ (1,139,750)	\$ 850,880	1.34941	\$ (1,148,183)
19	Incentive Compensation Expense	C-3	\$ (1,090,101)	\$ 813,815	1.34941	\$ (1,098,166)
20	Stock-Based Compensation Expense	C-4	\$ (1,375,505)	\$ 1,026,883	1.34941	\$ (1,385,682)
21	Payroll Tax Expense	C-5	\$ (188,619)	\$ 140,813	1.34941	\$ (190,014)
22	Supplemental Executive Retirement Program (SERP) Expense	C-6	\$ (1,762)	\$ 1,315	1.34941	\$ (1,775)
23	Directors and Officers Liability Insurance Expense	C-7	\$ (85,528)	\$ 63,851	1.34941	\$ (86,160)
24	Rent Expense	C-8	\$ (78,249)	\$ 58,417	1.34941	\$ (78,828)
25	Lobbying Costs	C-9	\$ (41,881)	\$ 31,266	1.34941	\$ (42,191)
26	Interest Synchronization	C-10	\$ -	\$ 133,877	1.34941	\$ (180,654)
27	Parent Company Debt Adjustment	C-11	\$ -	\$ 679,881	1.34941	\$ (917,436)
28	Company Sponsored Events	C-12	\$ (38,835)	\$ 28,992	1.34941	\$ (39,122)
29	Total OPC Adjustments to Pre-Tax Income and to Operating Income		<u>\$ (6,113,850)</u>	<u>\$ 5,378,053</u>		
30	OPC Adjusted Net Operating Income			<u>\$ 16,795,756</u>		
	Gross Revenue Conversion Factor Difference:					
31	Per OPC			1.34941		
32	Per Company			1.34941		
33	Difference			0.00000		
34	Company adjusted NOI deficiency			\$ 17,831,542		
35	GRCF difference					\$ -
36	OPC REVENUE REQUIREMENT ADJUSTMENTS IDENTIFIED ABOVE					\$ (16,183,554)
37	Company requested Base Rate Revenue Increase	Exhibit RCS-2, Schedule A, page 1, column A, line 8				\$ 24,061,982
38	Reconciled Revenue Requirement					\$ 7,878,428
39	Revenue Requirement Calculated	Exhibit RCS-2, Schedule A, page 1, column B, line 8				\$ 7,878,427
40	Unidentified Difference					\$ 1

Notes and Source

Pre-tax return computed using Gross Revenue Conversion Factor

Florida Public Utilities Company Consolidated Gas
Computation of Gross Revenue Conversion Factor

Docket No. 20220067-GU
Exhibit RCS-2R
Schedule A-1
Page 1 of 1
Revised

Projected Test Year Ended December 31, 2023

Line No.	Description	Reference	Per Company (A)	OPC Proposed (B)
1	Revenue Requirement		100.0000%	100.0000%
2	Gross Receipts Tax Rate		0.0000%	0.0000%
3	Regulatory Assessment Rate		0.5030%	0.5030%
4	Bad Debt Rate		<u>0.2314%</u>	<u>0.2314%</u>
5	Net Before Income Taxes	L1 - L2 - L3	99.2656%	99.2656%
6	State Income Tax Rate		<u>5.5000%</u>	<u>5.5000%</u>
7	State Income Tax	L4 x L5	5.4596%	5.4596%
8	Net Before Federal Income Tax	L4 -L6	<u>93.8060%</u>	<u>93.8060%</u>
9	Federal Income Tax Rate		<u>21.0000%</u>	<u>21.0000%</u>
10	Federal Income Tax	L7 x L8	19.6993%	19.6993%
11	Revenue Expansion Factor	L7 - L9	<u>74.1067%</u>	<u>74.1067%</u>
12	Net Operating Income Multiplier	100% / L10	<u><u>1.3494</u></u>	<u><u>1.3494</u></u>

Notes and Source

Col. (A): FPUC Schedule G-4 Consolidated

13	Combined State and Federal Income Tax Rate		<u>25.35%</u>	<u>25.35%</u>
14	Components of Revenue Requirement Increase (\$000's)			
		Percent	Amount	
		(C)	(D)	
15	Net Income	74.11%	5,838,443	
16	Federal Income Taxes	19.70%	1,551,991	
17	State Income Taxes	5.46%	430,131	
18	Uncollectibles	0.23%	18,234	
19	Regulatory Assessment Rate	0.50%	39,628	
20	Total Revenue Increase	<u>100.00%</u>	<u>7,878,427</u>	
21	Total Revenue Increase per Schedule A		<u>\$ 7,878,427</u>	
22	Difference		<u>\$ 0.00</u>	

Florida Public Utilities Company Consolidated Gas
Adjusted Rate Base
Projected Test Year Ended December 31, 2023

Docket No. 20220067-GU
Exhibit RCS-2R
Schedule B
Page 1 of 1
Revised

Line No.	Description	Per FPUC (A)	OPC Adjustments (B)	As Adjusted by OPC (C)
	<u>Utility Plant</u>			
1	Plant in Service	\$ 553,254,413	\$ (85,839)	\$ 553,168,574
2	Common Plant Allocated	\$ 8,688,278	\$ -	\$ 8,688,278
3	Acquisition Adjustment	\$ 36,202,069	\$ (34,192,493)	\$ 2,009,576
4	Completed Not Classified Plant	\$ -	\$ -	\$ -
5	Construction Work in Progress	\$ 7,130,484	\$ -	\$ 7,130,484
6	Goodwill	\$ -	\$ -	\$ -
7	Common Construction Work in Progress	\$ -	\$ -	\$ -
8	Total	\$ 605,275,245	\$ (34,278,332)	\$ 570,996,913
	<u>Deductions</u>			
9	Accumulated Depreciation - Utility Plant	\$ (134,992,960)	\$ 784,680	\$ (134,208,281)
10	Accumulated Depreciation - Common Plant	\$ (2,966,035)	\$ -	\$ (2,966,035)
11	Accumulated Depreciation - Acquisition Adjustment	\$ (17,118,275)	\$ 15,576,577	\$ (1,541,698)
12	Retirement Work in Progress	\$ -	\$ -	\$ -
13	Customer Adv. For Const.	\$ (695,131)	\$ -	\$ (695,131)
14	Total Deductions	\$ (155,772,401)	\$ 16,361,257	\$ (139,411,145)
15	Plant Net	\$ 449,502,843	\$ (17,917,075)	\$ 431,585,768
	<u>Allowance for Working Capital</u>			
16	Balance Sheet Method	\$ (469,046)	\$ -	\$ (469,046)
17	Common Working Capital	\$ 5,853,357	\$ (1,890,005)	\$ 3,963,353
18	Total Rate Base	\$ 454,887,154	\$ (19,807,080)	\$ 435,080,074

