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August 30, 2013

BY E-PORTAL

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

Re: Docket No. 120036-GU - **Joint petition for approval of Gas Reliability Infrastructure Program (GRIP) by Florida Public Utilities Company and the Florida Division of Chesapeake Utilities Corporation.**

Dear Ms. Cole:

Attached for filing, please find the Petition for Approval of GRIP Cost Recovery Factors submitted on behalf of Florida Public Utilities Company and the Florida Division of Chesapeake Utilities Corporation, along with the Direct Testimony and Exhibit MDN-1 of Ms. Michelle Napier. Copies of the schedules included in this filing on CD in native format have been forwarded separately to staff counsel.

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

Sincerely,

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

MEK
cc:/(Certificate of Service)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Joint Petition for Approval of Gas Reliability Infrastructure Program (GRIP) by Florida Public Utilities Company and the Florida Division of Chesapeake Utilities Corporation	DOCKET NO. 120036-GU DATED: August 30, 2013
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**PETITION FOR APPROVAL OF GRIP
COST RECOVERY FACTORS BY FLORIDA PUBLIC UTILITIES COMPANY AND
THE FLORIDA DIVISION OF CHESAPEAKE UTILITIES CORPORATION**

Florida Public Utilities Company, (herein “FPUC”), and the Florida Division of Chesapeake Utilities Corporation (“CFG”)(also referred to herein individually as “Company” and jointly as “Companies”), by and through their undersigned counsel, hereby file this Petition, pursuant to Section 366.06, Florida Statutes, and Order No. PSC-12-0490-TRF-GU, seeking approval from the Florida Public Service Commission (“FPSC” or “Commission”) of FPUC's and CFG’s GRIP cost recovery factors for the period January 2014 through December 2014. In support of this request, the Companies hereby state:

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

Florida Public Utilities Company
1641 Worthington Road, Suite 220
West Palm Beach, FL 33409

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

Florida Division of Chesapeake Utilities
Corporation
1015 Sixth Street, NW
Winter Haven, FL 33881

¹ FPUC’s Indiantown Division does not participate in a GRIP program.

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

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

Cheryl Martin
Florida Public Utilities
Company/Florida Division of
Chesapeake Utilities Corporation
1641 Worthington Road, Suite 220
West Palm Beach, FL 33409

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

5) Consistent with the requirements of Order No. PSC-12-0490-TRF-GU, issued September 24, 2012, the Company has included with this filing Schedules A-D, which support the Company's calculation of the yearly GRIP surcharge factors for the calendar year 2014 for both CFG and FPUC.

6) The Company is also submitting, contemporaneously with this Petition, the Direct Testimony and Exhibit MDN-1 of Ms. Michelle D. Napier in support of the Companies' request for approval of the requested factors.

7) As reflected on MDN-1, the final GRIP true-up amount for the period January 2012 through December 2012 was an over-recovery of \$243,238 for FPUC and an under-recovery of \$16,886 for CFG.

8) The Company projects total revenue requirements for the program of \$641,105 for FPUC and \$604,472 for CFG for the period January 2014 through December 2014. As

set forth in the Testimony and Exhibit of Ms. Napier, the Company's total true-up amounts to be collected or refunded during the period January 2014 through December 2014 are a net over-recovery of \$503,032 for FPUC and a net over-recovery of \$198,275 for CFG. After adding the projected revenue requirements for the programs and the true-up amounts then dividing this total among the Companies' rate classes, the following are the GRIP Cost Recovery factors for which the Companies seek approval in this petition:

CFG

<u>RATE</u> <u>CLASS</u>	<u>GRIP</u> <u>FACTORS</u> <u>PER THERM</u>
FTS-A	\$ 0.06721
FTS-B	\$ 0.03079
FTS-1	\$ 0.02198
FTS-2	\$ 0.01993
FTS-2.1	\$ 0.02245
FTS-3	\$ 0.01026
FTS-3.1	\$ 0.01273
FTS-4	\$ 0.01781
FTS-5	\$ 0.01554
FTS-6	\$ 0.00817
FTS-7	\$ 0.01743
FTS-8	\$ 0.01016
FTS-9	\$ 0.02722

FTS-10 \$ 0.01388
 FTS-11 \$ 0.01037
 FTS-12 \$ 0.01781
 FTS-13 N/A

<u>FPUC</u> RATE SCHEDULE	GRIP FACTORS PER THERM
RESIDENTIAL	\$0.01598
COMMERCIAL SMALL (General Service 1 & 2 & GS 1 & 2 Transportation)	\$0.01450
COMM. LRG VOLUME (Large Vol & LV Transportation)	\$0.00654
INTERRUPTIBLE SERVICE (Int Service & IS Transportation)	\$0.00608
GENERAL LIGHTING SERVICE	\$0.01826

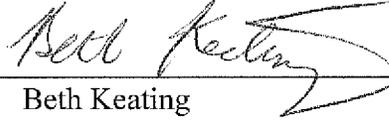
9) The Companies attest that these factors have been calculated correctly and consistent with Commission requirements. Thus, the Companies asks that the Commission approve the proposed factors as set forth herein.

WHEREFORE, FPUC and CFG respectfully request that the Commission approve the Company's proposed GRIP cost recovery factors to be effective for all meter reading for

Docket No. 120036-GU

the period January 2014 through December 2014.

RESPECTFULLY SUBMITTED this 30th day of August, 2013.

A handwritten signature in cursive script, reading "Beth Keating", is positioned above a horizontal line.

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

Attorneys for Florida Public Utilities Company

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been served upon the following by Electronic Mail this 30th day of August, 2013.

Jennifer Crawford Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, FL 32399-0850 jcrawfor@psc.state.fl.us	J.R. Kelly/P. Christensen Office of Public Counsel c/o The Florida Legislature 111 W. Madison Street, Room 812 Tallahassee, FL 32399-1400 Christensen.patty@leg.state.fl.us
Cheryl Martin Florida Public Utilities Company 1641 Worthington Road, Suite 220 West Palm Beach, FL 33409 Cheryl_Martin@fpuc.com	

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

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 120036-GU - In Re: Joint petition for approval of Gas Reliability Infrastructure Program (GRIP) by Florida Public Utilities Company and the Florida Division of Chesapeake Utilities Corporation.

DIRECT TESTIMONY OF MICHELLE D. NAPIER

On behalf of

Florida Public Utilities Company (FPUC) and Florida Division of Chesapeake Utilities Corporation (CFG)

- 1 Q. Please state your name and business address.
- 2 A. My name is Michelle D. Napier. My business address is 1641 Worthington
3 Road, Suite 220, West Palm Beach, Florida 33409.
- 4 Q. By whom are you employed and in what capacity?
- 5 A. I am employed by Florida Public Utilities Company (FPUC) as the Senior
6 Regulatory Analyst.
- 7 Q. Can you please provide a brief overview of your educational and employment
8 background?
- 9 A. I graduated from University of South Florida in 1986 with a BS degree in
10 Finance. I have been employed with FPUC since 1987. During my
11 employment at FPUC, I have performed various roles and functions in
12 accounting, management and most recently, regulatory accounting (PGA,
13 conservation, surveillance reports, regulatory reporting).
- 14 Q. Are you familiar with the Gas Reliability Infrastructure Program (GRIP) of the
15 Company and the associated projected and actual revenues and costs?
- 16 A. Yes.

