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**ANNUAL REPORT OF
NATURAL GAS UTILITIES**

FLORIDA DIVISION OF CHESAPEAKE UTILITIES CORPORATION

WINTER HAVEN, FLORIDA

TO THE

FLORIDA PUBLIC SERVICE COMMISSION

FOR THE

YEAR ENDED DECEMBER 31, 2006

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Officer or other person to whom correspondence should be addressed concerning this report:

Name	Thomas A. Geoffroy	Title	Assistant Vice President
Address	P.O. Box 960	City	Winter Haven State FL
Telephone No.	863-293-2125		

**INSTRUCTIONS FOR FILING THE
ANNUAL REPORT OF NATURAL GAS UTILITIES**

GENERAL INSTRUCTIONS

- I. Prepare this report in conformity with the Uniform System of Accounts (18 CFR 201) (U.S. of A.). Interpret all accounting words and phrases in accordance with the U.S. of A.
- II. Enter in whole numbers (dollars or Mcf) only, except where otherwise noted. (Enter cents for averages and figures per unit where cents are important.) The truncating of cents is allowed except on the four basic financial statements where rounding to dollars is required. The amounts shown on all supporting pages must agree with the amounts entered on the statements that they support. When applying thresholds to determine significance for reporting purposes, use for balance sheet accounts the balances at the end of the current reporting year, and use for statement of income accounts the current year's amounts.
- III. Complete each question fully and accurately, even if it has been answered in a previous annual report. Enter the word "None" where it truly and completely states the fact.
- IV. For any page that is not applicable to the respondent, enter the words "Not Applicable" on the particular page.
- V. Provide a supplemental statement further explaining accounts or pages as necessary. Attach the supplemental statement to the page being supplemented on 8 1/2 by 11 inch paper. Provide the appropriate identification information on the supplemental page, including the title of the page and the page number. Do not change the page numbers.
- VI. Do not make references to reports of previous years or to other reports in lieu of required entries, except as specifically authorized.
- VII. Wherever schedule pages refer to figures from a previous year, the figures reported must be based upon those shown by the annual report of the previous year, or an appropriate explanation given as to why different figures were used.
- VIII. Report all gas volumes on a pressure base of 14.73 psia and a temperature base of 60° F.

DEFINITIONS

- I. Btu per cubic foot - The total heating value expressed in Btu, produced by the combustion, at constant pressure, of the amount of the gas which would occupy a volume of 1 cubic foot at a temperature of 60° F if saturated with water vapor and under a pressure equivalent to that of 30 inches of mercury at 32° F, and under standard gravitational force (980.665 cm per sec. ²) with air of the same temperature and pressure as the gas, when the products of combustion are cooled to the initial temperature of gas and air when the water formed by combustion is condensed to the liquid state. (Sometimes called gross heating value or total heating value.)
- II. Respondent - The person, corporation, licensee, agency, authority, or other legal entity or instrumentality in whose behalf the report is made.

07 MAY 32 PM 1:22

PricewaterhouseCoopers LLP
125 High Street
Boston, MA 02110
Telephone (617) 530 5000
Facsimile (617) 530 5001

Report of Independent Accountants

To the Board of Directors
Chesapeake Utilities Corporation

We have audited the accompanying balance sheets of Chesapeake Utilities Corporation - Florida Division as of December 31, 2006, and December 31, 2005, and the accompanying statements of income for each of the two years in the period ended December 31, 2006 and the statement of retained earnings for the year ended December 31, 2006, included on pages 6 through 10 of the accompanying Annual Report of Natural Gas Utilities, as filed with the Florida Public Service Commission. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

These financial statements were prepared in accordance with the accounting requirements of the Federal Energy Regulatory Commission as set forth in the applicable Uniform System of Accounts and published accounting releases, which is a comprehensive basis of accounting other than generally accepted accounting principles in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Chesapeake Utilities Corporation - Florida Division at December 31, 2006 and 2005 and the results of its operations for the years then ended in accordance with the accounting requirements of the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases.

This report is intended solely for the information and use of the management of Chesapeake Utilities Corporation - Florida Division and for filing with the Florida Public Service Commission and should not be used for any other purpose.

PricewaterhouseCoopers LLP

May 31, 2007

ANNUAL REPORT OF NATURAL GAS UTILITIES

IDENTIFICATION

01 Exact Legal Name of Respondent Chesapeake Utilities Corporation-Florida Division	02 Year of Report December 31, 2006
03 Previous Name and Date of Change (if name changed during year)	
04 Address of Principal Office at End of Year (Street, City, State, Zip Code) 1015 6th St. NW, Winter Haven, Florida 33881	
05 Name of Contact Person Lisa Klotz	06 Title of Contact Person Sr Accountant
07 Address of Contact Person (Street, City, State, Zip Code) 909 Silver Lake Blvd, Dover, DE 19946	
08 Telephone of Contact Person, Including Area Code 302-734-6799	09 Date of Report (Mo., Day, Yr) 31-May-07

ATTESTATION

I certify that I am the responsible accounting officer of

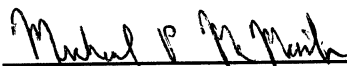
Chesapeake Utilities Corporation

that I have examined the following report; that to the best of my knowledge, information, and belief, all statements of fact contained in the said report are true and the said report is a correct statement of the business and affairs of the above-named respondent in respect to each and every matter set forth therein during the period from January 1, 2006 to December 31, 2006, inclusive.

I also certify that all affiliated transfer prices and affiliated cost allocations were determined consistent with the methods reported to this Commission on the appropriate forms included in this report.

I am aware that Section 837.06, Florida Statutes, provides:

Whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his or her official duty shall be guilty of a misdemeanor of the second degree, punishable as provided in S. 775.082 and S. 775.083.



Signature

5/30/07

Date

Michael P. McMasters

Name

Sr. Vice President, Chief Financial Officer

Title

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Name of Respondent Chesapeake Utilities Corporation	For the Year Ended Dec. 31, 2006
CONTROL OVER RESPONDENT	
<p>1. If any corporation, business trust, or similar organization or combination of such organizations jointly held control over the respondent at end of year, state name of controlling corporation or organization, manner in which control was held, and extent of control. If control was in a holding company organization, show the chain of ownership or control to the main parent company or</p>	<p>organization. If control was held by a trustee(s), state name of trustee(s).</p> <p>2. If the above required information is available from the SEC 10K Report Form filing, a specific reference to the report form (i.e. year and company title) may be listed provided the fiscal years for both the 10-K report and this report are compatible.</p>

CORPORATIONS CONTROLLED BY RESPONDENT			
<p>1. Report below the names of all corporations, business trusts, and similar organizations, controlled directly or indirectly by respondent at any time during the year. If control ceased prior to end of year, give particulars (details) in a footnote.</p> <p>2. If control was by other means than a direct holding of voting rights, state in a footnote the manner in which control was held, naming any intermediaries involved.</p>	<p>3. If control was held jointly with one or more other interests, state the fact in a footnote and name the other interests.</p> <p>4. If the above required information is available from the SEC 10-K Report Form filing, a specific reference to the report form (i.e. year and company title) may be listed in column (a) provided the fiscal years for both the 10-K report and this report are compatible.</p>		
DEFINITIONS			
<p>1. See the Uniform System of Accounts for a definition of control.</p> <p>2. Direct control is that which is exercised without interposition of an intermediary.</p> <p>3. Indirect control is that which is exercised by the interposition of an intermediary which exercises direct control.</p> <p>4. Joint control is that in which neither interest can effectively</p>	<p>control or direct action without the consent of the other, as where the voting control is equally divided between two holders, or each party holds a veto power over the other. Joint control may exist by mutual agreement or understanding between two or more parties who together have control within the meaning of the definition of control in the Uniform System of Accounts, regardless of the relative voting rights of each party.</p>		
Name of Company Controlled (a)	Kind of Business (b)	Percent Voting Stock Owned (c)	Footnote Ref. (d)
<p>The Florida Division of Chesapeake Utilities Corporation does not control any other organizations, business trusts, or corporations. However, our parent company, Chesapeake Utilities does directly or indirectly control other subsidiaries. These organizations are listed in Chesapeake's Form 10-K.</p>			

Name of Respondent Chesapeake Utilities Corporation	For the Year Ended Dec. 31, 2006
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OFFICERS

1. Report below the name, title and salary for each executive officer whose salary is \$50,000 or more. An "executive officer" of a respondent includes its president, secretary, treasurer, and vice president in charge of a principal business unit, division or function (such as sales, administration or finance), and any other person who performs similar policymaking functions.
 2. If a change was made during the year in the incumbent of any position, show name and total remuneration of the previous incumbent, and date the change in incumbency was made.

Title (a)	Name of Officer (b)	Salary for Year (c)
President, CEO	John R. Schimkaitis	\$56,228
Previous Executive Vice President, COO	Paul M. Barbas (resigned in Sept 2006)	\$33,108
Senior Vice President, CFO	Michael P. McMasters	\$59,364
Senior Vice President	Steven C. Thompson	\$60,250
Assistant Vice President	Thomas A. Geoffroy	\$96,444

Note: The salaries above represent only that portion allocated to the Florida Division of Chesapeake Utilities Corporation.

DIRECTORS

1. Report below the information called for concerning each director of the respondent who held office at any time during the year. Include in column (a) abbreviated titles of the directors who are officers of the respondent.
 2. Designate members of the Executive Committee by an asterisk and the Chairman of the Executive Committee by a double asterisk.

Name (and Title) of Director (a)	Principal Business Address (b)	No. of Directors Meetings During Yr. (c)	Fees During Year (d)
Ralph J. Adkins, Chairman of Board	909 Silver Lake Blvd. , Dover Delaware 19901	26	3,538
John R. Schimkaitis, President, CEO	909 Silver Lake Blvd. , Dover Delaware 19901	24	0
Robert F. Rider, Director	909 Silver Lake Blvd. , Dover Delaware 19901	4	609
Rudolph M. Peins, Jr., Director	909 Silver Lake Blvd. , Dover Delaware 19901	1	145
Walter J. Coleman, Director	909 Silver Lake Blvd. , Dover Delaware 19901	13	2,088
Richard Bernstein, Director	909 Silver Lake Blvd. , Dover Delaware 19901	14	2,233
Calvert A. Morgan, Jr., Director	909 Silver Lake Blvd. , Dover Delaware 19901	21	2,886
J. Peter Martin, Director	909 Silver Lake Blvd. , Dover Delaware 19901	13	2,088
Joseph E. Moore, Esq., Director	909 Silver Lake Blvd. , Dover Delaware 19901	19	2,596
Thomas J. Bresnan, Director	909 Silver Lake Blvd. , Dover Delaware 19901	15	2,378
Eugene H. Bayard, Director	909 Silver Lake Blvd. , Dover Delaware 19901	10	1,581
Thomas P. Hill, Jr., Director	909 Silver Lake Blvd. , Dover Delaware 19901	13	2,088

Note: The fees above represent only that portion allocated to the Florida Division of Chesapeake Utilities Corporation.

Name of Respondent Chesapeake Utilities Corporation	For the Year Ended Dec. 31, 2006
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SECURITY HOLDERS AND VOTING POWERS

1. Give the names and addresses of the 10 security holders of the respondents who, at the date of the latest closing of the stock book or compilation of the list of stockholders of the respondent, prior to the end of the year, had the highest voting powers in the respondent, and state the number of votes which each would have had the right to cast on that date if a meeting were in order. If any such holder held in trust, give in a footnote the known particulars of the trust (whether voting trust, etc.) duration of the trust, and principal holders of beneficiary interests in the trust. If the stock book was not closed or a list of stockholders was not compiled within one year prior to the end of the year, or if since the previous compilation of a list of stockholders, some other class of security has become vested with voting rights, then show such 10 security holders as of the close of the year. Arrange the names of the security holders in the order of voting power, commencing with the highest. Show in column (a) the titles of officers and directors included in such list of 10 security holders.