Notes and Source

Col. (A): Company MFR Schedule G-1, page 1 of 28

Col. (B): See Schedule B.1

Florida Public Utilities Company Consolidated Gas
Summary of Rate Base Adjustments

Projected Test Year Ended December 31, 2023

Docket No. 20220067-GU
Exhibit RCS-2R
Schedule B.1
Page 1 of 1
Revised

Line No.	Description	OPC Adjustments	Miscellaneous Intangible Plant	Directors and Officers Liability Insurance Expense in Working Capital	B-2	Accumulated Depreciation - New Depreciation Rates	B-3	Unamortized Rate Case Expense	B-4	Accumulated Depreciation - Area Expansion Program	B-5	FPUAC Merger Acquisition Adjustment	B-6
<u>Utility Plant</u>													
1	Plant in Service	\$ (85,839)	\$ (85,839)										
2	Common Plant Allocated	\$ -											
3	Acquisition Adjustment	\$ (34,192,493)										\$ (34,192,493)	
4	Completed Not Classified Plant	\$ -											
5	Construction Work in Progress	\$ -											
6	Goodwill	\$ -											
7	Common Construction Work in Progress	\$ -											
8	Total	\$ (34,278,332)	\$ (85,839)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (34,192,493)	
<u>Deductions</u>													
9	Accumulated Depreciation - Utility Plant	\$ 784,680				\$ 870,378				\$ (85,698)			
10	Accumulated Depreciation - Common Plant	\$ -											
11	Accumulated Depreciation - Acquisition Adjustment	\$ 15,576,577										\$ 15,576,577	
12	Retirement Work in Progress	\$ -											
13	Customer Adv. For Const.	\$ -											
14	Total Deductions	\$ 16,361,257	\$ -	\$ -	\$ -	\$ 870,378	\$ -	\$ -	\$ -	\$ (85,698)	\$ 15,576,577		
15	Plant Net	\$ (17,917,075)	\$ (85,839)	\$ -	\$ -	\$ 870,378	\$ -	\$ -	\$ -	\$ (85,698)	\$ (18,615,916)		
<u>Allowance for Working Capital</u>													
16	Balance Sheet Method	\$ -											
17	Common Working Capital	\$ (1,890,005)										\$ (1,871,956)	
18	Total Rate Base	\$ (19,807,080)	\$ (85,839)	\$ (18,049)	\$ (18,049)	\$ 870,378	\$ (1,871,956)	\$ (1,871,956)	\$ (1,871,956)	\$ (85,698)	\$ (18,615,916)		

Florida Public Utilities Company Consolidated Gas
Adjusted Net Operating Income

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Exhibit RCS-2R
Schedule C
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Revised

Projected Test Year Ended December 31, 2023

Line No.	Description	As Adjusted by FPUC (A)	OPC Adjustments (B)	As Adjusted by OPC (C)
1	Operating Revenues	\$ 81,305,318	\$ -	\$ 81,305,318
	<u>Operating Revenue Deductions</u>			
2	Operating & Maintenance Expense	\$ 44,026,719	\$ (2,711,860)	\$ 41,314,859
3	Depreciation & Amortization Expense	\$ 16,316,662	\$ (3,213,371)	\$ 13,103,290
4	Taxes Other Than Income	\$ 7,566,334	\$ (188,619)	\$ 7,377,715
5	Income Taxes - Federal	\$ 281,039	\$ 428,587	\$ 709,626
6	Income Taxes - State	\$ (547,197)	\$ 307,210	\$ (239,987)
7	Deferred Taxes - Federal	\$ 1,208,287	\$ -	\$ 1,208,287
8	Deferred Taxes - State	\$ 1,035,772	\$ -	\$ 1,035,772
9	Investment Tax Credits	\$ -	\$ -	\$ -
10	Total Operating Revenue Deductions	\$ 69,887,615	\$ (5,378,053)	\$ 64,509,562
11	Net Operating Income	\$ 11,417,702	\$ 5,378,053	\$ 16,795,756

Notes and Source

Col.(A): Per Company amounts are from FPUC MFR Schedule G-2, page 1 of 31

Col. (B): RCS-2, Schedule C.1

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Florida Public Utilities Company Consolidated Gas
 Summary of Net Operating Income Adjustments
 Projected Test Year Ended December 31, 2023

Line No.	Description	OPC Adjustments	C-1 Depreciation Rates	Amortization Expense - New Depreciation Rates	C-2 Expense Related to FPUC Merger	C-3 Incentive Compensation Expense	C-4 Stock-Based Compensation Expense	C-5 Payroll Tax Expense	C-6 Supplemental Executive Retirement Program	C-7 Directors and Officers Liability Insurance
1	Operating Revenues	\$ -								
<u>Operating Revenue Deductions</u>										
2	Operating & Maintenance Expense	\$ (2,711,860)				\$ (1,090,101)	\$ (1,375,505)	\$	\$ (1,762)	\$ (85,528)
3	Depreciation and Amortization Expense	\$ (3,213,371)	\$ (2,073,621)	\$ (1,139,750)						
4	Taxes Other Than Income	\$ (188,619)						\$ (188,619)		
5	Deferred Taxes - Federal	\$ -								
6	Deferred Taxes - State	\$ -								
7	Investment Tax Credits	\$ -								
8	PRE-TAX OPERATING EXPENSES	\$ (6,113,850)	\$ (2,073,621)	\$ (1,139,750)		\$ (1,090,101)	\$ (1,375,505)	\$ (188,619)	\$ (1,762)	\$ (85,528)
9	PRE-TAX OPERATING INCOME	\$ 6,113,850	\$ 2,073,621	\$ 1,139,750		\$ 1,090,101	\$ 1,375,505	\$ 188,619	\$ 1,762	\$ 85,528
10	Income Taxes - Federal	\$ 428,587	\$ 411,510	\$ 226,183		\$ 216,330	\$ 272,969	\$ 37,431	\$ 350	\$ 16,973
11	Income Taxes - State	\$ 307,210	\$ 114,049	\$ 62,686		\$ 59,956	\$ 75,653	\$ 10,374	\$ 97	\$ 4,704
12	Total Income Taxes	\$ 735,797	\$ 525,559	\$ 288,870		\$ 276,286	\$ 348,622	\$ 47,805	\$ 447	\$ 21,677
13	TOTAL OPERATING EXPENSES	\$ (5,378,053)	\$ (1,548,062)	\$ (850,880)		\$ (813,815)	\$ (1,026,883)	\$ (140,813)	\$ (1,315)	\$ (63,851)
14	OPERATING INCOME	\$ 5,378,053	\$ 1,548,062	\$ 850,880		\$ 813,815	\$ 1,026,883	\$ 140,813	\$ 1,315	\$ 63,851