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

2 A. My testimony will establish the GRIP “true-up” collection amount, based on
3 actual 2012 data and projected 2013 data. My testimony will describe the
4 Company’s forecast of GRIP investment for natural gas mains and services for
5 2014. Finally, I will summarize the computations that are contained in
6 composite exhibit MDN-1 supporting the January through December 2014
7 projected GRIP surcharge factors for the FPUC and CFG natural gas
8 divisions.

9 Q. Did you complete the schedules filed by your Company?

10 A. Yes.

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

12 A. The Company has prepared and filed in composite Exhibit MDN-1, Schedules
13 A, B, C, and D that support the calculation of the yearly GRIP surcharge
14 factors for January through December 2014 for FPUC and CFG.

15 Q. What is the appropriate final GRIP true-up amount for the period
16 January through December 2012?

17 A. For FPUC, the final GRIP true-up amount for the period January through
18 December 2012 is an over-recovery of \$243,238, inclusive of interest and an
19 under-recovery of \$16,886 for CFG.

20 Q. What is the projected GRIP true-up amount for the period January through
21 December 2013?

22 A. For FPUC, the projected GRIP true-up amount is an over-recovery of
23 \$259,794, inclusive of interest, for the period January through December

1 2013. CFG has an over-recovery for the same period of \$215,161 inclusive of
2 interest.

3 Q. What is the projection period for this filing?

4 A. The projection period is January through December 2014.

5 Q. What is the total projected GRIP true-up amount to be collected from or
6 refunded to customers for the period January through December 2014?

7 A. As shown on Schedule B, page 2 of 8, the total net over-recovery to be
8 refunded for FPUC is \$503,032 and CFG, Schedule B page 6 of 8, has a total
9 net over-recovery of \$198,275 to be refunded for the period January through
10 December 2014.

11 Q. Please describe how the forecasts of the replacement of qualifying distribution
12 mains and services were developed for the projection period.

13 A. In the initial joint petition for approval of GRIP (Order No. PSC-12-0490-
14 TRF-GU), FPUC and CFG reviewed the remaining eligible infrastructure and
15 developed a replacement plan, based on our Distribution Integrity
16 Management Program (DIMP) and our best estimate of how quickly we could
17 replace our bare steel and cast iron facilities, with an accelerated period of 10
18 years. Both companies prioritized the potential replacement projects focusing
19 initially on areas of high consequence and areas more susceptible to corrosion.
20 FPUC provides service to large metropolitan areas and the replacement of
21 eligible infrastructure in high-density (urban) areas typically cost more than
22 areas that are primarily rural. Therefore, the results of the review indicated
23 that approximately 34% of the total expected program investments would be

1 addressed and replaced in the first two years of the program and a more typical
2 10% each year thereafter, under the 10-year program. CFG is using the typical
3 10% per year under the 10-year program.

4 Q. Please describe how the forecasts of the revenue requirements are developed
5 for the projection period.

6 A. The projected revenue requirements includes several components: 1) the
7 return on estimated qualified investments for the projection period as
8 calculated using the equity and debt components of the weighted average cost
9 of capital from each companies respective prior rate cases. 2) depreciation
10 expense (respectively calculated using the currently approved depreciation
11 rates) and 3) expenses for customer and general public notifications associated
12 with GRIP and ad valorem taxes, grossed up for federal and state income
13 taxes. Since FPUC has a bare steel replacement and recovery program,
14 originally approved in the Company's 2004 rate case proceeding, the revenue
15 requirements is net of the existing bare steel program, which equates to
16 \$747,727 embedded in base rate revenues. CFG does not have any recovery
17 amounts embedded in its base rates.

18 Q. What are the resulting net total projected revenue requirements to be
19 recovered during this projection period?

20 A. The total projected revenue requirements to be recovered are \$641,105 for
21 FPUC, Schedule D page 4 of 8, and the \$604,472 for CFG, Schedule D page 8
22 of 8.

23 Q. Have you prepared a schedule that shows the calculation of the proposed

1 GRIP surcharge factors for each rate class to be applied during the billing
2 period January 1, 2014 through December 31, 2014?

3 A. Yes, For FPUC, please see Schedule D page 4 of 8 and Schedule D page 8 of
4 8 for CFG. For CFG, rate class FTS-13 is excluded from the GRIP surcharge
5 factor calculation since this rate class pertains to special contract customers.

6 Q. What should be the effective date of the GRIP surcharge factors for billing
7 purposes?

8 A. The GRIP surcharge factors should be effective for all meter readings during
9 the period of January 1, 2014 through December 31, 2014.

10 Q. Does this conclude your testimony?

11 A. Yes.

Florida Public Utilities Company
Gas Reliability Infrastructure Program (GRIP)
Investment and Annual Recovery information

Schedule A-1
Exhibit _____
Michelle D Napier (MDN-1)
Page 1 of 8

Item	%	Plant Amount	Quantity	Per Unit \$
Bare Steel (Qualified) Remaining Replacement Investment, approved in Docket No. 080366-GU				
Mains		\$ 27,939,030	219.2 Miles	\$ 127,459
Services		<u>9,447,335</u>	11,602 Each	\$ 814
Total Bare Steel replacement Investment 1/1/2009		<u>\$ 37,386,365</u>		
Estimated Qualified Remaining Replacement Investment as of 6/30/2012				
Mains	74%	\$ 34,503,084	198 Miles	\$ 174,258
Services	26%	<u>\$ 12,416,880</u>	7,980 Each	\$ 1,556
Remaining Qualified Replacement Investment as of 06/30/2012		<u>\$ 46,919,964</u>		
Annual Qualified Replacement Investment, beginning 7/1/2012				
		7/1/2012-6/30/2014	10 Years	7/1/2014-6/30/2022
Mains		\$ 5,865,524		\$ 2,846,504
Services		<u>\$ 2,110,870</u>		<u>\$ 1,024,393</u>
Total Annual Qualified Replacement Investment		<u>\$ 7,976,394</u>		<u>\$ 3,870,897</u>
Net Amount				
Annual Amortization, 50 year period, approved in Docket No. 080366-GU, beginning 1/1/2009				
Mains		\$ 558,780		
Services		<u>188,947</u>		
Total Annual Amortization		<u>\$ 747,727</u>		
Accumulated Amortization as of 06/30/2012, 50 year amortization program				
Mains		\$ 1,955,730		
Services		<u>661,315</u>		
Accumulated Amortization as of 06/30/2012		<u>\$ 2,617,045</u>		
Earnings Surveillance Report - December 31, 2012				
Equity Cost Rate		10.85%		
Weighted Equity Cost Rate		5.22%		
Revenue Expansion Factor		<u>1.6197</u>		
Weighted Equity Cost Rate, times Revenue Expansion Factor		<u>8.455%</u>		
Weighted Debt Cost Rate		2.46%		
Overall Weighted Cost Rate		<u>7.68%</u>		