2. If any security other than stock carries voting rights, explain in a supplemental statement of circumstances whereby such security became vested with voting rights and give others important particulars (details) concerning the voting rights of such security. State whether voting rights are actual or contingent if contingent, describe the contingency.

3. If any class or issue of security has any special privileges in the election of directors, trustees or managers, or in the determination of corporate action by any method, explain briefly in a footnote.

4. Furnish particulars (details) concerning any options, warrants, or rights outstanding at the end of the year for others to purchase securities of the respondent or any securities or other assets owned by the respondent, including prices, expiration dates, and other material information relating to exercise of the options, warrants, or rights. Specify the amount of such securities or assets so entitled to be purchased by any officer, director, associated company, or any of the ten largest security holders.

VOTING SECURITIES

Name (Title) and Address of Security Holder (a)	Number of votes as of (date):			
	Total Votes (b)	Common Stock (c)	Preferred Stock (d)	Other (e)
TOTAL votes of all voting securities				
TOTAL number of security holders				
TOTAL votes of security holders listed below				
Shareholder information may be obtained through: Beth Cooper, Treasurer 909 Silver Lake Boulevard Dover, Delaware 19901				

IMPORTANT CHANGES DURING THE YEAR

Give particulars (details) concerning the matters indicated below. Make the statements explicit and precise, and number them in accordance with the inquires. Each inquiry should be answered. Enter "none" "not applicable," or "NA" where applicable. If information which answers an inquiry is given elsewhere in the report, make a reference to the schedule in which it appears.

1. Acquisition of ownership in other companies by reorganization, merger, or consolidation with other companies: Give name of companies involved, particulars concerning the transactions.

2. Purchase or sale of an operating unit or system: Give brief description of the property, and of the transactions relating thereto, and reference to Commission authorization, if any was required.

3. Important extension or reduction of transmission or distribution system: State territory added or relinquished and date operations began or ceased also the approximate number of customers added or lost and approximate annual revenues of each class of service.

4. State briefly the status of any materially important legal proceedings pending at the end of the year, and the results of any such proceedings culminated during the year.

5. State briefly the status of any materially important transactions of the respondent not disclosed elsewhere in this report in which an officer, director, security holder, voting trustee, associated company or known associate of any of these persons was a party or in which any such person had a material interest.

None

Name of Respondent		For the Year Ended		
Chesapeake Utilities Corporation		Dec. 31, 2006		
COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)				
Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
1	UTILITY PLANT			
2	Utility Plant (101-106, 114)	12	\$47,440,960	\$50,860,790
3	Construction Work in Progress (107)	12	373,477	506,129
4	TOTAL Utility Plant Total of lines 2 and 3)		47,814,437	51,366,919
5	(Less) Accum. Prov. for Depr., Amort., Depl. & Acq. Adj. (108, 111, 115)	12	(15,018,437)	(16,070,252)
6	Net Utility Plant (Total of line 4 less 5)		32,796,000	35,296,667
7	Utility Plant Adjustments (116)	11		
8	Gas Stored (117.1, 117.2, 117.3, 117.4)	-		
9	OTHER PROPERTY AND INVESTMENTS			
10	Nonutility Property (121)	-		
11	(Less) Accum. Prov. for Depr. and Amort. (122)	-		
12	Investments in Associated Companies (123)	-		
13	Investment in Subsidiary Companies (123.1)	-		
14	Other Investments (124)	-		
15	Special Funds (125, 126, 128)	-		
16	TOTAL Other Property and Investments (Total of lines 10 through 15)			
17	CURRENT AND ACCRUED ASSETS			
18	Cash (131)	-	984,877	1,041,785
19	Special Deposits (132-134)	-		
20	Working Funds (135)	-	1,125	1,125
21	Temporary Cash Investments (136)	-		
22	Notes Receivable (141)	-		
23	Customer Accounts Receivable (142)	-	4,574,516	4,319,078
24	Other Accounts Receivable (143)	-	125,475	(890)
25	(Less) Accumulated Provision for Uncollectible Accounts-Credit (144)	-	(70,605)	(71,928)
26	Notes Receivable from Associated Companies (145)	-		
27	Accounts Receivable from Associated Companies (146)	-	(12,381,563)	(12,299,864)
28	Fuel Stock (151)	-		
29	Fuel Stock Expense Undistributed (152)	-		
30	Residuals (Electric) and Extracted Products (Gas) (153)	-		
31	Plant Material and Operating Supplies (154)	-	203,059	314,783
32	Merchandise (155)	-		
33	Other Material and Supplies (156)	-		
34	Stores Expenses Undistributed (163)	-		
35	Gas Stored Underground & LNG Stored (164.1-164.3)	-		
36	Prepayments (165)	18	163,458	166,401
37	Advances for Gas (166-167)	-		
38	Interest and Dividends Receivable (171)	-		
39	Rents Receivable (172)	-		
40	Accrued Utility Revenues (173)	-		
41	Miscellaneous Current and Accrued Assets (174)	-		
42	TOTAL Current and Accrued Assets (Total of lines 18 through 41)		(6,399,658)	(6,529,510)
43	DEFERRED DEBITS			
44	Unamortized Debt Expense (181)	-		
45	Extraordinary Property Losses (182.1)	18		
46	Unrecovered Plant and Regulatory Study Costs (182.2)	18		
47	Other Regulatory Assets (182.3)	19	57,107	57,107
48	Preliminary Survey and Investigation Charges (Gas) (183.1, 183.2)	-		
49	Clearing Accounts (184)	-	0	0
50	Temporary Facilities (185)	-		
51	Miscellaneous Deferred Debits (186)	19	496,751	173,116
52	Deferred Losses from Disposition of Utility Plant. (187)	-		
53	Research, Development and Demonstration Expenditures (188)	-		
54	Unamortized Loss on Reacquired Debt (189)	20		
55	Accumulated Deferred Income Taxes (190)	24	0	0
56	Unrecovered Purchased Gas Costs (191)	-	0	600
57	TOTAL Deferred Debits (Total of lines 44 through 56)		553,858	230,823
58	TOTAL Assets and other Debits (Total of lines 6, 7, 8, 16, 42, 57)		\$26,950,200	\$28,997,980

Name of Respondent Chesapeake Utilities Corporation	For the Year Ended Dec. 31, 2006
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COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
1	PROPRIETARY CAPITAL			
2	Common Stock (201, 202, 203, 205, 206, 207)	-		
3	Preferred Stock Issued (204)	-		
4	Other Paid-In Capital (208-214)	-		
5	Retained Earnings (215, 216)	10	18,388,651	19,897,138
6	Unappropriated Undistributed Subsidiary Earnings (216.1)	10		
7	(Less) Recquired Capital Stock (217)	-		
8	TOTAL Proprietary Capital (Total of lines 2 through 7)		18,388,651	19,897,138
9	LONG-TERM DEBT			
10	Bonds (221)	21		
11	(Less) Recquired Bonds (222)	21		
12	Advances from Associated Companies (223)	21		
13	Other Long-Term Debt (224)	21		
14	Unamortized Premium on Long-Term Debt (225)	21		
15	(Less) Unamortized Discount on Long-Term Debt-Debit (226)	21		
16	TOTAL Long-Term Debt (Total of lines 10 through 15)			
17	OTHER NONCURRENT LIABILITIES			
18	Obligations Under Capital Leases - Noncurrent (227)	-		
19	Accumulated Provision for Property Insurance (228.1)	-		
20	Accumulated Provision for Injuries and Damages (228.2)	-	152,327	117,306
21	Accumulated Provision for Pensions and Benefits (228.3)	-	214,954	214,881
22	Accumulated Miscellaneous Operating Provisions (228.4)	-		
23	Accumulated Provision for Rate Refunds (229)	-		
24	TOTAL Other Noncurrent Liabilities (Total of lines 18 through 23)		367,281	332,187
25	CURRENT AND ACCRUED LIABILITIES			
26	Notes Payable (231)	-		
27	Accounts Payable (232)	-	2,605,641	3,001,230
28	Notes Payable to Associated Companies (233)	-		
29	Accounts Payable to Associated Companies (234)	-		
30	Customer Deposits (235)	-	771,736	882,237
31	Taxes Accrued (236)	-	(378,885)	(228,953)
32	Interest Accrued (237)	-	111	44
33	Dividends Declared (238)	-		
34	Matured Long-Term Debt (239)	-		
35	Matured Interest (240)	-		
36	Tax Collections Payable (241)	-	56,719	92,014
37	Miscellaneous Current and Accrued Liabilities (242)	22	216,375	49,898
38	Obligations Under Capital Leases-Current (243)	-		
39				
40	TOTAL Current and Accrued Liabilities (Total of lines 26 through 39)		\$3,271,697	\$3,796,470
41	DEFERRED CREDITS			
42	Customer Advances for Construction (252)	-	0	0
43	Other Deferred Credits (253)	22	(299,455)	(503,775)
44	Other Regulatory Liabilities (254)	22	1,024,728	1,024,728
45	Accumulated Deferred Investment Tax Credits (255)	23	210,861	191,337
46	Deferred Gains from Disposition of Utility Plant (256)	-		
47	Unamortized Gain on Recquired Debt (257)	20		
48	Accumulated Deferred Income Taxes (281-283)	24	3,986,437	4,259,895
49	TOTAL Deferred Credits (Total of lines 42 through 48)		4,922,571	4,972,185
50				
51	TOTAL Liabilities and Other Credits (Total of lines 8, 16, 24, 40 and 49)		\$26,950,200	\$28,997,980

Name of Respondent Chesapeake Utilities Corporation	For the Year Ended Dec. 31, 2006
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STATEMENT OF INCOME

- | | |
|--|---|
| <p>1. Use page 11 for important notes regarding the statement of income or any account thereof.</p> <p>2. Give concise explanations on page 11 concerning significant amounts of any refunds made or received during the year.</p> <p>3. Enter on page 11 a concise explanation of only those changes in accounting methods made during the year</p> | <p>which had an effect on net income, including the basis of allocations and apportionments from those used in the preceding year. Also give the approximate dollar effect of such changes.</p> <p>4. Explain in a footnote if the previous year's figures are different from that reported in prior reports.</p> |
|--|---|

Line No.	Account (a)	Ref. Page No. (b)	Total Gas Utility Current Year (c)	Total Gas Utility Previous Year (d)
1	UTILITY OPERATING INCOME			
2	Operating Revenues (400)	26	\$12,916,259	\$12,326,217
3	Operating Expenses			
4	Operation Expenses (401)	27-29	6,285,998	6,253,967
5	Maintenance Expenses (402)	27-29	431,005	352,824
6	Depreciation Expense (403)	15-16	1,672,545	1,540,749
7	Amortization & Depletion of Utility Plant (404-405)	-	35,908	155,159
8	Amortization of Utility Plant Acquisition Adjustment (406)	-	0	0
9	Amortization of Property Losses, Unrecovered Plant and Regulatory Study Costs (407.1)	-		
10	Amortization of Conversion Expenses (407.2)	-		
11	Regulatory Debits (407.3)	-		
12	(Less) Regulatory Credits (407.4)	-		
13	Taxes Other Than Income Taxes (408.1)	23	865,224	898,508
14	Income Taxes - Federal (409.1)	-	791,357	503,421
15	- Other (409.1)	-	136,522	83,713
16	Provision for Deferred Income Taxes (410.1)	24	255,250	528,553
17	(Less) Provision for Deferred Income Taxes - Cr.(411.1)	24	(128,993)	(350,267)
18	Investment Tax Credit Adjustment - Net (411.4)	23		
19	(Less) Gains from Disposition of Utility Plant (411.6)	-		
20	Losses from Disposition of Utility Plant (411.7)	-		
21	Other Operating Income (412-414)	-		
22	TOTAL Utility Operating Expenses (Total of lines 4 -21)		10,344,816	9,966,627
23	Net Utility Operating Income (Total of line 2 less 22)			
24	(Carry forward to page 9, line 25)		2,571,443	2,359,590

STATEMENT OF INCOME (Continued)