Notes and Source

Combined Effective Tax Rate* 5.50%

Federal Income Tax Rate* 21.00%

*Per MFR Schedule G-6, page 4 of 4

Florida Public Utilities Company Consolidated Gas
 Summary of Net Operating Income Adjustments
 Projected Test Year Ended December 31, 2023

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Line No.	Description	Rent Expense	Lobbying Costs	Interest Synchronization	Parent Company Debt Adjustment	Company Sponsored Events
		C-8	C-9	C-10	C-11	C-12
1	Operating Revenues					
<u>Operating Revenue Deductions</u>						
2	Operating & Maintenance Expense	\$ (78,249)	\$ (41,881)			\$ (38,835)
3	Depreciation and Amortization Expense					
4	Taxes Other Than Income					
5	Deferred Taxes - Federal					
6	Deferred Taxes - State					
7	Investment Tax Credits					
8	PRE-TAX OPERATING EXPENSES	\$ (78,249)	\$ (41,881)	\$ -	\$ -	\$ (38,835)
9	PRE-TAX OPERATING INCOME	\$ 78,249	\$ 41,881	\$ -	\$ -	\$ 38,835
10	Income Taxes - Federal	\$ 15,529	\$ 8,311	\$ (104,825)	\$ (679,881)	\$ 7,707
11	Income Taxes - State	\$ 4,304	\$ 2,303	\$ (29,052)	\$ -	\$ 2,136
12	Total Income Taxes	\$ 19,832	\$ 10,615	\$ (133,877)	\$ (679,881)	\$ 9,843
13	TOTAL OPERATING EXPENSES	\$ (58,417)	\$ (31,266)	\$ (133,877)	\$ (679,881)	\$ (28,992)
14	OPERATING INCOME	\$ 58,417	\$ 31,266	\$ 133,877	\$ 679,881	\$ 28,992

Notes and Source

Combined Effective Tax Rate* 5.50%
 Federal Income Tax Rate* 21.00%

*Per MFR Schedule G-6, page 4 of 4

Florida Public Utilities Company Consolidated Gas
 Cost of Capital

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 Schedule D
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 Revised

Projected Test Year Ended December 31, 2023

Line No.	Description	Capital Structure Per Company (A)	Adjustments to Cap. Structure (B)	Adjusted Amounts (C)	Specific Adjustments (D)	Rate Base Adjustments Pro Rata to Capital Structure (E)	Adjusted Amounts (F)	Ratio (G)	Cost Rate (H)	Weighted Cost Rate (I)
	Per Company									
1	Common Equity	\$ 205,350,391	\$ -	\$ 205,350,391	\$ -	\$ -	\$ 205,350,391	45.14%	11.25%	5.08%
2	Long Term Debt	\$ 148,546,502	\$ -	\$ 148,546,502	\$ -	\$ -	\$ 148,546,502	32.66%	3.48%	1.14%
3	Short Term Debt	\$ 20,789,980	\$ -	\$ 20,789,980	\$ -	\$ -	\$ 20,789,980	4.57%	3.28%	0.15%
4	Customer Deposits	\$ 10,782,475	\$ -	\$ 10,782,475	\$ -	\$ -	\$ 10,782,475	2.37%	2.37%	0.06%
5	Deferred Taxes	\$ 42,152,613	\$ -	\$ 42,152,613	\$ -	\$ -	\$ 42,152,613	9.27%	0.00%	0.00%
6	Deferred Tax Common	\$ 79,591	\$ -	\$ 79,591	\$ -	\$ -	\$ 79,591	0.02%	0.00%	0.00%
7	Regulatory Tax Liab.	\$ 27,159,827	\$ -	\$ 27,159,827	\$ -	\$ -	\$ 27,159,827	5.97%	0.00%	0.00%
8	Regulatory Tax Liab. Common	\$ 25,774	\$ -	\$ 25,774	\$ -	\$ -	\$ 25,774	0.01%	0.00%	0.00%
9	Total	\$ 454,887,154	\$ -	\$ 454,887,154	\$ -	\$ -	\$ 454,887,154	100.00%	0.00%	6.43%

Line No.	Description	Capital Structure Per Company	OPC Adjustments to Cap. Structure	Adjusted Amounts	Specific Adjustments	Rate Base Adjustments Pro Rata to Capital Structure	Per OPC Adjusted Amounts	Ratio	Cost Rate	Weighted Cost Rate
	Per OPC									
10	Common Equity	\$ 205,350,391	\$ (24,898,365)	\$ 180,452,026	\$ -	\$ (7,857,394)	\$ 172,594,632	39.67%	9.25%	3.67%
11	Long Term Debt	\$ 148,546,502	\$ 24,898,365	\$ 173,444,868	\$ -	\$ (7,552,283)	\$ 165,892,585	38.13%	3.48%	1.33%
12	Short Term Debt	\$ 20,789,980	\$ -	\$ 20,789,980	\$ -	\$ (905,255)	\$ 19,884,725	4.57%	3.28%	0.15%
13	Customer Deposits	\$ 10,782,475	\$ -	\$ 10,782,475	\$ -	\$ (469,500)	\$ 10,312,975	2.37%	2.37%	0.06%
14	Deferred Taxes	\$ 42,152,613	\$ -	\$ 42,152,613	\$ -	\$ (1,835,445)	\$ 40,317,168	9.27%	0.00%	0.00%
15	Deferred Tax Common	\$ 79,591	\$ -	\$ 79,591	\$ -	\$ (3,466)	\$ 76,125	0.02%	0.00%	0.00%
16	Regulatory Tax Liab.	\$ 27,159,827	\$ -	\$ 27,159,827	\$ -	\$ (1,182,616)	\$ 25,977,211	5.97%	0.00%	0.00%
17	Regulatory Tax Liab. Common	\$ 25,774	\$ -	\$ 25,774	\$ -	\$ (1,122)	\$ 24,652	0.01%	0.00%	0.00%
18	Total	\$ 454,887,154	\$ 0	\$ 454,887,154	\$ -	\$ (19,807,080)	\$ 435,080,074	100.00%	0.00%	5.20%
19	Difference									-1.23%