Florida Public Utilities Company
 Gas Reliability Infrastructure Program (GRIP)
 Calculation of the Actual Revenue Requirements
 Seven Months Actual January 2013 through July 2013
 Estimated August 2013 through December 2013

Schedule B-1
 Exhibit
 Michelle D Napier (MDN-1)
 Page 2 of 8

Item	Beginning Balance	Actual Jan	Actual Feb	Actual Mar	Actual Apr	Actual May	Actual Jun	Actual Jul	Projected Aug	Projected Sep	Projected Oct	Projected Nov	Projected Dec	Year End Total/Balance
Qualified Investment														
Qualified Investment - Mains - Current 1070 Activity		\$171,483	\$273,066	\$926,013	\$682,445	\$746,540	\$937,700	\$464,668	\$332,734	\$332,734	\$332,734	\$332,734	\$332,734	\$5,865,525
Qualified Investment - Mains - Closed 1070 Activity to Plant		(\$834)	(\$9,002)	(\$92,387)	\$0	\$0	(\$9,037)	(\$72,995)	(\$3,956,785)	(\$378,862)	(\$117,006)	(\$19,881)	(\$35,375)	(\$4,625,166)
Qualified Investment - Services - Current 1070 Activity		\$4,093	\$59,066	\$89,086	\$114,347	\$101,818	\$192,637	\$172,640	\$275,437	\$275,437	\$275,437	\$275,437	\$275,437	\$2,110,872
Qualified Investment - Services - Closed 1070 Activity to Plant		(\$4,093)	(\$59,066)	(\$89,086)	(\$114,347)	(\$101,936)	(\$192,129)	(\$173,146)	(\$275,321)	(\$275,437)	(\$275,437)	(\$275,437)	(\$275,437)	(\$2,110,872)
Qualified Investment - Mains - Current 1010 Activity		\$634	\$5,002	\$32,387	\$0	\$0	\$9,037	\$72,995	\$3,956,785	\$378,862	\$117,006	\$19,881	\$35,375	\$4,625,166
Qualified Investment - Services - Current 1010 Activity		\$4,093	\$59,066	\$89,086	\$114,347	\$101,936	\$192,129	\$173,146	\$275,321	\$275,437	\$275,437	\$275,437	\$275,437	\$2,110,872
Total Qualified Investment - Mains 1070	\$441,326	\$611,975	\$881,979	\$1,775,605	\$2,458,050	\$3,204,590	\$4,133,253	\$4,524,926	\$900,875	\$854,747	\$1,070,473	\$1,383,326	\$1,680,685	\$1,680,685
Total Qualified Investment - Services 1070	\$0	\$0	\$0	\$0	\$0	(\$118)	\$390	(\$116)	\$0	\$0	\$0	\$0	\$0	\$0
Total Qualified Investment - Mains 1010	\$1,062,493	\$1,063,327	\$1,066,329	\$1,098,716	\$1,098,716	\$1,098,716	\$1,107,753	\$1,180,748	\$5,137,533	\$5,516,395	\$5,633,403	\$5,653,284	\$5,688,559	\$5,688,559
Total Qualified Investment - Services 1010	\$153,685	\$157,778	\$216,844	\$305,930	\$420,277	\$522,213	\$714,342	\$887,488	\$1,162,809	\$1,438,246	\$1,713,683	\$1,989,120	\$2,264,557	\$2,264,557
Total Qualified Investment	\$1,657,504	\$1,833,080	\$2,165,152	\$3,180,251	\$3,977,043	\$4,825,401	\$5,955,738	\$6,595,046	\$7,201,217	\$7,809,388	\$8,417,559	\$9,025,730	\$9,633,901	\$9,633,901
Less: Accumulated Depreciation	(\$905)	(\$3,554)	(\$6,216)	(\$9,052)	(\$12,208)	(\$15,688)	(\$19,457)	(\$23,789)	(\$28,764)	(\$42,762)	(\$58,329)	(\$74,920)	(\$92,334)	(\$92,334)
Net Book Value	\$1,656,599	\$1,829,526	\$2,158,936	\$3,171,199	\$3,964,835	\$4,809,713	\$5,936,281	\$6,569,257	\$7,172,453	\$7,766,626	\$8,359,230	\$8,950,810	\$9,541,567	\$9,541,567
Average Net Qualified Investment		\$1,743,063	\$1,994,231	\$2,665,068	\$3,568,017	\$4,387,274	\$5,372,997	\$6,252,769	\$6,870,855	\$7,469,540	\$8,062,928	\$8,655,020	\$9,246,189	
Depreciation Rates														
Approved Depreciation Rate-Mains		2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Approved Depreciation Rate-Services		3.40%	3.40%	3.40%	3.40%	3.40%	3.40%	3.40%	3.40%	3.40%	3.40%	3.40%	3.40%	3.40%
Return on Average Net Qualified Investment														
Equity - Cost of Capital, inclusive of Income Tax Gross-up		8.6980%	8.6980%	8.6980%	8.6980%	8.6980%	8.6980%	8.6980%	8.6980%	8.6980%	8.6980%	8.6980%	8.6980%	8.6980%
Debt - Cost of Capital		2.3000%	2.3000%	2.3000%	2.3000%	2.3000%	2.3000%	2.3000%	2.3000%	2.3000%	2.3000%	2.3000%	2.3000%	2.3000%
Equity Component - inclusive of Income Tax Gross-up	\$12,634	\$14,455	\$19,317	\$25,862	\$31,800	\$38,945	\$45,322	\$49,802	\$54,142	\$58,443	\$62,734	\$67,019	\$71,304	\$480,475
Debt Component	\$3,341	\$3,822	\$5,108	\$6,839	\$8,409	\$10,298	\$12,984	\$16,169	\$19,817	\$23,954	\$28,689	\$34,022	\$40,000	\$127,052
Return Requirement	\$15,975	\$18,277	\$24,425	\$32,701	\$40,209	\$49,243	\$58,306	\$65,971	\$73,959	\$82,397	\$91,423	\$101,041	\$111,304	\$607,527
Investment Expenses														
Depreciation Expense - Mains		\$2,214	\$2,215	\$2,222	\$2,289	\$2,289	\$2,289	\$2,308	\$2,460	\$10,703	\$11,492	\$11,736	\$11,778	\$63,995
Depreciation Expense - Services		\$435	\$447	\$614	\$857	\$1,191	\$1,480	\$2,024	\$2,515	\$3,295	\$4,075	\$4,855	\$5,636	\$27,434
Property Taxes	2.00%	\$2,761	\$2,763	\$2,763	\$2,763	\$2,763	\$2,763	\$2,763	\$2,763	\$2,763	\$2,763	\$2,763	\$2,763	\$33,154
Customer Notice Expense - 709		\$0	\$0	\$500	\$0	\$650	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,150
General Public Notice Expense - Advertising 702		\$1,885	\$298	\$298	\$2,894	\$1,007	(\$1,000)	\$0	\$1,750	\$1,750	\$1,750	\$1,750	\$1,750	\$14,132
Total Expense		\$7,295	\$5,723	\$6,397	\$8,813	\$7,900	\$5,532	\$7,095	\$9,488	\$18,511	\$20,080	\$21,104	\$21,927	\$139,865
Total Revenue Requirements	\$23,270	\$24,000	\$30,822	\$41,516	\$48,109	\$54,775	\$64,401	\$72,459	\$86,970	\$93,977	\$100,427	\$106,668	\$114,392	\$747,392
Embedded Revenue for Bare Steel Replacement Investment	\$62,311	\$62,311	\$62,311	\$62,311	\$62,311	\$62,311	\$62,311	\$62,311	\$62,311	\$62,311	\$62,311	\$62,311	\$62,311	\$62,306
Net Revenue Requirements / (Surplus)	(\$39,041)	(\$38,311)	(\$31,489)	(\$20,797)	(\$14,202)	(\$7,536)	\$2,090	\$10,148	\$24,639	\$31,666	\$38,116	\$44,562	\$44,562	(\$355)
GRIP Surcharge Revenues Collected Month	\$ 26,990	\$ 26,178	\$ 26,878	\$ 24,716	\$ 21,141	\$ 18,796	\$ 16,738	\$16,634	\$ 17,018	\$ 18,108	\$ 20,707	\$ 25,249	\$ 25,249	\$259,154
(Over) and Under Recovery for the Month	\$ (66,031)	\$ (64,490)	\$ (58,367)	\$ (45,513)	\$ (35,343)	\$ (26,332)	\$ (14,648)	\$ (6,486)	\$ 7,641	\$ 13,558	\$ 17,409	\$ 19,113	\$ 19,113	(\$259,483)
Monthly Interest (Expense)/Income	\$ (28)	\$ (34)	\$ (40)	\$ (45)	\$ (50)	\$ (53)	\$ (55)	\$ (55)	\$ (55)	\$ (55)	\$ (55)	\$ (55)	\$ (55)	(\$305)
Ending (Over) and Under Recovery	(\$243,238)	\$ (309,297)	\$ (378,821)	\$ (432,228)	\$ (477,786)	\$ (513,179)	\$ (539,564)	\$ (554,267)	\$ (560,753)	\$ (563,112)	\$ (563,112)	\$ (563,112)	\$ (563,112)	\$ (503,032)
Begin of Month Annual Interest Rate	0.10%	0.15%	0.14%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%
End of Month Annual Interest Rate	0.15%	0.14%	0.09%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%
Average Monthly Interest Rate	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Florida Public Utilities Company
 Gas Reliability Infrastructure Program (GRIP)
 Calculation of the Projected Revenue Requirements
 January 1, 2014 through December 31, 2014