Line No.	Account (a)	Ref. Page No. (b)	TOTAL	
			Current Year (c)	Previous Year (d)
25	Net Utility Operating Income (Carried forward from page 8)		\$2,571,443	\$2,359,590
26	Other Income and Deductions			
27	Other Income			
28	Nonutility Operating Income			
29	Revenues From Merchandising, Jobbing and Contract Work (415)	-		
30	(Less) Costs and Exp. of Merchandising, Job & Contract Work (416)	-		
31	Revenues From Nonutility Operations (417)	-	254	143
32	(Less) Expenses of Nonutility Operations (417.1)	-		
33	Nonoperating Rental Income (418)	-		
34	Equity in Earnings of Subsidiary Companies (418.1)	10		
35	Interest and Dividend Income (419)	-	84,064	100,890
36	Allowance for Other Funds Used During Construction (419.1)	-		
37	Miscellaneous Nonoperating Income (421)	-		
38	Gain on Disposition of Property (421.1)	-	0	39,602
39	TOTAL Other Income (Total of lines 29 through 38)		84,318	140,635
40	Other Income Deductions			
41	Loss on Disposition of Property (421.2)	-	0	(788)
42	Miscellaneous Amortization (425)	33		
43	Miscellaneous Income Deductions (426.1-426.5)	33	(5,882)	(11,578)
44	TOTAL Other Income Deductions (Total of lines 41 through 43)		(5,882)	(12,366)
45	Taxes Applicable to Other Income and Deductions			
46	Taxes Other Than Income Taxes (408.2)	-		
47	Income Taxes - Federal (409.2)	-	(13,784)	(42,426)
48	Income Taxes - Other (409.2)	-	(2,323)	(7,055)
49	Provision for Deferred Income Taxes (410.2)	24	(17,848)	
50	(Less) Provision for Deferred Income Taxes - Credit (411.2)	24		
51	Investment Tax Credit Adjustment - Net (411.5)	-		
52	(Less) Investment Tax Credits (420)	-	19,524	19,524
53	TOTAL Taxes on Other Inc. and Ded. (Total of 46 through 52)		(14,431)	(29,957)
54	Net Other Income and Deductions (Total of lines 39,44,53)		64,005	98,312
55	Interest Charges			
56	Interest on Long-Term Debt (427)	-	794,195	903,535
57	Amortization of Debt Discount and Expense (428)	21	8,835	10,420
58	Amortization of Loss on Reacquired Debt (428.1)	-		
59	(Less) Amortization of Premium on Debt - Credit (429)	21		
60	(Less) Amortization of Gain on Reacquired Debt - Credit (429.1)	-		
61	Interest on Debt to Associated Companies (430)	33		
62	Other Interest Expense (431)	33	323,931	96,876
63	(Less) Allowance for Borrowed Funds Used During Const.-Credit (432)	-		
64	Net Interest Charges (Total of lines 56 through 63)		1,126,961	1,010,831
65	Income Before Extraordinary Items (Total of lines 25, 54 and 64)		1,508,487	1,447,071
66	Extraordinary Items			
67	Extraordinary Income (434)	-		
68	(Less) Extraordinary Deductions (435)	-		
69	Net Extraordinary Items (Total of line 67 less line 68)			
70	Income Taxes - Federal and Other (409.3)	-		
71	Extraordinary Items After Taxes (Total of line 69 less line 70)			
72	Net Income (Total of lines 65 and 71)		1,508,487	1,447,071

STATEMENT OF RETAINED EARNINGS

- | | |
|--|---|
| <p>1. Report all changes in appropriated retained earnings, and unappropriated retained earnings for the year.</p> <p>2. Each credit and debit during the year should be identified as to the retained earnings account in which recorded (Accounts 433, 436-439 inclusive). Show the contra primary account affected in column (b).</p> <p>3. State the purpose and amount for each reservation or appropriation of retained earnings.</p> <p>4. List first Account 439, Adjustments to Retained Earnings, reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit items, in that order.</p> | <p>5. Show dividends for each class and series of capital stock.</p> <p>6. Show separately the state and federal income tax effect of items shown in account 439, Adjustments to Retained Earnings.</p> <p>7. Explain in a footnote the basis for determining the amount reserved or appropriated. If such reservations or appropriation is to be recurrent, state the number and annual amounts to be reserved or appropriated as well as the totals eventually to be accumulated.</p> <p>8. If any notes appearing in the report to stockholders are applicable to this statement attach them at page 11.</p> |
|--|---|

Line No.	Item (a)	Contra Primary Account Affected (b)	Amount (c)
UNAPPROPRIATED RETAINED EARNINGS (Account 216)			
1	Balance - Beginning of Year		\$18,388,651
2	Changes (Identify by prescribed retained earnings accounts)		
3	Adjustments to Retained Earnings (Account 439):		
4	Credit:		
5	Credit:		
6	TOTAL Credits to Retained Earnings (Account 439) (Total of lines 4 and 5)		
7	Debit:		
8	Debit:		
9	TOTAL Debits to Retained Earnings (Account 439) (Total of lines 7 and 8)		
10	Balance Transferred from Income (Account 433 less Account 418.1)		\$1,508,487
11	Appropriations of Retained Earnings (Account 436) TOTAL		
12	Dividends Declared - Preferred Stock (Account 437) TOTAL		
13	Dividends Declared - Common Stock (Account 438) TOTAL		
14	Transfers from Acct. 216.1, Unappropriated Undistributed Subsidiary Earnings		
15	FAS 133 Other Comprehensive Income		
16	Balance - End of Year (Total of lines 01, 6, 9, 10, 11, 12, 13, 14 and 15)		\$19,897,138
APPROPRIATED RETAINED EARNINGS (Account 215)			
	State balance and purpose of each appropriated retained earnings amount at end of year and give accounting entries for any applications of appropriated retained earnings during the year.		
17			
18			
19			
20			
21			
22			
23	TOTAL Appropriated Retained Earnings (Account 215)		
	TOTAL Retained Earnings (Account 215 and 216) (Total of lines 16 and 23)		\$19,897,138

NOTES TO THE FINANCIAL STATEMENTS ON A CONSOLIDATED BASIS

<p>1. Use the space below for important notes regarding the Balance Sheet, Statement of Income for the year, Statement of Retained Earnings for the year, and Statement of Changes in Financial Position, or any account thereof. Classify the notes according to each basic statement, providing a subheading for each statement except where a note is applicable to more than one statement.</p> <p>2. Furnish particulars (details) as to any significant contingent assets or liabilities existing at end of year, including a brief explanation of any action initiated by the Internal Revenue Service involving possible assessment of additional income taxes of material amount, or of a claim for refund of income taxes of a material amount initiated by the utility. Give also a brief explanation of any dividends in arrears on cumulative preferred stock.</p> <p>3. For Account 116, Utility Plant Adjustments, explain the origin of such amount, debits and credits during the year, and</p>	<p>plan of disposition contemplated, giving references to Commission orders or other authorizations respecting classification of amounts as plant adjustments and requirements as to disposition thereof.</p> <p>4. Where Accounts 189, Unamortized Loss on Reacquired Debt, and 257, Unamortized Gain on Reacquired Debt, are not used, give an explanation, providing the rate treatment given these items. See General Instruction 17 of the Uniform System of Accounts.</p> <p>5. Give a concise explanation of any retained earnings restrictions and state the amount of retained earnings affected by such restrictions.</p> <p>6. If the notes to financial statements relating to the respondent company appearing in the annual report to the stockholders are applicable and furnish the data required by instructions above and on pages 12-18, such notes may be attached hereto.</p>
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1. Summary of Accounting Policies:

Nature of Business - The Florida Division of Chesapeake Utilities Corporation (the Company) is engaged in the distribution of natural gas. The Company serves residential, commercial, and industrial customers in Polk, Osceola, Citrus, DeSoto, Liberty, Hillsborough, Holmes, Jackson, Gadsden, Gilchrist, Union, Washington and Suwannee counties.

System of Accounts - The Company's financial statements are prepared in accordance with generally accepted accounting principles, which give appropriate recognition to the ratemaking and accounting practices and policies of the various commissions.

Property, Plant, Equipment and Depreciation - Utility property is stated at original cost. The costs of repairs and minor replacements are charged to income as incurred and the costs of major renewals and betterments are capitalized. Upon retirement or disposition of utility property, the recorded cost of removal, net of salvage value, is charged to accumulated depreciation.

The provision for depreciation is computed using the straight-line method at rates that amortize the unrecovered cost of depreciable property over the estimated useful life of the asset. Depreciation and amortization expenses are provided at an annual rate for the Company. Average rates for the past three years were 3 percent for the natural gas distribution assets.

Inventories - The Company uses the average cost method to value inventory.

Other Deferred Charges - Other deferred charges include discount, premium and issuance costs associated with long-term debt and rate case expenses. Debt costs are deferred, then amortized over the original lives of the respective debt issuances. Gains and losses on the reacquisition of debt are amortized over the remaining lives of the original issuances. Rate case expenses are deferred, then amortized over periods approved by the applicable regulatory authorities.

Income Taxes & Investment Tax Credits - Investment tax credits on utility property have been deferred and are allocated to income ratably over the lives of the subject property. The Florida Division is part of the consolidated federal income tax return filed by Chesapeake Utilities Corporation. Deferred tax assets and liabilities are recorded for the tax effect of temporary differences between the financial statements and tax bases of assets and liabilities.

Operating Revenues - Revenues for the Company are based on rates approved by the Florida Public Service Commission (FPSC). Customers' base rates may not be changed without formal approval by the FPSC. The Company recognizes revenues based on services rendered, and records an amount for services delivered but not yet billed.

Deferred Gas Costs - The PGA recovery mechanism was discontinued when the Company exited the merchant function; effective November 2002. The Florida Public Service commission authorized disposition of the remaining PGA balance, which was refunded to customers in March 2004.

Certain Risks & Uncertainties - The financial statements are prepared in conformity with generally accepted accounting principles that require management to make estimates in measuring assets and liabilities and related revenue and expenses.

NOTES TO THE FINANCIAL STATEMENTS ON A CONSOLIDATED BASIS

FASB Statements and Other Authoritative Pronouncements

SFAS No. 123R - In December 2004, the FASB issued SFAS No. 123 (Revised 2004), "Share-Based Payment" ("SFAS No. 123@"). SFAS No. 123@ is effective for annual reporting periods beginning after June 15, 2005. The Company was required to adopt SFAS No. 123@ in the first quarter of 2006. The Company is required to measure the cost of all employee share-based payments to employees, including grants of employee stock options, using a fair-value-based method. The pro forma disclosures previously permitted under SFAS No. 123 no longer will be an alternative to financial statement recognition. The adoption of SFAS No. 123@ did not have a material impact on the financial statements.

SFAS No. 154 - In May 2005, the FASB issued SFAS No. 154, "Accounting Changes and Error Corrections". This statement applies to all voluntary changes in accounting principle. It also applies to changes required by an accounting pronouncement in the unusual instance that the pronouncement does not include specific transition provisions. When a pronouncement includes specific transition provisions, those provisions should be followed. This statement requires retrospective application to prior periods' financial statements of changes in accounting principle, unless it is impracticable to determine either the period-specific effects or the cumulative effect of the change. This statement was effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. The Company was required to adopt SFAS No. 154 in the first quarter of 2006. The implementation of this statement did not have a material impact on Chesapeake's financial statements.

SFAS No. 158 - In September 2006, the FASB issued SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans". This statement improves financial reporting by requiring an employer to recognize the over-funded or under-funded status of a defined benefit postretirement plan as an asset or liability in its statement of financial position and to recognize changes in that funded status in the year in which the changes occur through comprehensive income. The Company is required to initially recognize the funded status of a defined benefit postretirement plan and to provide the required disclosures as of the end of the fiscal year ending after December 15, 2006. The Company adopted SFAS No. 158 as of December 31, 2006. Based on the fair value of plan assets and their related funded status at December 31, 2006, the adoption of SFAS 158 resulted in an increase in total assets by approximately \$282,000, an increase in total liabilities by approximately \$112,000 and an increase to total shareholders equity by approximately \$170,000.