Line No.	Description	Per FPUC Amounts (a)	Equity/LTD Ratio Per FPUC (b)	Equity/LTD Ratio Per OPC (c)	Percentage Difference (d) = (c - b)	OPC Adjustment to Capital Structure (e) = (a x d)
20	Common Equity	\$ 205,350,391	58.03%	50.99%	-7.04%	\$ (24,898,365)
21	Long Term Debt	\$ 148,546,502	41.97%	49.01%	7.04%	\$ 24,898,365
22		\$ 353,896,894	100.00%	100.00%	0	\$ 0

Notes and Source

The per Company amounts are from MFR Schedule G-3, page 2 of 11

Column (C): Capitalization Ratio per OPC sponsored by OPC Witness David Garrett

Column (D): OPC rate base adjustments are from Schedule B

Rate Base Adjustments
 OPC RB Adjs
 \$ (19,807,080)

Column (G): Lines 11 - 17 based on per-FPUC Cost rates. Return on Equity on line 10 sponsored by OPC witness David Garrett

FPUC Weighted Cost of Debt for Interest Synchronization
 1.35% Col. H, lines 2, 3 and 4

OPC Weighted Cost of Debt for Interest Synchronization
 1.53% Col. H, lines 11, 12 and 13

Florida Public Utilities Company Consolidated Gas
 Miscellaneous Intangible Plant
 Projected Test Year Ended December 31, 2023

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 Schedule B-1
 Page 1 of 1

Line No.	Description	Amount (A)	Reference
1	OPC Adjustment to Miscellaneous Intangible Plant	\$ <u>(85,839)</u>	A

Notes and Source:

A: Amount from the response to OPC ROG 119

Florida Public Utilities Company Consolidated Gas
 Directors and Officers Liability Insurance Expense in Working Capital
 Projected Test Year Ended December 31, 2023

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 Exhibit RCS-2R
 Schedule B-2
 Page 1 of 1

Line No.	Description	Per FPUC (A)	Per OPC (B)	OPC Adjustment (C)
1	OPC Adjustment to Directors and Officers Liability Insurance	\$ 36,098	\$ 18,049	\$ (18,049)

Notes and Source

Col. A: Amount from FPUC's response to OPC ROG 61

Col. B: Disallowance Calculation:

Directors and Officers Liability Insurance in Working Capital - Per FPUC	\$ 36,098
Disallowance Percentage	50%
Directors and Officers Liability Insurance in Working Capital - Per OPC	\$ 18,049

Florida Public Utilities Company Consolidated Gas
Accumulated Depreciation - New Depreciation Rates
Projected Test Year Ended December 31, 2023

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Schedule B-3
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Revised

Line No.	Description	Amount (A)	Reference
1	OPC Adjustment to Accumulated Depreciation	<u>\$ 870,378</u>	A

Description	Amount	Cumulative Amount
2 January 2023	\$ (169,286)	\$ (169,286)
3 February 2023	\$ (169,548)	\$ (338,835)
4 March 2023	\$ (169,867)	\$ (508,701)
5 April 2023	\$ (170,354)	\$ (679,056)
6 May 2023	\$ (170,842)	\$ (849,897)
7 June 2023	\$ (171,329)	\$ (1,021,227)
8 July 2023	\$ (175,018)	\$ (1,196,244)
9 August 2023	\$ (175,562)	\$ (1,371,806)
10 September 2023	\$ (177,053)	\$ (1,548,859)
11 October 2023	\$ (177,597)	\$ (1,726,456)
12 November 2023	\$ (178,085)	\$ (1,904,540)
13 December 2023	<u>\$ (1,904,540)</u>	<u>\$ (1,904,540)</u>
14 Total	<u>\$ (1,904,540)</u>	<u>\$ (1,904,540)</u>
15 Divide by 13 Months		13
16 OPC Adjustment to Accumulated Depreciation		<u>\$ (870,378)</u>

Notes and Source:
A: See Schedule C-1, page 5 and the calculation below:

Florida Public Utilities Company Consolidated Gas
 Unamortized Rate Case Expense
 Projected Test Year Ended December 31, 2023

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 Exhibit RCS-2R
 Schedule B-4
 Page 1 of 1

Line No.	Description	Amount (A)	Reference
1	OPC Adjustment to Remove Unamortized Rate Case Expense from Rate Base	\$ (1,871,956)	A
Notes and Source:			
A: Amount calculated below using information from the response to OPC ROG 139:			
Description	Amount	Reference	
2 One-half of total projected rate case expense of \$3,743,911 from original filing	\$ 1,871,956	MFR Sch. G-1, page 5	
3 One-half of total corrected rate case expense of \$3,427,574 from MFR Sch. C-13	\$ 1,713,787	OPC ROG 139	
4 Difference representing the Company's correction	\$ (158,169)	L3 - L2	
5 One-half of total corrected rate case expense of \$3,427,574 from MFR Sch. C-13	\$ (1,713,787)	OPC ROG 139	
6 Total amount of rate case expense to be removed from working capital	\$ (1,871,956)	L4 + L5	

Florida Public Utilities Company Consolidated Gas
 Accumulated Depreciation - Area Expansion Program
 Projected Test Year Ended December 31, 2023

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 Exhibit RCS-2R
 Schedule B-5
 Page 1 of 1

