

VOTE SHEET

December 6, 2011

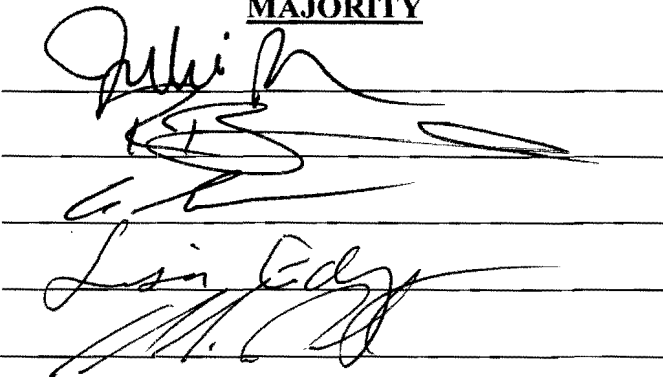
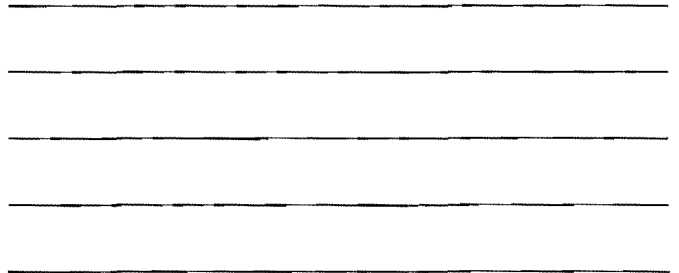
Docket No. 110133-GU – Petition for approval of acquisition adjustment and recovery of regulatory assets, and request for consolidation of regulatory filings and records of Florida Public Utilities Company and Florida Division of Chesapeake Utilities Corporation. (Deferred from the November 22, 2011 Commission Conference, revised recommendation filed.)

Issue 1: Has Chesapeake complied with the reporting requirements of Order No. PSC-10-0029-PAA-GU?

Recommendation: Yes. Chesapeake has complied with the reporting requirements of Order No. PSC-10-0029-PAA-GU.

APPROVED

COMMISSIONERS ASSIGNED: All Commissioners

COMMISSIONERS' SIGNATURES**MAJORITY****DISSENTING****REMARKS/DISSENTING COMMENTS:**

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(Continued from previous page)

Issue 2: Should the Commission accept Chesapeake's proposal to amortize the \$34,192,493 positive acquisition adjustment over a 30 year period, beginning November 2009?

Recommendation: Yes. Chesapeake should be allowed to record the \$34,192,493 purchase price premium as a positive acquisition adjustment to be amortized over a 30-year period beginning November 2009. The positive acquisition adjustment should be recorded in Account 114 – Gas Plant Acquisition Adjustments and the amortization expense should be recorded in Account 406 – Amortization of Gas Plant Acquisition Adjustment. The level of the actual cost savings supporting Chesapeake's request should be subject to review in FPUC's next rate case proceeding. In FPUC's next rate proceeding, if it is determined that any of the cost savings no longer exist, the acquisition adjustment may be partially or totally removed as deemed appropriate by the Commission. FPUC should file its earnings surveillance reports with and without the effect of the acquisition adjustment. Chesapeake is not seeking approval of an acquisition adjustment associated with the Indiantown Gas Company transaction at this time.

APPROVED

Issue 3: Should the Commission accept Chesapeake's proposal to amortize, above the line, the regulatory assets established for transaction and transition costs of \$2,207,158 over a five year period, beginning November 2009?

Recommendation: Yes. Transaction and transition costs should be recorded as a regulatory asset and amortized over five years beginning November 2009. The amounts should be \$1,650,983 and \$556,175, respectively, for a total of \$2,207,158. The Commission should find that the approval to record the regulatory asset for accounting purposes does not limit the Commission's ability to review the amounts for reasonableness now and in future rate proceedings.

APPROVED

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(Continued from previous page)

Issue 4: Should the Commission accept Chesapeake's proposed use of the modified straight-line method to amortize the acquisition premium over 30 years and the regulatory assets over 5 years?

Recommendation: No, the unmodified straight-line amortization methodology should be used to amortize the acquisition adjustment and the transaction and transition costs.

APPROVED

Issue 5: Should the Commission accept Chesapeake's proposal to consolidate the earnings surveillance reports and accounting records of the Florida Division of Chesapeake, the gas division of FPUC, and the FPUC - Indiantown Division with a combined midpoint return on equity of 10.85 percent?

Recommendation: No. Chesapeake should not be permitted to consolidate the earnings surveillance reports and accounting records of the three utilities until such time as the rates and tariffs are combined.

APPROVED

Issue 6: Should Chesapeake's request to establish a combined benchmark methodology for FPUC and the Florida Division for the purpose of evaluating incremental cost increases in future rate proceedings be approved?

Recommendation: No. It is premature to establish a combined benchmark for the Florida Division and FPUC since the two utilities are not functioning as a single utility for regulatory purposes.

APPROVED

Issue 7: What is the amount, if any, of excess earnings for 2010 for the Florida Division?

Recommendation: The Florida Division does not have any excess earnings for 2010.

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(Continued from previous page)

Issue 8: What is the amount, if any, of excess earnings for 2010 for the gas division of FPUC?

Recommendation: The gas division of FPUC does not have any excess earnings for 2010 based on the inclusion of the acquisition adjustment and the transaction and transition costs recommended in previous issues.

APPROVED

Issue 9: What is the appropriate disposition of the 2010 excess earnings, if any, for the Florida Division and the gas division of FPUC?

Recommendation: Depending on the level of any excess earnings, the appropriate disposition of any refund, with interest, would be a credit on the customers' bills or a refund through the Purchased Gas Adjustment (PGA) cost recovery clause. Interest should be calculated using the commercial paper rate as provided in Rule 25-7.091(4), F.A.C. This issue is moot if the recommendations in Issues 7 and 8 are approved.

APPROVED

Issue 10: Should this docket be closed?

Recommendation: If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the order, this docket should be closed upon the issuance of a consummating order.

APPROVED