FIN No. 48 - In June 2006, the FASB issued FASB Interpretation ("FIN") No. 48, "Employers' Accounting for Uncertainty in Income Taxes". This interpretation clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with SFAS No. 109, "Accounting for Income Taxes". This interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This interpretation also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. This interpretation is effective for fiscal years beginning after December 15, 2006. Chesapeake is required to adopt FIN No. 48 in the first quarter of 2007. The Company is currently evaluating the impact that this interpretation will have on our financial statements.

SFAS No. 157 - In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements". This statement defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. This statement applies under other accounting pronouncements that require or permit fair value measurements, the FASB having previously concluded in those accounting pronouncements that fair value is the relevant measurement attribute. Accordingly, this statement does not require any new fair value measurements. This statement is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. Chesapeake will be required to adopt SFAS No. 157 in the first quarter of 2008. The Company has not yet evaluated the impact that this statement will have on our financial statements.

2. **Environmental Commitments and Contingencies:**

In February 2001 the Company filed a remedial action plan ("RAP") with the Florida Department of the Environment ("FDEP"). The RAP was approved by the FDEP on May 4, 2001. Through December 31, 2006, the Company has incurred approximately \$1.7 million of environmental costs associated with the Florida site. At December 31, 2006 the Company had collected through rates \$90,000 in excess of costs incurred. A regulatory asset of \$122,000 representing the uncollected portion of the estimated clean up costs has also been recorded.

3. **Employee Benefit Plans**

Pension Plan

In December 1998, Chesapeake restructured the employee benefit plans to be competitive with employers in similar industries. Chesapeake offered existing participants of the defined benefit plan the option to remain in the existing plan or receive a one-time payout and enroll in an enhanced retirement savings plan. Chesapeake closed the defined benefit plan to new participants, effective December 31, 1998.

NOTES TO THE FINANCIAL STATEMENTS ON A CONSOLIDATED BASIS

Because the defined benefit Pension Plan was not open to new participants, the number of active participants in that plan decreased and is approaching the minimum number needed for the Pension Plan to maintain its tax-qualified status. To avoid jeopardizing the tax-qualified status of the Pension Plan, Chesapeake's Board of Directors amended the defined benefit Pension Plan on September 24, 2004. To ensure that Chesapeake continues to provide appropriate levels of benefits to its employees, the Board amended the defined benefit Pension Plan and Retirement Savings Plan, effective January 1, 2005, so that participants who are actively employed by Chesapeake on that date (1) receive two additional years of benefit service credit to be used in calculating their Pension Plan benefit (subject to the Pension Plan's limit of 35 years of benefit service credit), (2) have the option to receive their Pension Plan benefit in the form of a lump sum at the time they retire, and (3) are eligible to receive the enhanced matching contribution in the Retirement Savings Plan. In addition, January 1, 2005, the Board amended the defined benefit Pension Plan so that participants will not accrue any additional benefits under that plan. These changes were communicated to Chesapeake's employees during the first week of November 2004. As a result of the amendments to the Pension Plan, a gain of approximately \$172,000 (after tax) was recorded during 2004.

In September 2006, the FASB issued SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans" (SFAS 158). The Company adopted SFAS 158 prospectively on December 31, 2006. SFAS 158 requires that we recognize all obligations related to defined benefit pensions and other postretirement benefits. This statement requires that we quantify the plans' funded status as an asset or a liability on our consolidated balance sheets.

SFAS 158 requires that we measure the plans' assets and obligations that determine our funded status as of the end of the fiscal year. Chesapeake is also required to recognize as a component of accumulated other comprehensive income ("AOCI") the changes in funded status that occurred during the year that are not recognized as part of net periodic benefit cost as explained in SFAS No. 87, "Employers' Accounting for Pensions," or SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions."

Based on the funded status of Chesapeake's defined benefit pension and postretirement benefit plans as of December 31, 2006, the effects of adopting SFAS 158 on the Company's financial statement is set forth in the following table.

	Pre-SFAS 158	SFAS 158 Adoption Adjustments	Post SFAS 158
Asset (liability) for pension benefits	(\$3,741,054)	\$281,538	(\$3,459,516)
Deferred income tax asset (liability)	1,224,742	(111,973)	1,112,769
Accumulated other comprehensive income	504,115	(169,565)	334,550

The amounts recognized in AOCI as a result of the adoption of SFAS 158 consist of:

	Defined Benefit Pension	Other Postretirement Benefit	Total
Prior service cost (credit)	(\$29,560)	\$0	(\$29,560)
Loss (gain)	(1,284,400)	1,032,422	(251,978)
Total	(1,313,960)	1,032,422	(281,538)
Less: Deferred tax asset (liability)	(522,582)	410,609	(111,973)
Loss (gain) in AOCI, net of tax	(791,378)	621,813	(169,565)

The amounts in AOCI for the respective retirement plans that are expected to be recognized as a component of net benefit cost in 2007 is set forth in the following table.

	Defined Benefit Pension	Exec Excess Def Benefit Pension	Other Postretirement Benefit
Prior service cost (credit)	(\$4,699)	\$0	\$0
Loss (gain)	(6,846)	51,279	136,978

Defined Benefit Pension Plan

As described above, effective January 1, 2005, the defined benefit Pension Plan was frozen with respect to additional years of service or additional compensation. Benefits under the plan were based on each participant's years of service and highest average compensation, prior to the freeze. Chesapeake's funding policy provides that payments to the trustee shall be equal to the minimum funding requirements of the Employee Retirement Income Security Act of 1974. Since actuarial valuations are made on a consolidated basis, such information is not available for Central Florida Gas alone. Chesapeake does not expect to be required to make any funding payments in 2007. The measurement dates for the Pension Plan were December 31, 2006 and 2005 respectively.

NOTES TO THE FINANCIAL STATEMENTS ON A CONSOLIDATED BASIS

The following schedule sets forth the funded status of the pension plan at December 31, 2006 and 2005:

	<u>2006</u>	<u>2005</u>
Change in benefit obligation:		
Benefit obligation at beginning of year	\$12,399,621	\$12,053,063
Service cost	0	0
Interest cost	635,877	645,740
Change in discount rate	(301,851)	388,979
Actuarial (gain)/loss	607	28,895
Amendments	0	0
Effect of curtailment/settlement	0	0
Benefits paid	<u>(1,284,529)</u>	<u>(717,056)</u>
Benefit obligation at end of year	<u>11,449,725</u>	<u>12,399,621</u>
Change in plan assets:		
Fair value of plan assets at beginning of year	11,780,866	12,097,248
Actual return on plan assets	1,543,950	400,674
Benefits paid	<u>(1,284,529)</u>	<u>(717,056)</u>
Fair value of plan assets at end of year	<u>12,040,287</u>	<u>11,780,866</u>
Reconciliation of funded status: ⁽¹⁾		
Plan assets in excess (less than) benefit obligation at YE	590,560	(618,755)
Unrecognized prior service cost	0	(34,259)
Unrecognized net loss (gain)	<u>0</u>	<u>(129,739)</u>
Accrued pension cost	<u>\$590,560</u>	<u>(\$782,753)</u>
Assumptions:		
Discount rate	5.25%	5.25%
Expected return on plan assets	<u>6.00%</u>	<u>6.00%</u>

(1) After the adoption of SFAS 158 on December 31, 2006, these amounts are recorded and this reconciliation is no longer required.

Net periodic pension cost for the defined pension benefit plan for 2006, 2005 and 2004 include the components as shown below:

For the Years Ended December 31,	<u>2006</u>	<u>2005</u>
Components of net periodic pension cost:		
Service cost	\$0	\$0
Interest cost	635,877	645,740
Expected return on assets	(690,533)	(703,285)
Amortization of:		
Transition assets	0	0
Prior service cost	<u>(4,699)</u>	<u>(4,699)</u>
Net periodic pension cost	<u>(\$59,355)</u>	<u>(\$62,244)</u>

Retirement Savings Plan

Chesapeake sponsors a 401(k) Retirement Savings Plan, which provides participants a mechanism for making contributions for retirement savings. Each participant may make pre-tax contributions of up to 15% of eligible base compensation, subject to IRS limitations. These participants were eligible for the enhanced matching described below effective January 1, 2005.

Effective January 1, 1999, Chesapeake began offering an enhanced 401(k) plan to all new employees, as well as existing employees that elected to no longer participate in the defined benefit plan. Chesapeake makes matching contributions on a basis of up to 6% of each employee's pre-tax compensation for the year for all of Company's employees, except for our Advanced Information Services Segment. The match is between 100 percent and 200 percent based on a combination of the employee's age and years of service. The first 100 percent of the funds are matched with Chesapeake common stock. The remaining match is invested in the Company's 401(k) Plan according to each employee's election options.

Effective July 1, 2006, the matching contribution made on behalf of Advanced Information Services segment employees, is a 50 percent matching contribution, up to six percent of the employee's annual compensation. The matching contribution is funded in Chesapeake common stock. The Plan was also amended at the same time to enable it to receive discretionary profit-sharing contributions in the form of employee pre-tax deferrals. The extent, to which the Advanced Information Services segment has any dollars available for profit-sharing, is dependent upon the extent to which actual earnings exceed budgeted earnings. Any profit-sharing dollars made available to employees can be deferred into the Plan and/or paid out in the form of a bonus.

On December 1, 2001, the Company converted the 401(k) fund holding Chesapeake stock to an Employee Stock Ownership Plan ("ESOP").

NOTES TO THE FINANCIAL STATEMENTS ON A CONSOLIDATED BASIS

Effective January 1, 1999 Chesapeake began offering a non-qualified supplemental employee retirement savings plan open to Chesapeake executives over a specific income threshold. Participants receive a cash only matching contribution percentage equivalent to their 401(k) match level. All contributions and matched funds can be invested among the twenty-one mutual funds available for investment. These same funds are available for investment of employee contributions within the Retirement Savings Plan.

Chesapeake's contributions to the 401(k) plans totaled \$1,612,000, \$1,681,000 and \$1,497,000 for the years ended December 31, 2006, 2005 and 2004, respectively. As of December 31, 2006, there are 77,479 shares reserved to fund future contributions to the Retirement Savings Plan.

Other Post-retirement Benefits

Chesapeake sponsors a defined benefit post-retirement health care and life insurance plan that covers substantially all natural gas and corporate employees.

The health care inflation rate for 2006 is assumed to be 6.0 % for medical and 8% for prescription drugs. These rates are projected to gradually decrease to ultimate rates of 5 and 6 percent, respectively, by the year 2009. A one percentage point increase in the health care inflation rate from the assumed rate would increase the accumulated post-retirement benefit obligation by approximately \$250,000 as of January 1, 2007, and would increase the aggregate of the service cost and interest cost components of the net periodic post-retirement benefit cost for 2007 by approximately \$15,000. A 1% decrease in the health care inflation rate from the assumed rate would decrease the accumulated post-retirement benefit obligation by approximately \$207,000 as of January 1, 2007, and would decrease the aggregate of the service cost and interest cost components of the net periodic post-retirement benefit cost for 2007 by approximately \$13,000.

Net periodic post-retirement costs for 2006 and 2005 include the following components:

For the Years Ended December 31,	<u>2006</u>	<u>2005</u>
Components of net periodic post-retirement cost:		
Service cost	\$9,194	\$6,257
Interest cost	93,924	77,872
Amortization of:		
Transition obligation	22,282	27,859
Actuarial loss	<u>144,694</u>	<u>88,291</u>
Net periodic post-retirement cost	270,094	200,279
Amounts capitalized as construction costs	0	0
Amounts amortized	<u>0</u>	<u>0</u>
Total post-retirement cost accruals	<u>\$270,094</u>	<u>\$200,279</u>

The following schedule sets forth the funded status of the post-retirement health care and life insurance plan:

At December 31,	<u>2006</u>	<u>2005</u>
Change in benefit obligation:		
Benefit obligation at beginning of year	\$1,534,684	\$1,599,280
Retirees	264,470	(59,152)
Fully- eligible active employees	(114,082)	(31,761)
Other active	<u>78,036</u>	<u>26,317</u>
Benefit obligation at end of year	<u>\$1,763,108</u>	<u>\$1,534,684</u>
Funded status	(1,763,108)	(1,534,684)
Unrecognized transition obligation	0	22,282
Unrecognized net loss	0	<u>751,450</u>
Net amount accrued ⁽¹⁾	<u>(\$1,763,108)</u>	<u>(\$760,952)</u>
Assumptions:		
Discount rate	5.50%	5.25%

(1) After the adoption of SFAS 158 on December 31, 2006, these amounts are recorded and this reconciliation is no longer required.