Line No.	Description	Amount (A)	Reference
1	OPC Adjustment to Accumulated Depreciation Related to the Area Expansion Program	\$ <u>(85,698)</u>	A

Notes and Source

A: Amount from the response to Staff ROG 7(b)

Florida Public Utilities Company Consolidated Gas
FPUC Merger Acquisition Adjustment

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Exhibit RCS-2R
Schedule B-6
Page 1 of 1

Projected Test Year Ended December 31, 2023

Line No.	Description	Amount (A)	Reference
1	Adjustment to Remove Acquisition Adjustment Related to the Merger of FPUC with Chesapeake Utilities Corporation	<u>\$ (34,192,493)</u>	A
2	Adjustment to Accumulated Amortization Related to the Merger of FPUC with Chesapeake Utilities Corporation	<u>\$ 15,576,577</u>	B
3	Net Adjustment to Rate Base	<u>\$ (18,615,916)</u>	

Notes and Source:

A: Amount from Schedule B-6 Consolidated, Page 3 of 3 from FPUC's filing

B: Accumulated Amortization amount calculated below using information from Schedule B-6 Consolidated, page 3 of 3

Description	Amount	Monthly Amortization
4 Acquisition Adjustment Related to the Merger of FPUC with Chesapeake Utilities Corporation	\$ 34,192,493	
5 Amortization Period - Years	30	
6 Annual Amortization	\$ 1,139,750	
7 Amortization Period - Months	12	
8 Monthly Amortization Amount	<u>\$ 94,979</u>	
9 December 2021	\$ (13,866,952)	\$ 94,979
10 January 2022	\$ (13,961,932)	\$ 94,979
11 February 2022	\$ (14,056,911)	\$ 94,979
12 March 2022	\$ (14,151,890)	\$ 94,979
13 April 2022	\$ (14,246,869)	\$ 94,979
14 May 2022	\$ (14,341,848)	\$ 94,979
15 June 2022	\$ (14,436,827)	\$ 94,979
16 July 2022	\$ (14,531,806)	\$ 94,979
17 August 2022	\$ (14,626,786)	\$ 94,979
18 September 2022	\$ (14,721,765)	\$ 94,979
19 October 2022	\$ (14,816,744)	\$ 94,979
20 November 2022	\$ (14,911,723)	\$ 94,979
21 December 2022	\$ (15,006,702)	\$ 94,979
22 January 2023	\$ (15,101,681)	\$ 94,979
23 February 2023	\$ (15,196,661)	\$ 94,979
24 March 2023	\$ (15,291,640)	\$ 94,979
25 April 2023	\$ (15,386,619)	\$ 94,979
26 May 2023	\$ (15,481,598)	\$ 94,979
27 June 2023	\$ (15,576,577)	\$ 94,979
28 July 2023	\$ (15,671,556)	\$ 94,979
29 August 2023	\$ (15,766,535)	\$ 94,979
30 September 2023	\$ (15,861,515)	\$ 94,979
31 October 2023	\$ (15,956,494)	\$ 94,979
32 November 2023	\$ (16,051,473)	\$ 94,979
33 December 2023	\$ (16,146,452)	\$ 94,979
34 December 2022 through December 2023 Total	\$ (202,495,502)	
35 Divide by 13 Months		13
40 13-Month Average Accumulated Amortization Related to the Merger of FPUC with Chesapeake Utilities Corporation	<u>\$ (15,576,577)</u>	

Florida Public Utilities Company Consolidated Gas
Depreciation Expense - New Depreciation Rates
Projected Test Year Ended December 31, 2023
(Thousands of Dollars)

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Line No.	Description	Per FPUC (A)	Per OPC (B)	OPC Adjustment (C)	Reference
1	Depreciation Expense	\$ 14,561,213	\$ 12,487,591	\$ (2,073,621)	
2	Amortization Expense	\$ 2,474,840	\$ 2,474,840	\$ -	
3	Total Depreciation and Amortization Expense	\$ 17,036,053	\$ 14,962,431	\$ (2,073,621)	
4	Remove Portion of Vehicle Depreciation Capitalized	\$ (153,209)	\$ (153,209)	\$ -	
5	Expensed Depreciation and Amortization Expense	\$ 16,882,844	\$ 14,809,222	\$ (2,073,621)	
6	Common	\$ 760,866	\$ 760,866	\$ -	
7	Total Depreciation and Amortization Expense Including Common	\$ 17,643,710	\$ 15,570,088	\$ (2,073,621)	
8	Less FPUC Adjustments:				
9	Non-Utility Depreciation Expense	\$ (173,088)	\$ (173,088)	\$ -	
10	Area Extension Program Amortization	\$ (331,868)	\$ (331,868)	\$ -	
11	Flex Related Depreciation	\$ (55,790)	\$ (55,790)	\$ -	
12	Special Contract Depreciation	\$ (309,954)	\$ (309,954)	\$ -	
13	Environmental Amortization Included in the Rider	\$ (456,348)	\$ (456,348)	\$ -	
14	Total FPUC Adjustments to Depreciation Expense	\$ (1,327,048)	\$ (1,327,048)	\$ -	
15	Projected Test Year Depreciation Expense	\$ 16,316,662	\$ 14,243,040	\$ (2,073,621)	L7 + L14

Notes and Source

Col. A, lines 1-7 from Schedule G-2 Consolidated (page 23 of 31) from FPUC's filing
Col. A, lines 9-14 from Schedule G-2 Consolidated (page 2 of 31) from FPUC's filing
Col. B, line 1 sponsored by OPC witness David Garrett (see page 3)

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Florida Public Utilities Company Consolidated Gas
 Depreciation Expense - New Depreciation Rates - Differences Between Company and OPC Calculated Depreciation Expense
 Projected Test Year Ended December 31, 2023