Schedule C-1
 Exhibit
 Michelle D Napier (MDN-1)
 Page 3 of 8

Item	Beginning Balance	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year End Total/Balance
Qualified Investment														
Qualified Investment - Mains - Current Year 1070 Activity		\$488,794	\$488,794	\$488,794	\$488,794	\$488,794	\$488,794	\$237,209	\$237,209	\$237,209	\$237,209	\$237,209	\$237,209	\$4,356,014
Qualified Investment - Mains - Closed 1070 Activity to Plant		(\$2,377)	(\$5,375)	(\$17,095)	\$0	\$0	(\$4,711)	(\$187,395)	(\$2,316,882)	(\$270,094)	(\$83,416)	(\$14,173)	(\$25,219)	(\$2,926,737)
Qualified Investment - Services - Current Year 1070 Activity		\$175,906	\$175,906	\$175,906	\$175,906	\$175,906	\$175,906	\$85,366	\$85,366	\$85,366	\$85,366	\$85,366	\$85,366	\$1,567,632
Qualified Investment - Services - Closed 1070 Activity to Plant		(\$175,906)	(\$175,906)	(\$175,906)	(\$175,906)	(\$175,906)	(\$175,906)	(\$85,366)	(\$85,366)	(\$85,366)	(\$85,366)	(\$85,366)	(\$85,366)	(\$1,567,632)
Qualified Investment - Mains - Current 1010 Activity		\$2,377	\$5,375	\$17,095	\$0	\$0	\$4,711	\$187,395	\$2,316,882	\$270,094	\$83,416	\$14,173	\$25,219	\$2,926,737
Qualified Investment - Services - Current 1010 Activity		\$175,906	\$175,906	\$175,906	\$175,906	\$175,906	\$175,906	\$85,366	\$85,366	\$85,366	\$85,366	\$85,366	\$85,366	\$1,567,632
Total Qualified Investment - Mains 1070	\$1,680,685	\$2,167,102	\$2,650,520	\$3,122,219	\$3,611,013	\$4,099,806	\$4,583,899	\$4,633,703	\$2,554,029	\$2,521,144	\$2,674,937	\$2,897,972	\$3,109,962	\$3,109,962
Total Qualified Investment - Service 1070	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Qualified Investment - Mains 1010	\$5,688,659	\$5,691,096	\$5,696,411	\$5,713,506	\$5,713,506	\$5,713,506	\$5,718,217	\$5,905,612	\$8,222,494	\$8,492,588	\$8,576,004	\$8,590,177	\$8,615,296	\$8,615,296
Total Qualified Investment - Service 1010	\$2,264,557	\$2,440,463	\$2,616,369	\$2,792,275	\$2,968,180	\$3,144,086	\$3,319,992	\$3,495,358	\$3,490,724	\$3,576,090	\$3,661,456	\$3,746,822	\$3,832,189	\$3,832,189
Total Qualified Investment	\$9,633,901	\$10,298,601	\$10,963,300	\$11,628,000	\$12,292,699	\$12,957,399	\$13,622,098	\$13,944,673	\$14,267,248	\$14,589,822	\$14,912,397	\$15,234,972	\$15,557,547	\$15,557,547
Less: Accumulated Depreciation	(\$92,334)	(\$110,602)	(\$129,373)	(\$148,653)	(\$168,468)	(\$188,781)	(\$209,592)	(\$230,912)	(\$252,864)	(\$279,884)	(\$307,709)	(\$335,950)	(\$364,462)	(\$364,462)
Net Book Value	\$9,541,567	\$10,187,999	\$10,833,927	\$11,479,346	\$12,124,231	\$12,768,618	\$13,412,506	\$13,713,761	\$14,014,384	\$14,309,938	\$14,604,688	\$14,899,022	\$15,193,084	\$15,193,084
Average Net Qualified Investment		\$9,864,783	\$10,510,963	\$11,156,637	\$11,801,789	\$12,446,425	\$13,090,562	\$13,563,133	\$13,864,072	\$14,162,161	\$14,457,313	\$14,751,855	\$15,046,053	
Depreciation Rates														
Approved Depreciation Rate-Mains		2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	
Approved Depreciation Rate-Services		3.40%	3.40%	3.40%	3.40%	3.40%	3.40%	3.40%	3.40%	3.40%	3.40%	3.40%	3.40%	
Return on Average Net Qualified Investment														
Equity - Cost of Capital, inclusive of Income Tax Gross-up		8.4550%	8.4550%	8.4550%	8.4550%	8.4550%	8.4550%	8.4550%	8.4550%	8.4550%	8.4550%	8.4550%	8.4550%	
Debt - Cost of Capital		2.4600%	2.4600%	2.4600%	2.4600%	2.4600%	2.4600%	2.4600%	2.4600%	2.4600%	2.4600%	2.4600%	2.4600%	
Equity Component - inclusive of Income Tax Gross-up		\$69,506	\$74,058	\$78,608	\$83,153	\$87,695	\$92,234	\$95,564	\$97,684	\$99,784	\$101,864	\$103,939	\$106,012	\$1,090,101
Debt Component		\$20,223	\$21,547	\$22,871	\$24,194	\$25,515	\$26,836	\$27,804	\$28,421	\$29,032	\$29,637	\$30,241	\$30,844	\$317,167