Name of Respondent		For the Year Ended	
Chesapeake Utilities Corporation		Dec. 31, 2006	
SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION			
Line No.	Item (a)	Total (b)	Gas (c)
1	UTILITY PLANT		
2	In Service		
3	101 Plant in Service (Classified)	50,860,790	50,860,790
4	101.1 Property Under Capital Leases		
5	102 Plant Purchased or Sold		
6	106 Completed Construction not Classified		
7	103 Experimental Plant Unclassified		
8	104 Leased to Others		
9	105 Held for Future Use		
10	114 Acquisition Adjustments		
11	TOTAL Utility Plant (Total of lines 3 through 10)	50,860,790	50,860,790
12	107 Construction Work in Progress	506,129	506,129
13	Accum. Provision for Depreciation, Amortization, & Depletion	(16,070,252)	(16,070,252)
14	Net Utility Plant (Total of lines 11 plus 12 less line 13)	35,296,667	35,296,667
15	DETAIL OF ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION		
16	In Service:		
17	108 Depreciation	16,038,601	16,038,601
18	111 Amort. and Depl. of Producing Nat. Gas Land & Land Rights		
19	111 Amort. of Underground Storage Land and Land Rights		
20	119 Amortization of Other Utility Plant	31,651	31,651
21	TOTAL in Service (Total of lines 17 through 20)	16,070,252	16,070,252
22	Leased to Others		
23	108 Depreciation		
24	111 Amortization and Depletion		
25	TOTAL Leased to Others (Total of lines 23 and 24)		
26	Held for Future Use		
27	108 Depreciation		
28	111 Amortization		
29	TOTAL Held for Future Use (Enter. Tot. of lines 27 and 28)		
30	111 Abandonment of Leases (Natural Gas)		
31	115 Amortization of Plant Acquisition Adjustment		
32	TOTAL Accum. Provisions (Should agree with line 13 above) (Total of lines 21, 25, 29, 30, and 31)	16,070,252	16,070,252

Annual Status Report

Analysis of Plant in Service Accounts

Company: Chesapeake Utilities Corporation
 For the Year Ended December 31, 2006

Acct. No.	Account Description	Depr. Rate	Beginning Balance*	Additions	Retirements	Reclass.	CIAC	Transfers	Ending Balance*
374	Land-Distribution		68,240	85,038					153,278
389	Land-General Land-Other		98,285						98,285
Amortizable General Plant Assets:									
301	Organization	3.00%	23,328						23,328
302	Franchise and Consent	3.00%	14,132						14,132
303	Misc Intangible Plant	10.00%	1,251,625						1,251,625
Subtotal			1,455,610	85,038	0	0	0	0	1,540,648
Depreciable Assets: This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC.									
375	Structures and Improvements	2.80%	354,196	1,700					355,896
376	Mains (Steel)	3.30%	13,002,700	559,630	(114,222)				13,448,108
376	Mains (Plastic)	3.30%	13,418,193	1,078,723					14,496,916
378	M&R Equipment-General	3.50%	900,856	26,092					926,948
379	M&R Equipment-City	3.60%	2,663,482	167,192					2,830,674
380	Dist Plant Services (Steel)	7.20%	898,456	66,835					965,291
380	Dist Plant Services (Plastic)	3.60%	5,823,056	1,013,322	(218,980)		(24,393)		6,593,005
381	Meters	3.90%	1,880,523	239,910	(171,129)				1,949,304
382	Meter Installations	3.80%	1,275,277	199,315					1,474,592
383	Regulators	3.20%	1,031,752	86,574	(6,388)				1,111,938
384	Regulator Installations	3.20%	3,637						3,637
385	M&R Equipment-Industrial	4.30%	1,388,450	89,439					1,477,889
387	Other Equipment	2.30%	362,501	23,918					386,419
390	Structures and Improvements	2.30%	531,240						531,240
391.1	Data processing Equipment	10.20%	67,690						67,690
391.2	Office Furniture	4.90%	135,363	72					135,435
391.3	Office Equipment	7.30%	161,942	105,371					267,313
391.4	Vax System Equipment	5.60%	0						0
392.1	Transportation Equip.	11.60%	933,110	183,804	(33,584)			24,581	1,107,911
392.3	Transportation Equipment	11.30%	17,744	2,294					20,038
393	Stores Equipment	0.00%	0						0
394	Tools and Work Equipment	3.50%	148,727	2,439					151,166
396	Power Operated Equipment	6.00%	482,061						482,061
397	Communication Equipment	7.60%	444,336	32,277					476,613
398	Misc. Equipment	6.70%	60,058						60,058
Subtotal			45,985,350	3,878,907	(544,303)	0	(24,393)	24,581	49,320,142

**Annual Status Report
Analysis of Plant in Service Accounts**

Company: Chesapeake Utilities Corporation
For the Year Ended December 31, 2006

Page 2 of 2

Acct. No. Account Description (Continued)	Depr. Rate	Beginning Balance*	Additions	Retirements	Reclass.	Adjustments	Transfers	Ending Balance*
Capital Recovery Schedules:								
Total Account 101*								
Amortizable Assets:								
114 Acquisition Adjustment								
118 Other Utility Plant								
Other								
Total Utility Plant		47,440,960	3,963,945	(544,303)	0	(24,393)	24,581	50,860,790

Note: * The total beginning and ending balances must agree to acct. 101, Plant in Service, Line 3, Page 12.

Annual Status Report Analysis of Entries in Accumulated Depreciation & Amortization

Company: Chesapeake Utilities Corporation
For the Year Ended December 31, 2006

Acct. No.	Account Description	Beginning Balance*	Accruals	Reclass.	Retirements	Gross Salvage	Cost of Removal	Adjustments	Transfers	Ending Balance*
Amortizable General Plant Assets:										
301	Organization	(23,328)	0							(23,328)
302	Franchise and Consent	(7,899)	(424)							(8,323)
303	Misc Intangible Plant	(1,216,142)	(35,483)							(1,251,625)
	Subtotal	(1,247,369)	(35,907)	0	0	0	0	0	0	(1,283,276)
This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC.										
375	Structures and Improvements	(88,553)	(9,923)							(98,476)
376	Mains (Steel)	(5,439,705)	(432,379)		114,222		90,006			(5,667,856)
376	Mains (Plastic)	(2,439,870)	(453,427)				107,142			(2,786,155)
378	M&R Equipment-General	(234,352)	(31,803)				4,604			(261,551)
379	M&R Equipment-City	(592,677)	(97,897)							(690,574)
380	Dist Plant Services (Steel)	(581,204)	(65,290)				27,678			(618,816)
380	Dist Plant-Services (Plastic)	(1,026,302)	(229,134)		218,980		8,560			(1,027,896)
381	Meters	(761,263)	(78,558)		171,129					(668,692)
382	Meter Installations	(329,716)	(52,220)				17,850			(364,086)
383	Regulators	(371,105)	(35,410)		6,388	695				(399,432)
384	Regulator Installations	(558)	(116)							(674)
385	M&R Equipment-Industrial	(307,325)	(60,740)							(368,065)
387	Other Equipment	(283,548)	(8,670)							(292,218)
390	Structures and Improvements	(84,542)	(12,219)							(96,761)
391.1	Data processing Equipment	(67,783)	(6,904)							(74,687)
391.2	Office Furniture	(25,343)	(6,637)							(31,980)
391.3	Office Equipment	(68,998)	(14,290)							(83,288)
391.4	Vax System Equipment	2,956								2,956
392.1	Transportation Equip.	(614,579)	(118,867)		33,584	(28,112)				(727,974)
392.3	Transportation Equipment	124,049	(2,059)							121,990
393	Stores Equipment	0								0
394	Tools and Work Equipment	(115,781)	(5,223)							(121,004)
396	Power Operated Equipment	(282,241)	(28,924)							(311,165)
397	Communication Equipment	(146,447)	(33,921)							(180,368)
398	Misc. Equipment	(36,181)	(4,023)							(40,204)
	Subtotal	(13,771,068)	(1,788,634)	0	544,303	(27,417)	255,840	0	0	(14,786,976)

**Annual Status Report
Analysis of Entries in Accumulated Depreciation & Amortization**

Company: Chesapeake Utilities Corporation
For the Year Ended December 31, 2006

Acct. No.	Account Description	Beginning Balance*	Accruals	Reclass.	Retirements	Gross Salvage	Cost of Removal	Adjustments	Transfers	Ending Balance*
	(Continued)									
Capital Recovery Schedules:										
Subtotal										
List any other items necessary to reconcile the total depreciation and amortization accrual amount to Acct. 403, Depreciation Expense, shown on page 8.										
Subtotal										
Grand Total										
		(15,018,437)	(1,824,541)	0	544,303	(27,417)	255,840	0	0	(16,070,252)

Note: * The grand total of beginning and ending balances must agree to Line 21, Page 12.

Name of Respondent Chesapeake Utilities Corporation	For the Year Ended Dec. 31, 2006
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CONSTRUCTION WORK IN PROGRESS-GAS (Account 107)

1. Report below descriptions and balances at end of year of projects in process of construction (107).
 2. Show items relating to "research, development, and demonstration" projects last, under a caption Research, Development, and Demonstration (see Account 107 of the Uniform System of Accounts).
 3. Minor projects (less than \$500,000) may be grouped.

Line No.	Description of Project (a)	Construction Work in Progress-Gas (Account 107) (b)	Estimated Additional Cost of Project (c)
1	Miscellaneous	\$506,129	
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15	TOTAL	\$506,129	

CONSTRUCTION OVERHEADS-GAS

1. List in column (a) the kinds of overheads according to the titles used by the respondent. Charges for outside professional services for engineering fees and management or supervision fees capitalized should be shown as separate items.
 2. A respondent should not report "none" to this page if no overhead apportionments are made, but rather should explain the accounting procedures employed and the amounts of engineering, supervision, and administrative costs, etc. which are directly charged to construction.
 3. Enter on this page engineering, supervision, administrative, and allowance for funds used during construction, etc. which are first assigned to a blanket work order and then prorated to construction jobs.