Line No.	Account Number	Description	Jan-23 (A)	Feb-23 (B)	Mar-23 (C)	Apr-23 (D)	May-23 (E)	Jun-23 (F)	Jul-23 (G)	Aug-23 (H)	Sep-23 (I)	Oct-23 (J)	Nov-23 (K)	Dec-23 (L)	Adjustment to Depreciation Expense (M)
1	301	ORGANIZATION	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
2	302	FRANCHISES & CONSENTS	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
3	303	MISC INTANGIBLE PLANT	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
4	305	STRUCTURES & IMPROVEMENTS	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
5	374	LAND & LAND RIGHTS	\$ (1,470)	\$ (1,470)	\$ (1,470)	\$ (1,470)	\$ (1,470)	\$ (1,470)	\$ (1,470)	\$ (1,470)	\$ (1,470)	\$ (1,470)	\$ (1,470)	\$ (1,470)	\$ (17,639)
6	375	STRUCTURES & IMPROVEMENTS	\$ 396	\$ 396	\$ 396	\$ 396	\$ 396	\$ 396	\$ 396	\$ 396	\$ 396	\$ 396	\$ 396	\$ 396	\$ 4,752
7	3761	MAINS - PLASTIC	\$ (62,993)	\$ (62,471)	\$ (62,601)	\$ (62,758)	\$ (62,993)	\$ (63,227)	\$ (63,462)	\$ (63,722)	\$ (63,983)	\$ (64,244)	\$ (64,505)	\$ (64,766)	\$ (763,908)
8	3762	MAINS - STEEL	\$ (5,152)	\$ (5,152)	\$ (5,152)	\$ (5,152)	\$ (5,152)	\$ (5,152)	\$ (5,152)	\$ (5,152)	\$ (5,152)	\$ (5,152)	\$ (5,152)	\$ (5,152)	\$ (61,821)
9	3766	MAINS - GRIP	\$ (48,964)	\$ (48,964)	\$ (48,964)	\$ (48,964)	\$ (48,964)	\$ (48,964)	\$ (48,964)	\$ (48,964)	\$ (48,964)	\$ (48,964)	\$ (48,964)	\$ (48,964)	\$ (587,571)
10	378	MEAS & REG STATION EQUIP-GEN	\$ (7,880)	\$ (7,543)	\$ (7,626)	\$ (7,731)	\$ (7,898)	\$ (8,065)	\$ (8,232)	\$ (8,419)	\$ (8,607)	\$ (8,795)	\$ (8,983)	\$ (9,150)	\$ (98,528)
11	379	MEAS & REG STATION EQUIP-GATE	\$ (14,067)	\$ (14,067)	\$ (14,067)	\$ (14,067)	\$ (14,067)	\$ (14,067)	\$ (14,067)	\$ (14,067)	\$ (14,067)	\$ (14,067)	\$ (14,067)	\$ (14,067)	\$ (168,802)
12	3801	SERVICES - PLASTIC	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
13	3802	SERVICES - OTHER	\$ (6,177)	\$ (6,177)	\$ (6,177)	\$ (6,177)	\$ (6,177)	\$ (6,177)	\$ (6,177)	\$ (6,177)	\$ (6,177)	\$ (6,177)	\$ (6,177)	\$ (6,177)	\$ (74,128)
14	380G	SERVICES - GRIP	\$ 12,248	\$ 12,248	\$ 12,248	\$ 12,248	\$ 12,248	\$ 12,248	\$ 12,248	\$ 12,248	\$ 12,248	\$ 12,248	\$ 12,248	\$ 12,248	\$ 146,981
15	381	METERS	\$ 3,878	\$ 3,883	\$ 3,889	\$ 3,897	\$ 3,910	\$ 3,923	\$ 3,935	\$ 3,950	\$ 3,964	\$ 3,979	\$ 3,993	\$ 4,006	\$ 47,207
16	3811	METERS - AMR EQUIPMENT	\$ (3,728)	\$ (3,728)	\$ (3,728)	\$ (3,728)	\$ (3,728)	\$ (3,728)	\$ (3,728)	\$ (3,728)	\$ (3,728)	\$ (3,728)	\$ (3,728)	\$ (3,728)	\$ (44,731)
17	382	METER & REGULATOR INST.	\$ (9,120)	\$ (9,125)	\$ (9,132)	\$ (9,140)	\$ (9,151)	\$ (9,162)	\$ (9,172)	\$ (9,184)	\$ (9,196)	\$ (9,208)	\$ (9,220)	\$ (9,231)	\$ (110,041)
18	3821	METER INSTALLATIONS - MTU/DCU	\$ (198)	\$ (198)	\$ (198)	\$ (198)	\$ (198)	\$ (198)	\$ (198)	\$ (198)	\$ (198)	\$ (198)	\$ (198)	\$ (198)	\$ (2,372)
19	383	HOUSE REGULATORS	\$ (7,431)	\$ (7,438)	\$ (7,448)	\$ (7,458)	\$ (7,474)	\$ (7,489)	\$ (7,505)	\$ (7,522)	\$ (7,539)	\$ (7,556)	\$ (7,573)	\$ (7,589)	\$ (90,021)
20	384	HOUSE REG-INST	\$ (180)	\$ (180)	\$ (181)	\$ (181)	\$ (182)	\$ (182)	\$ (183)	\$ (183)	\$ (183)	\$ (184)	\$ (184)	\$ (184)	\$ (2,185)
21	385	IND MEAS & REG STATION EQUIP	\$ (211)	\$ (211)	\$ (211)	\$ (211)	\$ (211)	\$ (211)	\$ (211)	\$ (211)	\$ (211)	\$ (211)	\$ (211)	\$ (211)	\$ (2,535)
22	387	OTHER EQUIPMENT	\$ (3,483)	\$ (3,508)	\$ (3,542)	\$ (3,585)	\$ (3,633)	\$ (3,720)	\$ (3,788)	\$ (3,865)	\$ (3,941)	\$ (4,017)	\$ (4,094)	\$ (4,162)	\$ (45,358)
23	389	LAND & LAND RIGHTS	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
24	390	STRUCTURES & IMPROVEMENTS	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
25	3910	OFFICE FURN & EQUIPMENT	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
26	3911	COMPUTER AND PERIPHERY	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
27	3912	COMPUTER HARDWARE	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
28	3913	FURNITURE AND FIXTURES	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
29	3914	SYSTEM SOFTWARE	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
30	392	TRANSPORTATION EQUIPMENT	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
31	3921	AUTOS & TRUCKS (UP TO 1/2 TON)	\$ (3,043)	\$ (3,043)	\$ (3,043)	\$ (3,043)	\$ (3,043)	\$ (3,043)	\$ (3,043)	\$ (3,043)	\$ (3,043)	\$ (3,043)	\$ (3,043)	\$ (3,043)	\$ (36,516)
32	3922	AUTOS & TRUCKS	\$ (11,534)	\$ (11,534)	\$ (11,534)	\$ (11,534)	\$ (11,534)	\$ (11,534)	\$ (11,534)	\$ (11,534)	\$ (11,534)	\$ (11,534)	\$ (11,534)	\$ (11,534)	\$ (139,604)
33	3924	TRANSPORTATION - OTHER	\$ (250)	\$ (250)	\$ (250)	\$ (250)	\$ (250)	\$ (250)	\$ (250)	\$ (250)	\$ (250)	\$ (250)	\$ (250)	\$ (250)	\$ (3,004)
34	393	STORES EQUIP	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
35	394	TOOLS, SHOP, GARAGE EQUIP	\$ (750)	\$ (754)	\$ (758)	\$ (762)	\$ (766)	\$ (771)	\$ (775)	\$ (779)	\$ (783)	\$ (787)	\$ (791)	\$ (796)	\$ (9,271)
36	396	POWER OPERATED EQUIPMENT	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
37	397	COMMUNICATION EQUIPMENT	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
38	398	MISC EQUIP	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
39		OPC Adjustment to Depreciation Expense	\$ (169,081)	\$ (169,286)	\$ (169,548)	\$ (169,867)	\$ (170,354)	\$ (170,842)	\$ (171,329)	\$ (171,816)	\$ (172,303)	\$ (172,790)	\$ (173,277)	\$ (173,764)	\$ (2,073,621)