Return Requirement		\$89,728	\$95,606	\$101,479	\$107,347	\$113,211	\$119,070	\$123,368	\$126,105	\$128,817	\$131,501	\$134,180	\$136,856	\$1,407,269
Investment Expenses														
Depreciation Expense - Mains		\$11,851	\$11,856	\$11,868	\$11,903	\$11,903	\$11,903	\$11,913	\$12,303	\$17,130	\$17,693	\$17,867	\$17,896	\$166,087
Depreciation Expense - Services		\$6,416	\$6,915	\$7,413	\$7,911	\$8,410	\$8,908	\$9,407	\$9,549	\$9,890	\$10,132	\$10,374	\$10,616	\$106,041
Property Taxes		\$15,903	\$15,903	\$15,903	\$15,903	\$15,903	\$15,903	\$15,903	\$15,903	\$15,903	\$15,903	\$15,903	\$15,903	\$190,831
General Public Notice Expense & Customer Notice Expense		\$1,803	\$1,803	\$1,803	\$1,803	\$1,803	\$1,803	\$1,803	\$1,803	\$1,803	\$1,803	\$1,803	\$1,803	\$21,636
Total Expense		\$35,973	\$36,477	\$36,986	\$37,520	\$38,019	\$38,517	\$39,025	\$39,657	\$44,728	\$45,531	\$45,946	\$46,218	\$484,596
Total Revenue Requirements		\$125,702	\$132,083	\$138,465	\$144,867	\$151,229	\$157,587	\$162,393	\$165,763	\$173,543	\$177,032	\$180,127	\$183,074	\$1,891,864
Annual Revenue Requirement for Bare Steel Replacement Investment														\$747,727
Net Annual Revenue Requirements														\$1,144,137

Florida Public Utilities Company
 Gas Reliability Infrastructure Program (GRIP)
 Projection of Qualified Mains & Services Revenue Requirements
 Surcharge Calculation - January 1, 2014 through December 31, 2014
 Per Therm Rate

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 Michelle D Napier (MDN-1)
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1. 1/1/14-12/31/14 Qualified Mains & Services Replacement Revenue Requirements			\$1,144,137
Mains	74%	\$846,662	
Services	26%	\$297,476	
Net		<u>\$1,144,138</u>	
2. TRUE-UP from Prior Period (Over)/Under Recovery Estimated thru 12/2013			(503,032)
3. 2014 Qualified Mains & Services Replacement Revenue Requirements			\$641,105
Mains	74%	\$474,418	
Services	26%	\$166,687	
Net		<u>\$641,105</u>	

RATE SCHEDULE	2014 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
RESIDENTIAL	12,645,457	58.00%	22.00%	\$96,678	\$104,372	\$201,050	\$0.01590	1.00503	\$0.01598	250	\$3.99
COMMERCIAL SMALL (General Service & GS Transportation)	9,524,606	17.00%	23.00%	\$28,337	\$109,116	\$137,453	\$0.01443	1.00503	\$0.01450	2,500	\$36.26
COMM. LRG VOLUME (Large Vol & LV Transportation)	39,961,354	25.00%	46.00%	\$41,672	\$218,232	\$259,904	\$0.00650	1.00503	\$0.00654	25,000	\$163.41
INTERRUPTIBLE SERVICE (Int Service & IS Transportation)	6,268,713	0.00%	8.00%	\$0	\$37,953	\$37,953	\$0.00605	1.00503	\$0.00608	50,000	\$304.24
GENERAL LIGHTING SERVICE	261,138	0.00%	1.00%	\$0	\$4,744	\$4,744	\$0.01817	1.00503	\$0.01826	500	\$9.13
TOTAL	<u>68,661,268</u>	<u>100.00%</u>	<u>100.00%</u>	<u>\$166,687</u>	<u>\$474,418</u>	<u>\$641,105</u>					

Florida Division of Chesapeake Utilities Corporation

Gas Reliability Infrastructure Program (GRIP)
Investment and Annual Recovery information

Schedule A-1

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Michelle D Napier (MDN-1)

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Item	%	Plant Amount	Quantity	Per Unit \$
Estimated Qualified Remaining Replacement Investment as of 6/30/2012				
Mains	96%	\$ 26,487,216	152 Miles	\$ 174,258
Services	4%	\$ 1,185,672	762 Each	\$ 1,556
Remaining Qualified Replacement Investment as of 06/30/2012		<u>\$ 27,672,888</u>		
Annual Qualified Replacement Investment, beginning 7/1/2012				
Mains		\$ 2,648,722	10 Years	
Services		\$ 118,567		
Total Annual Qualified Replacement Investment		<u>\$ 2,767,289</u>		
Earnings Surveillance Report - December 31, 2012				
Equity Cost Rate		10.80%		
Weighted Equity Cost Rate		5.31%		
Revenue Expansion Factor		1.6114		
Weighted Equity Cost Rate , times Revenue Expansion Factor		<u>8.557%</u>		
Weighted Debt Cost Rate		1.50%		
Overall Weighted Cost Rate		<u>6.81%</u>		