Line No.	Description of Overhead (a)	Total Amount Charged for the Year (b)	Total Cost of Construction to Which Overheads Were Charged (Exclusive of Overhead Charges) (c)
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12	TOTAL		

Name of Respondent Chesapeake Utilities Corporation	For the Year Ended Dec. 31, 2006
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PREPAYMENTS (Account 165)

1. Report below the particulars (details) on each prepayment.

Line No.	Nature of Prepayment (a)	Balance at End of Year (In Dollars) (b)
1	Prepaid Insurance	81,925
2	Prepaid Rents	83,333
3	Prepaid Taxes	
4	Prepaid Interest	
5	Gas Prepayments	
6	Miscellaneous Prepayments: Pensions	
7	Miscellaneous Prepayments: License Fee	1,143
8	TOTAL	166,401

EXTRAORDINARY PROPERTY LOSSES (Account 182.1)

Line No.	Description of Extraordinary Loss [Include in the description the date of loss, the date of Commission authorization to use Account 182.1 and period of amortization (mo, yr, to mo, yr).] (a)	Total Amount of Loss (b)	Losses Recognized During Year (c)	WRITTEN OFF DURING YEAR		Balance at End of Year (f)
				Account Charged (d)	Amount (e)	
1	N/A					
2						
3						
4						
5						
6						
7						
8						
9						
10						

UNRECOVERED PLANT AND REGULATORY STUDY COSTS (182.2)

Line No.	Description of Unrecovered Plant and Regulatory Study Costs [Include in the description of costs, the date of Commission authorization to use Account 182.2 and period of amortization (mo, yr, to mo, yr).] (a)	Total Amount of Charges (b)	Costs Recognized During Year (c)	WRITTEN OFF DURING YEAR		Balance at End of Year (f)
				Account Charged (d)	Amount (e)	
1	N/A					
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						

OTHER REGULATORY ASSETS (Account 182.3)

<p>1. Reporting below the particulars (details) called for concerning other regulatory assets which are created through the ratemaking actions of regulatory agencies (and not includible in other amounts).</p>	<p>2. For regulatory assets being amortized, show period of amortization in column (a). 3. Minor items (amounts less than \$25,000) may be grouped by classes.</p>
--	--

Line No.	Description and Purpose of Other Regulatory Assets (a)	Balance Beginning of Year (b)	Debits (c)	Credits		Balance End of Year (f)
				Account Charged (d)	Amounts (e)	
1	109 Reg Assest-Rev Requirement-Depr	57,107				57,107
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17	TOTAL	57,107			0	57,107

MISCELLANEOUS DEFERRED DEBITS (Account 186)

<p>1. Report below the particulars (details) called for concerning miscellaneous deferred debits. 2. For any deferred debit being amortized, show period of amortization in column (a).</p>	<p>3. Minor items (amounts less than \$25,000) may be grouped by classes.</p>
---	---

Line No.	Description of Miscellaneous Deferred Debit (a)	Balance Beginning of Year (b)	Debits (c)	Account Charged (d)	Amount (e)	Balance End of Year (f)
1	Cashier Over/Under	0		903		0
2	Environmental Regulatory	192,821		495	71,113	121,708
3	Conservation Cost Recovery	303,930		908	252,522	51,408
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17	Misc. Work in Progress					
18	Deferred Regulatory Comm. Expenses					
19	TOTAL	496,751				173,116

**SECURITIES ISSUED AND
SECURITIES REFUNDED OR RETIRED DURING THE YEAR**

<p>1. Furnish a supplemental statement giving a brief description of security financing and refinancing transactions during the year and the accounting for the securities, discounts, premiums, expenses, and related gains or losses.</p> <p>2. Furnish particulars (details) showing fully the accounting for the total principal amount, par value, or stated value of each class and series of security issued, retired, or refunded and the accounting for premiums, discounts, expenses, and gains or losses relating to the securities. Set forth the facts of the accounting clearly with regard to redemption premiums, unamortized discounts, expenses, and gains or losses relating to securities retired or refunded.</p>	<p>and gains or losses relating to securities retired or refunded.</p> <p>3. Included in the identification of each class and series of security, as appropriate, the interest or dividend rate, nominal date of issuance, maturity date, aggregate principal amount, par value or stated value, and number of shares.</p> <p>4. Where the accounting for amounts relating to securities refunded or retired is other than that specified in General Instruction 17 of the Uniform System of Accounts, give references to the Commission authorization for the different accounting and state the accounting method.</p>
--	--

N/A

UNAMORTIZED LOSS AND GAIN ON REACQUIRED DEBT (Accounts 189, 257)

<p>1. Report under separate subheadings for Unamortized Loss and Unamortized Gain on Reacquired Debt, particulars (details) of gain and loss, including maturity date, on reacquisition applicable to each class and series of long-term debt. If gain or loss resulted from a refunding transaction, include also the maturity date of the new issue.</p> <p>2. In column (c) show the principal amount of bonds or other long-term debt reacquired.</p> <p>3. In column (d) show the net gain or net loss realized on each debt reacquisition as computed in accordance with</p>	<p>General Instruction 17 of the Uniform Systems of Accounts</p> <p>4. Show loss amounts by enclosing the figures in parentheses.</p> <p>5. Explain in a footnote any debits and credits other than amortization debited to Account 428.1, Amortization of Loss on Reacquired Debt, or credited to Account 429.1, Amortization of Gain on Reacquired Debit-Credit.</p>
--	--

Line No.	Designation of Long-Term Debt (a)	Date Reacquired (b)	Principal of Debt Reacquired (c)	Net Gain or Net Loss (d)	Balance at Beginning of Year (e)	Balance at End of Year (f)
1	N/A					
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						

Name of Respondent Chesapeake Utilities Corporation	For the Year Ended Dec. 31, 2006
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LONG-TERM DEBT (Accounts 221, 222, 223, and 224)

1. Report by balance sheet Account the particulars (details) concerning long-term debt included in Accounts 221, Bonds, 222, Reacquired Bonds, 223, Advances from Associated Companies, and 224, Other Long-Term Debt. If information to meet the stock exchange reporting requirement outlined in column (a) is available from the SEC 10-K Report Form Filing, a specific reference to the report form (i.e., year and company title) may be reported in column (a) provided the fiscal years for both the 10-K report and this report are compatible.

2. For advances from Associated Companies, report separately advances on notes and advances on open accounts. Designate demand notes as such. Include in column (a) names of associated companies from which advances were received.

3. If the respondent has any long-term securities which have been nominally issued and are nominally outstanding at end of year, describe such securities in a footnote.

4. If interest expense was incurred during the year on any obligations retired or reacquired before end of year, include such interest in column (f). Explain in a footnote any difference between the total of column (f) and the total of Account 427, Interest on Long-Term Debt and Account 430, Interest on Debt to Associated Companies.

Line No.	Class and Series of Obligation (a)	Nominal Date of Issue (b)	Date of Maturity (c)	Original Amount Issued (d)	Interest for Year		Total Amount Outstanding (g)
					Rate (in %) (e)	Amount (f)	
1	Convertible Debentures	2/15/1989	3/1/2014		8.25	166,808	1,970,000
2	Senior Note	1/15/1993	1/1/2008		7.97	166,042	1,000,000
3	Senior Note 2	10/1/1995	10/1/2010		6.91	298,386	2,727,273
4	Senior Note 3	12/15/1997	1/1/2012		6.85	411,000	4,000,000
5	Senior Note 4	12/29/2000	1/1/2015		7.83	1,409,400	14,000,000
6	Senior Note 5	10/31/2002	10/31/2017		6.64	1,992,000	27,272,727
7	Senior Note 6	10/12/2006	10/12/2020		5.50	241,389	20,000,000
8	Promissory Note	7/27/2005	1/31/2011		5.25	4,841	80,000
9							
10	Allocation to Florida Division	794,195					
11	Allocation to Other Jurisdictions	3,895,671					
12							
13	Total Chesapeake Utilities Corp.	4,689,866					
14							
15							
16							
17							
18							
19							
20	TOTAL					4,689,866	71,050,000

UNAMORTIZED DEBT EXPENSE, PREMIUM AND DISCOUNT ON LONG-TERM DEBT (Accounts 181, 225, 226)

1. Report under separate subheadings for Unamortized Debt Expense, Unamortized Premium on Long-Term Debt and Unamortized Discount on Long-Term Debt, particulars (details) of expense, premium or discount applicable to each class and series of long-term debt.

2. Show premium amounts by enclosing the figures in parentheses.

3. In column (b) show the principal amount of bonds or other long-term debt originally issued.

4. In column (c) show the expense, premium or discount with respect to the amount of bonds or other long-term debt originally issued.

5. Furnish in a footnote particulars (details) regarding the treatment of unamortized debt expense, premium or discount associated with issues redeemed during the year.

6. Identify separately indisposed amounts applicable to issues which were redeemed in prior years.

7. Explain any debits and credits other than amortization debited to Account 428, Amortization of Debt Discount and Expense, or credited to Account 429, Amortization of Premium on Debt - Credit.

Line No.	Designation of Long-Term Debt (a)	Principal Amount of Debt issued (b)	Total Expense Premium or Discount (c)	Amortization Period		Balance at beginning of Year (f)	Debits (Credits) During Year (g)	Balance at End of Year (h)
				Date From (d)	Date To (e)			
1	N/A							
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
16								
17								
18								

Name of Respondent Chesapeake Utilities Corporation	For the Year Ended Dec. 31, 2006
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MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES (Account 242)

1. Describe and report the amount of other current and accrued liabilities at the end of year. 2. Minor items (less than \$50,000) may be grouped under appropriate title.

Line No.	Item	Balance at End of Year
1	Competitive Rate Liability	(81,926)
2	Accrued Bonuses	76,364
3	Accrued Commissions	26,122
4	Self Insurance	29,338
5		
6		
7		
8		
9		
10		
11		
12		
13	TOTAL	49,898

OTHER DEFERRED CREDITS (Account 253)

1. Report below the particulars (details) called for concerning other deferred credits.
 2. For any deferred credit being amortized, show the period of amortization.
 3. Minor Items (less than \$25,000) may be grouped by classes.

Line No.	Description of Other Deferred Credit (a)	Balance Beginning of Year (b)	DEBITS		Credits (e)	Balance End of Year (f)
			Contra Account (c)	Amount (d)		
1	Unearned Interest Income	205,892		65,678	30	140,244
2	Deferred Revenues-Long Term	144,400		317,400	317,400	144,400
3	Deferred Environmental Costs	(649,747)		145,629	6,957	(788,419)
4						
5						
6						
7						
8						
9						
10						
11						
12						
13	TOTAL	(299,455)		528,707	324,387	(503,775)

OTHER REGULATORY LIABILITIES (Account 254)

1. Reporting below the particulars (details) called for concerning other regulatory liabilities which are created through the ratemaking actions of regulatory agencies (and not includable in other amounts). 2. For regulatory liabilities being amortized, show period of amortization in column (a).
 3. Minor items (5% of the Balance at End of Year for Account 254 or amounts less than \$50,000, whichever is less) may be grouped by classes.

Line No.	Description and Purpose of Other Regulatory Liabilities (a)	Balance Beginning of Year (b)	Debits		Credits (d)	Balance End of Year (e)
			Contra Account (b)	Amount (c)		
1	Environmental Regulatory Liability	1,000,000				1,000,000
2	109 Regulatory Liability	24,728				24,728
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13	TOTAL	1,024,728		0	0	\$1,024,728

TAXES OTHER THAN INCOME TAXES (Account 408.1)

Line No.	Name of Taxing Authority	Real Property	Tangible Personal Property	Intangible Personal Property	FICA, SUTA, FUTA	Gross Receipts	Regulatory Assessment Fees	Environmental, Excise	Franchise	Payroll	Other*	Total
1	Gas		676,276				(179)				189,127	865,224
2												
3												
4												
5												
6	Non-Operating Income Tax											0
7												
8												
9												
10												
11												
12												
13												
14												
15	Less: Charged to Construction											
16	TOTAL Taxes Charged During Year (Lines 1-15) to Account 408.1	0	676,276	0	0	0	(179)	0	0	189,127		865,224

Note: *List separately each item in excess of \$500.

ACCUMULATED DEFERRED INVESTMENT TAX CREDITS (Account 255)

Report below the information applicable to Account 255. Where appropriate, segregate the balances and transactions by utility and nonutility operations. Explain by footnote any correction adjustment to the account balance shown in column (f).

Line No.	Account Subdivisions (a)	Balance Beginning of Year (b)	Amount Deferred for Year (c)	Acct. No. (d)	Allocations to Current Year's Income		Adjustments (f)	Balance End of Year of (g)	Average Period of Allocation to Income (h)
					Amount (e)	Amount (e)			
1	Gas Utility								
2	3%								
3	4%								
4	7%								
5	10%	210,861		420		19,524		191,337	
6									
7									
8									
9									
10	TOTAL								

Notes

ACCUMULATED DEFERRED INCOME TAXES (Account 190)

1. At Other (Specify), include deferrals relating to other income and deductions.
2. In the space provided below, identify by amount and classification, significant items for which deferred taxes are being provided.