Notes and Source
 The amounts above reflect the differences between the amounts shown on pages 3 and 4

Florida Public Utilities Company Consolidated Gas
 Amortization Expense Related to FPUC Merger Acquisition Adjustment
 Projected Test Year Ended December 31, 2023

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 Schedule C-2
 Page 1 of 1

Line No.	Description	Amount (A)	Reference
1	Remove Amortization Expense Related to FPUC Merger Acquisition Adjustment	<u>\$ (1,139,750)</u>	A

Notes and Source

A: Amount from Schedule G-2 FPUC, page 24 of 31 from FPUC's filing

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Exhibit RCS-2R
Schedule C-3
Page 1 of 1

Florida Public Utilities Company Consolidated Gas
Incentive Compensation Expense
Projected Test Year Ended December 31, 2023
(Thousands of Dollars)

Line No.	Description	Amount	Reference
1	OPC Adjustment to Incentive Compensation Expense	\$ (1,090,101)	A

Notes and Source:

A: Amount from the response to OPC ROG 42 and calculated below:

Description	Amount
2 Projected 2023 Incentive Compensation Expense Per FPUC	\$ 2,180,201
3 Disallowance Percentage*	50%
4 OPC Adjustment to Incentive Compensation Expense	\$ (1,090,101)

* The 50% disallowance percentage was derived by combining the Earnings Per Share (25%) and Consolidated ROE (25%) categories from the Chesapeake Utilities Corporation 2021 Incentive Performance Plan that provided in response to OPC ROG 38.

Florida Public Utilities Company Consolidated Gas
Stock-Based Compensation Expense
Projected Test Year Ended December 31, 2023

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Page 1 of 1

Projected Test Year Ended December 31, 2023

Line No.	Description	Amount (A)	Reference
1	Restricted Stock Units - FERC Account 870	\$ (1,405)	A
2	Restricted Stock Units - FERC Account 871	\$ (16,827)	A
3	Restricted Stock Units - FERC Account 885	\$ (128)	A
4	Restricted Stock Units - FERC Account 901	\$ (17,477)	A
5	Restricted Stock Units - FERC Account 920	\$ (1,170,560)	A
6	Restricted Stock Units - FERC Account 930	\$ (169,107)	B
7	Total Stock-Based Compensation	<u>\$ (1,375,505)</u>	

Notes and Source

A: Amounts from the response to OPC ROG 120

B: Stock-Based Compensation paid to the Board of Directors per the response to OPC ROG 43

Florida Public Utilities Company Consolidated Gas
Payroll Tax Expense
Projected Test Year Ended December 31, 2023
(Thousands of Dollars)

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Page 1 of 1

Line No.	Description	Amount (A)	Reference
1	OPC Adjustment to Incentive Compensation Expense	\$ (1,090,101)	Schedule C-3
2	OPC Adjustment to Remove Stock-Based Compensation Expense	\$ (1,375,505)	Schedule C-4
3	Total	<u>\$ (2,465,606)</u>	
4	OPC Adjustments to Incentive and Stock-Based Compensation Expense	\$ (2,465,606)	Note A
5	FICA Social Security Rate	6.20%	
6	Adjustment to FICA Social Security	<u>\$ (152,868)</u>	
7	Adjustment to Incentive and Stock-Based Compensation Expense	\$ (2,465,606)	Note A
8	FICA Medicare Rate	1.45%	
9	Adjustment to FICA Medicare	<u>\$ (35,751)</u>	
10	Total Adjustment to Payroll Tax Expense	<u>\$ (188,619)</u>	L6 + L9

Notes and Source

A: The 6.20% represents the Social Security portion (OASDI) and the 1.45% represents the Medicare portion of payroll tax rates

Projected Test Year Ended December 31, 2023

Line No.	Description	Amount (A)	Reference
1	OPC Adjustment to Remove SERP Expense	\$ <u><u>(1,762)</u></u>	A

Notes and Source

A: Amount from the response to OPC ROG 46

Florida Public Utilities Company Consolidated Gas
 Directors and Officers Liability Insurance Expense
 Projected Test Year Ended December 31, 2023

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 Schedule C-7
 Page 1 of 1

Line No.	Description	Per FPUC (A)	Per OPC (B)	OPC Adjustment (C)
1	OPC Adjustment to Directors and Officers Liability Insurance	\$ 171,055	\$ 85,528	\$ (85,528)

Notes and Source

Col. A: Amount from FPUC's response to OPC ROG 61

Col. B: Disallowance Calculation:

Directors and Officers Liability Insurance - Per FPUC	\$ 171,055
Disallowance Percentage	50%
Directors and Officers Liability Insurance - Per OPC	\$ 85,528