Florida Division of Chesapeake Utilities Corporation

Gas Reliability Infrastructure Program (GRIP)
 Calculation of the Actual Revenue Requirements
 Seven Months Actual January 2013 through July 2013
 Estimated August 2013 through December 2013

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 Michelle D Napier (MDN-1)
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Item	Beginning Balance	Actual Jan	Actual Feb	Actual Mar	Actual Apr	Actual May	Actual Jun	Actual Jul	Projected Aug	Projected Sep	Projected Oct	Projected Nov	Projected Dec	Year End Total/Balance
Qualified Investment														
Qualified Investment - Mains - Current 1070 Activity		\$24,888	\$62,995	\$210,979	\$248,519	\$401,345	\$541,566	\$181,984	\$195,289	\$195,289	\$195,289	\$195,289	\$195,289	\$2,648,721
Qualified Investment - Mains - Closed 1070 Activity to Plant		(\$1,887)	(\$52,171)	(\$38,419)	\$0	\$0	(\$1,396,736)	(\$175,293)	(\$203,099)	(\$195,289)	(\$195,289)	(\$195,289)	(\$195,289)	(\$2,648,721)
Qualified Investment - Services - Current 1070 Activity		\$2,642	\$458	\$3,172	\$43,513	\$16,247	\$34,366	\$20,989	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$221,387
Qualified Investment - Services - Closed 1070 Activity to Plant		(\$2,642)	(\$458)	(\$3,172)	(\$41,676)	(\$18,084)	(\$32,722)	(\$20,989)	(\$21,644)	(\$20,000)	(\$20,000)	(\$20,000)	(\$20,000)	(\$221,387)
Qualified Investment - Mains - Current 1010 Activity		\$1,887	\$52,171	\$38,419	\$0	\$0	\$1,396,736	\$175,293	\$203,099	\$195,289	\$195,289	\$195,289	\$195,289	\$2,648,721
Qualified Investment - Services - Current 1010 Activity		\$2,642	\$458	\$3,172	\$41,676	\$18,084	\$32,722	\$20,989	\$21,644	\$20,000	\$20,000	\$20,000	\$20,000	\$221,387
Total Qualified Investment - Mains 1070	\$0	\$23,001	\$33,825	\$206,385	\$454,904	\$856,249	\$1,079	\$7,810	\$0	\$0	\$0	\$0	\$0	\$0
Total Qualified Investment - Services 1070	\$0	\$0	\$0	\$0	\$1,837	\$0	\$1,644	\$1,644	\$0	\$0	\$0	\$0	\$0	\$0
Total Qualified Investment - Mains 1010	\$1,172,945	\$1,174,832	\$1,227,003	\$1,265,422	\$1,265,422	\$1,265,422	\$2,662,158	\$2,837,411	\$3,040,510	\$3,235,799	\$3,431,088	\$3,626,377	\$3,821,666	\$3,821,666
Total Qualified Investment - Services 1010	\$27,428	\$30,070	\$30,528	\$33,700	\$75,375	\$93,460	\$126,182	\$147,171	\$168,815	\$188,815	\$208,815	\$228,815	\$248,815	\$248,815
Total Qualified Investment	\$1,200,373	\$1,227,903	\$1,291,356	\$1,505,507	\$1,797,539	\$2,215,131	\$2,751,063	\$2,996,036	\$3,209,325	\$3,424,614	\$3,639,903	\$3,855,192	\$4,070,481	\$4,070,481
Less: Accumulated Depreciation 1080	(\$3,308)	(\$6,622)	(\$19,016)	(\$13,539)	(\$17,183)	(\$20,916)	(\$26,645)	(\$34,617)	(\$43,173)	(\$52,339)	(\$62,102)	(\$72,462)	(\$83,419)	(\$83,419)
Net Book Value	\$1,197,065	\$1,221,281	\$1,281,340	\$1,491,968	\$1,780,356	\$2,194,215	\$2,724,418	\$2,961,419	\$3,166,152	\$3,372,275	\$3,577,801	\$3,782,730	\$3,987,062	\$3,987,062
Average Net Qualified Investment	\$1,209,173	\$1,251,311	\$1,386,654	\$1,536,162	\$1,987,286	\$2,479,317	\$2,861,919	\$3,062,786	\$3,269,214	\$3,475,038	\$3,680,266	\$3,884,896		
Depreciation Rates														
Approved Depreciation Rate-Mains		3.30%	3.30%	3.30%	3.30%	3.30%	3.30%	3.30%	3.30%	3.30%	3.30%	3.30%	3.30%	3.30%
Approved Depreciation Rate-Services		3.60%	3.60%	3.60%	3.60%	3.60%	3.60%	3.60%	3.60%	3.60%	3.60%	3.60%	3.60%	3.60%
Return on Average Net Qualified Investment														
Equity - Cost of Capital, inclusive of Income Tax Gross-up		8.7500%	8.7500%	8.7500%	8.7500%	8.7500%	8.7500%	8.7500%	8.7500%	8.7500%	8.7500%	8.7500%	8.7500%	8.7500%
Debt - Cost of Capital		2.0000%	2.0000%	2.0000%	2.0000%	2.0000%	2.0000%	2.0000%	2.0000%	2.0000%	2.0000%	2.0000%	2.0000%	2.0000%
Equity Component - Inclusive of Income Tax Gross-up	\$8,817	\$9,124	\$10,111	\$11,930	\$14,491	\$18,078	\$20,868	\$22,333	\$23,838	\$25,339	\$26,835	\$28,327	\$29,819	\$220,091
Debt Component	\$2,015	\$2,085	\$2,311	\$2,727	\$3,312	\$4,132	\$4,770	\$5,105	\$5,449	\$5,792	\$6,134	\$6,475	\$6,816	\$50,308
Return Requirement	\$10,832	\$11,210	\$12,422	\$14,657	\$17,803	\$22,210	\$25,638	\$27,438	\$29,287	\$31,131	\$32,969	\$34,802	\$36,635	\$270,399
Investment Expenses														
Depreciation Expense - Mains		\$3,228	\$3,303	\$3,427	\$3,480	\$3,480	\$5,400	\$7,562	\$8,082	\$8,530	\$9,167	\$9,704	\$10,241	\$75,704
Depreciation Expense - Services		\$86	\$91	\$96	\$164	\$253	\$329	\$410	\$474	\$536	\$596	\$656	\$716	\$4,407
Property Taxes	2.00%	\$1,995	\$1,995	\$1,995	\$1,995	\$1,995	\$1,995	\$1,995	\$1,995	\$1,995	\$1,995	\$1,995	\$1,995	\$23,940
Customer Notice Expense - 709		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
General Public Notice Expense - 702		\$0	\$0	\$0	\$0	\$0	\$298	\$0	\$833	\$833	\$833	\$833	\$833	\$4,463
Total Expense	\$5,309	\$5,389	\$5,518	\$5,539	\$5,728	\$5,728	\$8,022	\$9,967	\$11,384	\$11,994	\$12,581	\$13,188	\$13,795	\$106,514
Net Revenue Requirements	\$16,141	\$16,599	\$17,940	\$20,296	\$23,531	\$30,232	\$35,605	\$38,822	\$41,281	\$43,722	\$46,157	\$48,587	\$50,913	\$378,913
GRIP Surcharge Revenues Collected Month	\$ 51,011	\$ 47,345	\$ 54,714	\$ 47,945	\$ 43,315	\$ 38,801	\$ 38,386	\$ 49,139	\$ 49,443	\$ 55,776	\$ 54,521	\$ 63,616	\$ 63,616	\$ 594,014
(Over) and Under Recovery for the Month	\$ (34,870)	\$ (30,746)	\$ (36,774)	\$ (27,649)	\$ (19,784)	\$ (8,569)	\$ (2,781)	\$ (10,317)	\$ (8,162)	\$ (12,056)	\$ (8,364)	\$ (15,029)	\$ (15,029)	\$ (215,101)
Monthly Interest (Expense)/Income	\$ -	\$ (8)	\$ (7)	\$ (10)	\$ (12)	\$ (14)	\$ (14)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (60)
Ending (Over) and Under Recovery	16,836	\$ (17,984)	\$ (48,733)	\$ (85,514)	\$ (113,173)	\$ (132,969)	\$ (141,552)	\$ (144,347)	\$ (154,664)	\$ (162,826)	\$ (174,882)	\$ (183,246)	\$ (198,275)	\$ (198,275)
Reg of Month Annual Interest Rate	0.10%	0.15%	0.14%	0.09%	0.09%	0.09%	0.05%	0.08%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%
End of Month Annual Interest Rate	0.15%	0.14%	0.09%	0.09%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%
Average Monthly Interest Rate	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Florida Division of Chesapeake Utilities Corporation
 Gas Reliability Infrastructure Program (GRIP)
 Calculation of the Projected Revenue Requirements
 January 1, 2014 through December 31, 2014