Line No.	Balance at Beginning of Year	Changes During Year				Adjustments		Balance at End of Year
		Amounts Debited to Account 410.1	Amounts Credited to Account 411.1	Amounts Debited to Account 410.2	Amounts Credited to Account 411.2	Account No.	Amount	
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
		Notes						

ACCUMULATED DEFERRED INCOME TAXES (Accounts 281, 282, 283)

Line No.	Balance at Beginning of Year	Changes During Year				Adjustments		Balance at End of Year
		Amounts Debited to Account 410.1	Amounts Credited to Account 411.1	Amounts Debited to Account 410.2	Amounts Credited to Account 411.2	Account No.	Amount	
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
16								
17								
18								
19								
20								
21								
22								
23								
24								
25								
		Notes						

Name of Respondent Chesapeake Utilities Corporation		For the Year Ended Dec. 31, 2006
RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES		
<p>1. Report the reconciliation of reported net income for the year with taxable income used in computing Federal income tax accruals and show computation of such tax accruals. Include in the reconciliation, as far as practicable, the same detail as furnished on Schedule M-1 of the tax return for the year. Submit a reconciliation even though there is no taxable income for the year. Indicate clearly the nature of each reconciling amount.</p> <p>2. If the utility is a member of a group which files a consolidated Federal tax return, reconcile reported net income with taxable net income as if a separate return were to be filed, indicating, however, intercompany amounts to be eliminated in such a consolidated return. State names of group members, tax assigned to each group member, and basis of allocation, allocation, assignment, or sharing of the consolidated tax among the group members.</p>		
Line No.	Particulars (Details) (a)	Amount (b)
1	Net Income for the Year (Page 9)	1,508,487
2	Reconciling Items for the Year	
3		
4	Taxable Income Not Reported on Books	
5	Add Back Federal Taxes	805,141
6	Add Back ITC Amortization and Deferred Tax Expense	124,581
7		
8		
9	Deductions Recorded on Books Not Deducted for Return	
10		
11		
12		
13		
14		
15		
16		
17		
18	Income Recorded on Books Not Included in Return	
19		
20		
21		
22		
23		
24		
25		
26	Deductions on Return Not Charged Against Book Income	
27	Timing and Permanent Differences	(1,032,340)
28		
29		
30		
31		
32		
33		
34	Federal Tax Net Income	1,405,869
35	Show Computation of Tax:	
36	Federal Taxable Income	1,405,869
37	x Tax Rate	0.35
38		
39	Current Federal Income Tax	492,054
40		

GAS OPERATING REVENUES (Account 400)

1. Report below natural gas operating revenues for each prescribed account in total.
2. Report number of customers, columns (f) and (g), on the basis of meters, except that where separate meter readings are added for billing purposes, one customer should be counted for each group of meters added. The average number of customers means the average of twelve figures at the close of each month.
3. Report quantities of natural gas sold in therms (14.73 psia at 60 F).
4. Report gas service revenues and therms sold by rate schedule.
5. If increases or decreases from previous year (columns (c),(e), and (g)), are not derived from previously reported figures, explain any inconsistencies in a footnote.

Line No.	Title of Account (a)	Operating Revenues		Therms of Natural Gas Sold		Avg. No. of Natural Gas Customers Per Mo.	
		Amount for Year (b)	Amount for Previous Year (c)	Current Year (d)	Previous Year (e)	Current Year (f)	Previous Year (g)
1	Gas Service Revenues						
2	Firm Sales Service						
3	480						
4	481						
5	481						
6	481						
7	481						
8	481						
9	Interruptible Sales Service						
10	481						
11	481						
12	Firm Transportation Service						
13	489	11,032,546	10,975,969	130,996,672	133,399,595	13,731	12,760
14	489						
15	489						
16	Interruptible Transportation Serv.						
17	489						
18	489						
19	482 Other Sales to Public Authorities						
20	484 Flex Rate - Refund	4,721	13,471				
21	TOTAL Sales to Ultimate Consumers	11,037,267	10,989,440	130,996,672	133,399,595	13,731	12,760
22	483 Sales for Resale						
23	Off-System Sales						
24	TOTAL Nat. Gas Service Revenues	11,037,267	10,989,440				
25	TOTAL Gas Service Revenues	11,037,267	10,989,440				
26	Other Operating Revenues						
27	485 Intracompany Transfers						
28	487 Forfeited Discounts						
29	488 Misc. Service Revenues	181,265	166,265				
30	489 Rev. from Trans. of Gas of Others	47,489	3,677				
31	not included in above rate schedules)						
32	493 Rent from Gas Property	5,213					
33	494 Interdepartmental Rents						
34	495 Other Gas Revenues						
35	Initial Connection						
36	Reconnect for Cause						
37	Collection in lieu of disconnect						
38	Returned Check	925	275				
39	Other	1,644,100	1,166,560				
40	495.1 Overrecoveries Purchased Gas						
41	TOTAL Other Operating Revenues	1,878,992	1,336,776				
42	TOTAL Gas Operating Revenues	12,916,259	12,326,217				
43	(Less) 496 Provision for Rate Refunds						
44	TOTAL Gas Operating Revenues Net of Provision for Refunds						
45	Sales for Resale						
46	Other Sales to Public Authority						
47	Interdepartmental Sales						
48	TOTAL	12,916,259	12,326,217	130,996,672	133,399,595		

Notes

GAS OPERATION AND MAINTENANCE EXPENSES

If the amount for previous year is not derived from previously reported figures, explain in footnotes.

Line No.	Account	Amount for Current Year	Amount for Previous Year
1	1. Production Expenses		
2	A. TOTAL Manufactured Gas Production (Total of Accounts 700-742)		
3	B. TOTAL Natural Gas Prod. and Gathering (Total of Accts. 750 - 769)		
4	C. TOTAL Products Extraction (Total of Accounts 770 through 791)		
5	D. TOTAL Exploration and Development (Total of Accts. 795 through 798)		
6	E. Other Gas Supply Expenses		
7	Operation		
8	800 Natural Gas Well Head Purchases		
9	800.1 Natural Gas Well Head Purchases, Intracompany Transfers		
10	801 Natural Gas Field Line Purchases		
11	802 Natural Gas Gasoline Plant Outlet Purchases		
12	803 Natural Gas Transmission Line Purchases		
13	804 Natural Gas City Gate Purchases	0	0
14	804.1 Liquefied Natural Gas Purchases		
15	805 Other Gas Purchases		
16	805.1 Purchased Gas Cost Adjustments - Debit/(Credit)	0	0
17	TOTAL Purchased Gas (Total of Lines 8 to 16)	0	0
18	806 Exchange Gas		
19	Purchased Gas Expenses		
20	807.1 Well Expenses--Purchased Gas		
21	807.2 Operation of Purchased Gas Measuring Stations		
22	807.3 Maintenance of Purchased Gas Measuring Stations		
23	807.4 Purchased Gas Calculations Expenses		
24	807.5 Other Purchased Gas Expenses		
25	TOTAL Purchased Gas Expenses (Total of lines 20 through 24)		
26	808.1 Gas Withdrawn from Storage--Debit		
27	(Less) 808.2 Gas Delivered to Storage--Credit		
28	809.1 Withdrawals of Liquefied Natural Gas for Processing--Debit		
29	(Less) 809.2 Deliveries of Natural Gas for Processing--Credit		
30	Gas Used in Utility Operations--Credit		
31	810 Gas Used for Compressor Station Fuel--Credit		
32	811 Gas Used for Products Extraction--Credit		
33	812 Gas Used for Other Utility Operations--Credit		
34	TOTAL Gas Used in Utility Operations--Credit (Lines 31 through 33)		
35	813 Other Gas Supply Expenses		
36	TOTAL Other Gas Supply Exp. (Total of Lines 17,18,25,26 through 29,34,35)	0	0
37	TOTAL Production Expenses (Total of Lines 2,3,4,5 and 36)		
38	2. Natural Gas Storage, Terminating and Processing Expenses		
39	A. TOTAL Underground Storage Expenses (Total of Accounts 814 through 837)		
40	B. TOTAL Other Storage Expenses (Total of Accounts 840 through 843.9)		
41	C. TOTAL Liquefied Nat Gas Terminating & Processing Expenses (Total of Accounts 844.1 through 847.8)		
42	TOTAL Natural Gas Storage (Total of lines 39, 40, and 41)		
43	3. Transmission Expenses		
44	TOTAL Transmission Expenses (Total of Accounts 850 through 867)		
45			
46			

GAS OPERATION AND MAINTENANCE EXPENSES (Continued)

Line No.	Account	Amount for Current Year	Amount for Previous Year
47	4. Distribution Expenses		
48	Operation		
49	870 Operation Supervision and Engineering	184,826	167,937
50	871 Distribution Load Dispatching	0	0
51	872 Compressor Station Labor and Expenses		
52	873 Compressor Station Fuel and Power		
53	874 Mains and Services Expenses	212,334	178,997
54	875 Measuring and Regulating Station Expenses--General	13,373	12,698
55	876 Measuring and Regulating Station Expenses--Industrial	31,124	45,639
56	877 Measuring and Regulating Station Expenses--City Gate Check Station	16,869	29,078
57	878 Meter and House Regulator Expenses	288,006	286,766
58	879 Customer Installations Expenses	26,067	24,502
59	880 Other Expenses	135,066	119,883
60	881 Rents	116,790	118,420
61	TOTAL Operation (Total of lines 49 through 60)	1,024,455	983,920
62	Maintenance		
63	885 Maintenance Supervision and Engineering		
64	886 Maintenance of Structures and Improvements	0	0
65	887 Maintenance of Mains	160,284	99,669
66	888 Maintenance of Compressor Station Equipment		
67	889 Maintenance of Meas. and Reg. Sta. Equip.--General	40,858	38,695
68	890 Maintenance of Meas. and Reg. Sta. Equip.--Industrial	46,753	62,340
69	891 Maintenance of Meas. and Reg. Sta. Equip.--City Gate Check Station	64,465	45,081
70	892 Maintenance of Services	7,957	14,035
71	893 Maintenance of Meters and House Regulators	105,862	81,133
72	894 Maintenance of Other Equipment	(2,294)	4,298
73	TOTAL Maintenance (Total of Lines 63 through 72)	423,885	345,251
74	TOTAL Distribution Expenses (Total of Lines 61 and 73)	1,448,340	1,329,171
75	5. Customer Accounts Expenses		
76	Operation		
77	901 Supervision	54,464	61,703
78	902 Meter Reading Expenses	150,076	147,119
79	903 Customer Records and Collection Expenses	591,986	468,858
80	904 Uncollectible Accounts	27,919	62,510
81	905 Miscellaneous Customer Accounts Expenses	0	35
82	TOTAL Customer Accounts Expenses (Total of Lines 77 through 81)	824,445	740,225
83	6. Customer Service and Informational Expenses		
84	Operation		
85	907 Supervision	0	0
86	908 Customer Assistance Expenses + Conservation	252,723	(117,912)
87	909 Informational and Instructional Expenses	0	0
88	910 Miscellaneous Customer Service and Informational Expenses	0	0
89	TOTAL Customer Service and Informational Expenses (Total of Lines 85 through 88)	252,723	(117,912)
90	7. Sales Expenses		
91	Operation		
92	911 Supervision		
93	912 Demonstrating and Selling Expenses	172,415	208,918
94	913 Advertising Expenses	10,028	30,649
95	916 Miscellaneous Sales Expenses	0	0
96	TOTAL Sales Expenses (Total of lines 92 through 95)	182,443	239,567
97			

GAS OPERATION AND MAINTENANCE EXPENSES (Continued)

Line No.	Account	Amount for Current Year	Amount for Previous Year
98	8. Administrative and General Expenses		
99	Operation		
100	920 Administrative and General Salaries	1,170,860	1,213,064
101	921 Office Supplies and Expenses	497,980	491,310
102	(Less) (922) Administrative Expenses Transferred--Credit	0	0
103	923 Outside Services Employed	341,290	433,769
104	924 Property Insurance	16,358	14,117
105	925 Injuries and Damages	248,727	247,020
106	926 Employee Pensions and Benefits	391,407	486,839
107	927 Franchise Requirements	0	0
108	928 Regulatory Commission Expenses	0	0
109	(Less) (929) Duplicate Charges--Credit	0	0
110	930.1 General Advertising Expenses	770	1,944
111	930.2 Miscellaneous General Expenses	158,581	156,130
112	931 Rents	67,459	79,819
113	TOTAL Operation (Total of lines 100 through 112)	2,893,432	3,124,012
114	Maintenance		
115	935 Maintenance of General Plant	7,119	7,572
116	TOTAL Administrative and General Expense (Total of lines 113 and 115)	2,900,551	3,131,584
117			
118	TOTAL Gas O&M Expenses (Lines 37, 42, 44, 74, 82, 89, 96, and 116)	5,608,502	5,322,635
119			
120			

NUMBER OF GAS DEPARTMENT EMPLOYEES

1. The data on number of employees should be reported for payroll period ending nearest to October 31, or any payroll period ending 60 days before or after October 31.
2. If the respondent's payroll for the reporting period includes any special construction personnel, include such employees on line 3, and show the number of such special construction employees in a footnote.
3. The number of employees assignable to the gas department from joint functions of combination utilities may be determined by estimate, on the basis of employee equivalents. Show the estimated number of equivalent employees attributed to the gas department from joint functions.