Florida Public Utilities Company Consolidated Gas Rent Expense
 Projected Test Year Ended December 31, 2023

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 Exhibit RCS-2R
 Schedule C-8
 Page 1 of 1

Line No.	Description	Amount	Reference
1	OPC Adjustment to Rent Expense	\$ <u>(78,249)</u>	A

A: Amount from OPC ROG 113

Florida Public Utilities Company Consolidated Gas Lobbying Costs
 Projected Test Year Ended December 31, 2023
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 Exhibit RCS-2R
 Schedule C-9
 Page 1 of 1

Line No.	Description	Amount (A)	Reference
1	OPC Adjustment to Remove Lobbying Costs	\$ (41,881)	A

A: Amount from the responses to OPC ROG 54 and OPC ROG 138 and calculated below:

Description	Amount	Reference
2 American Gas Foundation	\$ (4,373)	OPC ROG 54
3 Associated Gas Distributors of Florida	\$ (27,293)	OPC ROG 54
4 American Gas Association	\$ (3,700)	OPC ROG 54
5 Projected 2023 Invoice #1	\$ (109)	OPC ROG 138
6 Projected 2023 Invoice #2	\$ (6,406)	OPC ROG 138
7 Total	\$ (41,881)	

Florida Public Utilities Company Consolidated Gas
Interest Synchronization

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Schedule C-10
Page 1 of 1
Revised

Projected Test Year Ended December 31, 2023

Line No.	Description	Amount	Reference
1	Adjusted rate base	\$ 435,080,074	Schedule B
2	Weighted cost of debt	<u>1.53%</u>	Schedule D
3	Synchronized interest deduction	\$ 6,669,195	Line 1 x Line 2
4	Synchronized interest deduction per FPUC's filing	<u>\$ 6,140,977</u>	See note below
5	Difference (decreased) increased interest deduction	\$ 528,218	Line 3 - Line 4
6	State Income Tax Rate	<u>5.50%</u>	Schedule A-1
7	Decrease to State Income Tax Expense	\$ (29,052)	Line 5 x Line 6
8	Federal Taxable Income	\$ 499,166	L5 + L7
9	Federal Income Tax Rate	<u>21.00%</u>	Schedule A-1
10	Federal Income Tax Expense	\$ (104,825)	L8 x L9
11	Increase (decrease) to income tax expense	<u><u>\$ (133,877)</u></u>	Line 7 + Line 10

Notes and Source

Line 4:			
12	FPUC Adjusted Rate Base	\$ 454,887,154	Schedule B
13	FPUC Weighted Cost of Debt	<u>1.35%</u>	Schedule D
14	Synchronized interest deduction per FPUC	<u><u>\$ 6,140,977</u></u>	

Florida Public Utilities Company Consolidated Gas
Parent Company Debt Adjustment
Projected Test Year Ended December 31, 2023
Docket No. 20220067-GU
Exhibit RCS-2R
Schedule C-11
Page 1 of 2
Revised

Line No.	Description	Amount (A)	Reference
1	Adjusted Rate Base	\$ 435,080,074	Sch. B
2	Common Equity Ratio	39.67%	Sch. D
3	Rate Base Financed by Common Equity	\$ 172,594,632	L1 x L2
4	Parent Company Debt Ratio	41.50%	[1]
5	Rate Base for Parent Company Debt Interest	\$ 71,626,772	L3 x L4
6	Parent Company Cost of Debt	4.52%	[1]
7	Parent Company Debt Interest Deduction	\$ 3,237,530	L5 x L6
8	Federal Income Tax Rate	21.00%	
9	Federal Income Tax Expense Decrease	\$ (679,881)	L7 x L8

Notes and Source

[1] This information was provided by OPC witness David Garrett and is based on Value Line

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Exhibit RCS-2R
Schedule C-11
Page 2 of 2
Revised

Florida Public Utilities Company Consolidated Gas
Parent Company Debt Adjustment

Projected Test Year Ended December 31, 2023

Line No.	Description	Amount	Reference
1	Adjusted Rate Base	\$ 435,080,074	Sch. B
2	Consolidated Tax Rate	23.793%	[1]
3	Rate Base Financed by Common Equity	\$ 103,518,602	L1 x L2
4	Parent Company Cost of Debt	1.42%	[1]
5	Interest Deduction	\$ 1,470,257	L3 x L4
6	Federal Income Tax Rate	21%	
7	Calculated Reduction to Federal Income Tax Expense	\$ (308,754)	
8	Adjustment to 2023 Test Year Income Tax Expense Reflected in Company's Filing for Parent Company Debt Adjustment	\$ -	[2]

Notes and Source

[1] Amounts from MFR Schedule C-26

[2]: MFR Schedule G-2 Consolidated, page 29 of 31

The amounts below were calculated on MFR Schedule C-26

Description	FPUC	CFG	Indiantown	Meade	Total
9 Total Rate Base	\$ 302,435,362	\$ 114,342,351	\$ 2,020,092	\$ 1,240,248	
10 Consolidated Tax Rate	23.793%	23.793%	23.793%	23.793%	
11 Rate Base Financed by Common Equity	\$ 71,958,446	\$ 27,205,476	\$ 480,640	\$ 295,092	
12 Parent Company Weighted Cost of Debt	1.42%	1.42%	1.42%	1.42%	
13 Interest Deduction	\$ 1,022,014	\$ 386,395	\$ 6,826	\$ 4,191	\$ 1,419,426

Florida Public Utilities Company Consolidated Gas
 Company Sponsored Events
 Projected Test Year Ended December 31, 2023

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 Exhibit RCS-2R
 Schedule C-12
 Page 1 of 1

Line No.	Description	Amount (A)	Reference
1	OPC Adjustment to Remove Costs for Company Sponsored Events	\$ <u>(38,835)</u>	A

Notes and Source

A: Amount from FPUC's response to OPC ROG 101

Page	Line	Reads	Has Been Updated To
4	18	\$7.75 million	\$7.88 million
4	19	\$16.31 million	\$16.18 million
8	23	\$928,851	\$870,378
22	15	\$12.36 million	\$12.49 million
22	17-18	\$2.205 million	\$2.074 million
22	20	\$2.205 million	\$2.074 million
35	17	\$134,104	\$133,877
36	14	\$679,973	\$679,881