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Item	Beginning													Year End
	Balance	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Qualified Investment														
Qualified Investment - Mains - Current 1070 Activity		\$220,727	\$220,727	\$220,727	\$220,727	\$220,727	\$220,727	\$220,727	\$220,727	\$220,727	\$220,727	\$220,727	\$220,727	\$2,648,724
Qualified Investment - Mains - Closed 1070 Activity to Plant		(\$220,727)	(\$220,727)	(\$220,727)	(\$220,727)	(\$220,727)	(\$220,727)	(\$220,727)	(\$220,727)	(\$220,727)	(\$220,727)	(\$220,727)	(\$220,727)	(\$2,648,724)
Qualified Investment - Services - Current 1070 Activity		\$9,881	\$9,881	\$9,881	\$9,881	\$9,881	\$9,881	\$9,881	\$9,881	\$9,881	\$9,881	\$9,881	\$9,881	\$118,567
Qualified Investment - Services - Closed 1070 Activity to Plant		(\$9,881)	(\$9,881)	(\$9,881)	(\$9,881)	(\$9,881)	(\$9,881)	(\$9,881)	(\$9,881)	(\$9,881)	(\$9,881)	(\$9,881)	(\$9,881)	(\$118,567)
Qualified Investment - Mains - Current 1010 Activity		\$220,727	\$220,727	\$220,727	\$220,727	\$220,727	\$220,727	\$220,727	\$220,727	\$220,727	\$220,727	\$220,727	\$220,727	\$2,648,724
Qualified Investment - Services - Current 1010 Activity		\$9,881	\$9,881	\$9,881	\$9,881	\$9,881	\$9,881	\$9,881	\$9,881	\$9,881	\$9,881	\$9,881	\$9,881	\$118,567
Total Qualified Investment - Mains 1070	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Qualified Investment - Services 1070	\$0	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)
Total Qualified Investment - Mains 1010	\$3,821,666	\$4,042,393	\$4,263,120	\$4,483,847	\$4,704,574	\$4,925,301	\$5,146,028	\$5,366,755	\$5,587,482	\$5,808,209	\$6,028,936	\$6,249,663	\$6,470,390	\$6,470,390
Total Qualified Investment - Services 1010	\$248,815	\$258,696	\$268,577	\$278,457	\$288,338	\$298,218	\$308,099	\$317,980	\$327,860	\$337,741	\$347,621	\$357,502	\$367,382	\$367,382
Total Qualified Investment	\$4,070,481	\$4,301,089	\$4,531,696	\$4,762,304	\$4,992,911	\$5,223,519	\$5,454,127	\$5,684,734	\$5,915,342	\$6,145,949	\$6,376,557	\$6,607,164	\$6,837,772	\$6,837,772
Less: Accumulated Depreciation	(\$83,419)	(\$94,993)	(\$107,204)	(\$120,052)	(\$133,536)	(\$147,657)	(\$162,414)	(\$177,808)	(\$193,839)	(\$210,506)	(\$227,810)	(\$245,751)	(\$264,328)	(\$264,328)
Net Book Value	\$3,987,062	\$4,206,096	\$4,424,492	\$4,642,252	\$4,859,375	\$5,075,862	\$5,291,713	\$5,506,926	\$5,721,503	\$5,935,443	\$6,148,747	\$6,361,413	\$6,573,444	\$6,573,444
Average Net Qualified Investment		\$4,096,579	\$4,315,294	\$4,533,372	\$4,750,814	\$4,967,619	\$5,183,787	\$5,399,319	\$5,614,214	\$5,828,473	\$6,042,095	\$6,255,080	\$6,467,429	
Depreciation Rates														
Approved Depreciation Rate-Mains		3.30%	3.30%	3.30%	3.30%	3.30%	3.30%	3.30%	3.30%	3.30%	3.30%	3.30%	3.30%	3.30%
Approved Depreciation Rate-Services		3.60%	3.60%	3.60%	3.60%	3.60%	3.60%	3.60%	3.60%	3.60%	3.60%	3.60%	3.60%	3.60%
Return on Average Net Qualified Investment														
Equity - Cost of Capital, inclusive of Income Tax Gross-up		8.5570%	8.5570%	8.5570%	8.5570%	8.5570%	8.5570%	8.5570%	8.5570%	8.5570%	8.5570%	8.5570%	8.5570%	8.5570%
Debt - Cost of Capital		1.5000%	1.5000%	1.5000%	1.5000%	1.5000%	1.5000%	1.5000%	1.5000%	1.5000%	1.5000%	1.5000%	1.5000%	1.5000%
Equity Component - Inclusive of Income Tax Gross-up		\$29,212	\$30,772	\$32,327	\$33,877	\$35,423	\$36,965	\$38,502	\$40,034	\$41,562	\$43,085	\$44,604	\$46,118	\$452,480
Debt Component		\$5,121	\$5,394	\$5,667	\$5,939	\$6,210	\$6,480	\$6,749	\$7,018	\$7,286	\$7,553	\$7,819	\$8,084	\$79,318
Return Requirement		\$34,333	\$36,166	\$37,993	\$39,816	\$41,633	\$43,444	\$45,251	\$47,052	\$48,847	\$50,638	\$52,423	\$54,202	\$531,798
Investment Expenses														
Depreciation Expense - Mains		\$10,813	\$11,420	\$12,027	\$12,634	\$13,241	\$13,848	\$14,455	\$15,062	\$15,669	\$16,276	\$16,883	\$17,490	\$169,818
Depreciation Expense - Services		\$761	\$793	\$821	\$850	\$880	\$909	\$939	\$969	\$998	\$1,028	\$1,058	\$1,087	\$11,091
Property Taxes		\$6,645	\$6,645	\$6,645	\$6,645	\$6,645	\$6,645	\$6,645	\$6,645	\$6,645	\$6,645	\$6,645	\$6,645	\$79,740
General Public Notice Expense and Customer Notice Expense		\$858	\$858	\$858	\$858	\$858	\$858	\$858	\$858	\$858	\$858	\$858	\$858	\$10,300
Total Expense		\$19,077	\$19,714	\$20,351	\$20,987	\$21,624	\$22,260	\$22,897	\$23,534	\$24,170	\$24,807	\$25,444	\$26,084	\$270,949
Total Revenue Requirements		\$53,410	\$55,880	\$58,344	\$60,808	\$63,257	\$65,704	\$68,148	\$70,586	\$73,017	\$75,445	\$77,867	\$80,286	\$802,747

Florida Division of Chesapeake Utilities Corporation
 Gas Reliability Infrastructure Program (GRIP)
 Projection of Qualified Mains & Services Revenue Requirements
 Surcharge Computation January 1, 2014 through December 31, 2014
 Per Therm/Bill Rate

Schedule D-1
 Exhibit _____
 Michelle D Napier (MDN-1)
 Page 8 of 8

1.	1/1/14-12/31/14 Qualified Mains & Services Replacement Revenue Requirements		\$802,747
	Mains	96%	\$770,637
	Services	4%	\$32,109
	Net		<u>\$802,746</u>
2.	TRUE-UP from Prior Period (Over)/Under Recovery Estimated thru 12/2013		(198,275)
3.	2014 Qualified Mains & Services Replacement Revenue Requirements		\$604,472
	Mains	96%	\$580,293
	Services	4%	\$24,178
	Net		<u>\$604,471</u>

RATE CLASS	2014 BILLS	2014 THERMS	SERVICES COS %	MAINS COS %	SERVICES REV REQ	MAINS REV REQ	GRIP REV REQ	DOLLARS PER THERM	EXPANSION FACTOR	GRIP FACTORS PER THERM	\$ PER BILL	EXPANSION FACTOR	GRIP FACTORS PER BILL	ANNUAL COST PER BILL	TYPICAL ANNUAL THERMS	ANNUAL COST
FTS-A	20,387	134,374	14.34%	0.951%	\$ 3,467	\$ 5,519	\$8,986	\$0.06887	1.00503	\$ 0.06721	\$ 0.44	1.00503	\$ 0.44	\$ 5.32	110	\$7.39
FTS-B	26,116	293,228	9.74%	1.142%	\$ 2,355	\$ 6,527	\$8,982	\$0.03063	1.00503	\$ 0.03079	\$ 0.34	1.00503	\$ 0.35	\$ 4.15	215	\$6.62
FTS-1	110,179	1,925,425	33.48%	5.861%	\$ 8,095	\$ 34,011	\$42,106	\$0.02187	1.00503	\$ 0.02198	\$ 0.38	1.00503	\$ 0.38	\$ 4.61	275	\$6.04
FTS-2	10,450	626,057	12.69%	1.611%	\$ 3,068	\$ 9,349	\$12,417	\$0.01983	1.00503	\$ 0.01993	\$ 1.19	1.00503	\$ 1.19	\$ 14.33	875	\$17.44
FTS-2.1	7,183	914,218	7.83%	3.193%	\$ 1,893	\$ 18,529	\$20,422	\$0.02234	1.00503	\$ 0.02245	\$ 2.84	1.00503	\$ 2.86	\$ 34.29	1,575	\$35.36
FTS-3	2,748	983,501	3.93%	1.567%	\$ 950	\$ 9,093	\$10,043	\$0.01021	1.00503	\$ 0.01026	\$ 3.65	1.00503	\$ 3.67	\$ 44.08	4,000	\$41.05
FTS-3.1	3,471	2,041,905	3.91%	4.294%	\$ 945	\$ 24,918	\$25,863	\$0.01267	1.00503	\$ 0.01273	\$ 7.45	1.00503	\$ 7.49	\$ 89.86	7,300	\$92.93
FTS-4		2,077,327	4.37%	6.162%	\$ 1,057	\$ 35,753	\$36,815	\$0.01772	1.00503	\$ 0.01781					12,500	\$222.64
FTS-5		984,132	1.24%	2.570%	\$ 300	\$ 14,914	\$15,214	\$0.01546	1.00503	\$ 0.01554					37,500	\$582.64
FTS-6		2,000,849	1.25%	2.750%	\$ 302	\$ 15,958	\$16,260	\$0.00813	1.00503	\$ 0.00817					75,000	\$612.56
FTS-7		2,579,028	2.20%	7.615%	\$ 532	\$ 44,189	\$44,721	\$0.01734	1.00503	\$ 0.01743					150,000	\$2,514.12
FTS-8		6,183,343	1.62%	10.708%	\$ 392	\$ 62,138	\$62,530	\$0.01011	1.00503	\$ 0.01016					300,000	\$3,049.06
FTS-9		3,264,189	1.48%	15.171%	\$ 358	\$ 88,036	\$88,394	\$0.02708	1.00503	\$ 0.02722					550,000	\$14,968.88
FTS-10		2,754,662	0.45%	6.539%	\$ 109	\$ 37,945	\$38,054	\$0.01381	1.00503	\$ 0.01386					850,000	\$11,801.30
FTS-11		7,637,337	0.61%	13.551%	\$ 147	\$ 78,636	\$78,783	\$0.01032	1.00503	\$ 0.01037					1,750,000	\$18,142.94
FTS-12		5,348,074	0.47%	16.315%	\$ 114	\$ 94,675	\$94,789	\$0.01772	1.00503	\$ 0.01781					3,000,000	\$53,439.31
FTS-13			0.39%	0.000%	\$ -	\$ -	\$0 N/A			N/A					-	N/A
TOTAL	180,534	39,747,649	100.00%	100.000%	\$ 24,178	\$ 580,293	\$ 604,379									