1		
2	1. Payroll Period Ended (Date)	November 1, 2006
3	2. Total Regular Full-Time Employees	56
4	3. Total Part-Time and Temporary Employees	0
5	4. Total Employees	56
6		
7		
8		
9		
10		
11		
12		
13		

Name of Respondent Chesapeake Utilities Corporation	For the Year Ended Dec. 31, 2006
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GAS PURCHASES (Accounts 800, 800.1, 801, 802, 803, 804, 804.1, 805, 805.1)

1. Provide totals for the following accounts: 800 - Natural Gas Well Head Purchases 800.1- Natural Gas Well Head Purchases Intracompany Transfers 801 - Natural Gas Field Line Purchases 802 - Natural Gas Gasoline Plant Outlet Purchases 803 - Natural Gas Transmission Line Purchases 804 - Natural Gas City Gate Purchases 804.1- Liquefied Natural Gas Purchases 805 - Other Gas Purchases 805.1- Purchases Gas Cost Adjustments		The totals shown in columns (b) and (c) should agree with the books of account. Reconcile any differences in a footnote. 2. State in column (b) the volume of purchased gas as finally measured for the purpose of determining the amount payable for the gas. Include current year receipts of makeup gas that was paid for in prior years. 3. State in column (c) the dollar amount (omit cents) paid and previously paid for the volumes of gas shown in column (b). 4. State in column (d) the average cost per Therm to the nearest hundredth of a cent. (Average means column (c) divided by column (b) multiplied by 100.)		
Line No.	Account Title (a)	Gas Purchased- Therms (14.73 psia 60 F) (b)	Cost of Gas (In dollars) (c)	Average Cost Per Therm (To nearest .01 of a cent) (d)
1	800 - Natural Gas Well Head Purchases			
2	800.1 - Natural Gas Well Head Purchases, Intracompany Transfers			
3	801 - Natural Gas Field Line Purchases			
4	802 - Natural Gas Gasoline Plant Outlet Purchases			
5	803 - Natural Gas Transmission Line Purchases			
6	804 - Natural Gas City Gate Purchases			
7	804.1 - Liquefied Natural Gas Purchases			
8	805 - Other Gas Purchases			
9	805.1 - Purchased Gas Cost Adjustments			
10	TOTAL (Total of lines 1 through 9)	N/A	N/A	N/A

Notes to Gas Purchases

GAS USED IN UTILITY OPERATIONS - CREDIT (Accounts 812)

1. Report below particulars (details) of credits during the year to Accounts 810, 811 and 812 which offset charges to operating expenses or other accounts for the cost of gas from the respondent's own supply. 2. Natural gas means either natural gas unmixed, or any mixture of natural and manufactured gas. 3. If the reported Therms for any use is an estimated quantity, state such fact in a footnote.		4. If any natural gas was used by the respondent for which a change was not made to the appropriate operating expense or other account, list separately in column (c) the Therms of gas used, omitting entries in columns (d) and (e). 5. Report pressure base of measurement of gas volumes at 14.73 psia at 60 degrees F.		
Line No.	Purpose for Which Gas Was Used (a)	Account Charged (b)	Therms of Gas Used (c)	Natural Gas Amount of Credit (d)
1	812 Gas used for Other Utility Operations Credit (Report separately for each principal uses. Group minor uses.)			
2	N/A			
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18	TOTAL			

REGULATORY COMMISSION EXPENSES (Account 928)

1. Report particulars (details) of regulatory commission expenses incurred during the current year (or incurred in previous years if being amortized) relating to formal cases before a regulatory body, or cases in which such a body was a party.
 2. Show in column (h) any expenses incurred in prior years which are being amortized. List in column (a) the period of amortization.
 3. The totals of columns (c), (f), (h), and (i) must agree with the totals shown at the bottom of page 19 for Account 186
 4. List in Column (d) and (e) expenses incurred during year which were charged currently to income, plant, or other accounts.
 5. Minor items (less than \$25,000) may be grouped.

Line No.	Description (Name of regulatory commission, the docket number, and a description of the case.) (a)	Total Expenses to Date (b)	Deferred in Account 186 Beginning of Year (c)	Expenses Incurred During Year		Amortized During Year		Deferred in Account 186 End of Year (i)
				Charged Currently to Account No. (d)	Deferred to Account 186 (f)	Contra Account (g)	Amount (h)	
1	Environmental Regulatory		192,821	1865		405	71,113	121,708
2	Conservation Cost Recovery		303,930	2530	(252,522)			51,408
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
16								
17	TOTAL		496,751		(252,522)		71,113	173,116

MISCELLANEOUS GENERAL EXPENSES (Account 930.2) (Gas)

Line No.	Description (a)	Amount (b)
1	Industry Association Dues	
2	Experimental and General Research Expenses: (a) Gas Research Institute (GRI) (b) Other	
3	Publishing and distributing information and reports to stockholders; trustee, registrar, and transfer agent fees and expenses, and other expenses of servicing outstanding securities of the Respondent.	17,621
4	Other expenses (items of \$5,000 or more must be listed separately in this column showing the (1) purpose, (2) recipient and (3) amount of such items. Amounts of less than \$5,000 may be grouped by classes if the number of items so grouped is shown.)	
5		
6	Misc Corporate Adjustments	7,476
7	Board Meetings and Director Fees	89,281
8	Misc Board of Director Expenses	664
9	Misc Investor Relations Expenses	43,539
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20	TOTAL	158,581

DISTRIBUTION OF SALARIES AND WAGES

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals, and Other Accounts, and enter such amounts in the appropriate lines and columns provided. In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used.

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll Charged for Clearing Accounts (c)	Total (d)
1	Electric			
2	TOTAL Operation and Maintenance - Electric			
3	Gas			
4	Operation			
5	Production - Manufdt. Gas & Nat.Gas (inc. Expl. and Dev.); Other Gas Supply; Storage, LNG, Terminaling & Processing			
6	Transmission			
7	Distribution	391,610		
8	Customer Accounts	357,822		
9	Customer Service and Informational	0		
10	Sales	73,022		
11	Administrative and General	432,438		
12	TOTAL Operation (Total of lines 5 through 11)	1,254,892		
13	Maintenance			
14	Production - Manufdt. Gas & Nat.Gas (inc. Expl. and Dev.); Other Gas Supply; Storage, LNG, Terminaling & Processing			
15	Transmission			
16	Distribution	220,217		
17	Administrative and General			
18	TOTAL Maintenance (Total of lines 14 through 17)	220,217		
19	Total Operation and Maintenance	1,475,109		
20	Production - Manufdt. Gas & Nat.Gas (inc. Expl. and Dev.); Other Gas Supply; Storage, LNG, Terminaling & Processing			
21	Transmission (Enter Total of lines 6 and 15)			
22	Distribution (Total of lines 7 and 16)	611,827		
23	Customer Accounts (Transcribe from line 8)	357,822		
24	Customer Service and Informational (Transcribe from line 9)			
25	Sales (Transcribe from line 10)	73,022		
26	Administrative and General (Total of lines 11 and 17)	432,438		
27	TOTAL Operation and Maint. (Total of lines 20 through 26)	1,475,109		
28	Other Utility Departments			
29	Operation and Maintenance			
30	TOTAL All Utility Dept. (Total of lines 2, 27, and 29)			
31	Utility Plant			
32	Construction (By Utility Departments)			
33	Electric Plant			
34	Gas Plant			
35	Other			
36	TOTAL Construction (Total of lines 33 through 35)			
37	Plant Removal (By Utility Department)			
38	Electric Plant			
39	Gas Plant			
40	Other			
41	TOTAL Plant Removal (Total of lines 38 through 40)			
42				
43	Other Accounts (Specify):			
44				
45				
46				
47				
48				
49				
50				
51				
52				
53	TOTAL Other Accounts			
54	TOTAL SALARIES AND WAGES	1,475,109		

Name of Respondent Chesapeake Utilities Corporation	For the Year Ended Dec. 31, 2006
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CHARGES FOR OUTSIDE PROFESSIONAL AND OTHER CONSULTATIVE SERVICES

1. Report the information specified below for all charges made during the year included in any account (including plant accounts) for outside consultative and other professional services. (These services include rate, management, construction, engineering, research, financial, valuation, legal, accounting, purchasing, advertising, labor relations, and public relations, rendered the respondent under written or oral arrangement, for which aggregate payments were made during the year to any corporation, partnership, organization of any kind, or individual [other than for services as an employee or for payments made for medical and related services] amounting to more than \$25,000, including payments for legislative services, except those which should be reported in Account 426.4 - Expenditures for Certain Civic, Political and Related Activities.

(a) Name of person or organization rendering services,
(b) description of services received,
(c) basis of charges,
(d) total charges for the year, detailing account charged.

2. For any services which are of a continuing nature, give the date and term of contract.

3. Designate with an asterisk associated companies.

	Description	Amount
1	Legal	33,811
2	Accounting and Audit	90,210
3	Consultant	118,771
4	Other	392,657
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24		
25		
26		
27		
28		
29		
30	Total	635,449

PARTICULARS CONCERNING CERTAIN INCOME DEDUCTIONS AND INTEREST CHARGES ACCOUNTS

Report the information specified below, in the order given for the respective income deduction and interest charges accounts. Provide a subheading for each account and total for the account. Additional columns may be added if deemed appropriate with respect to any account.

(a) Miscellaneous Amortization (Account 425) - Describe the nature of items included in this account, the contra account charges, the total of amortization charged for the year, and the period of amortization.

(b) Miscellaneous Income Deductions - Report the nature, payee, and amount of other income deductions for the year as required by Accounts 426.1, Donations; 426.2 Life Insurance; 426.3 Penalties; 426.4, Expenditures for Certain Civic, Political and Related Activities; and 426.5, Other Deductions, of the Uniform System of Accounts. Amounts of less than \$25,000 may be grouped by classes within the above accounts.

(c) Other Interest Expense (Account 431) - Report particulars (Details) including the amount and interest rate for each other interest charges incurred during the year.

	Item	Amount
1	Charitable Contributions - 4261	2,750
2	Penalties - 4263	3,132
3	Other Interest Charges - 4310	323,931
4		
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15		
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18		
19		
20		
21		
22		
23		
24	Total	329,813

**Reconciliation of Gross Operating Revenues
 Annual Report versus Regulatory Assessment Fee Return**

For the current year, reconcile the gross operating revenues as reported on Page 26 of this report with the gross operating revenues as reported on the utility's regulatory assessment fee return. Explain and justify any differences between the reported gross operating revenues in column (f).

(a) Line No.	(b) Description	(c) Gross Operating Revenues per Page 26	(d) Interstate and Sales for Resale Adjustments	(e) Adjusted Interstate Gross Operating Revenues	(f) Intrastate Gross Operating Revenues per RAF Return	(g) Difference (d) - (e)
1	Total Sales to Ultimate Customers (480-482, 484)	11,037,267	4,721	11,041,988	11,041,988	0
2	Sales for Resale (483)					
3	Total Natural Gas Service Revenues	11,037,267	4,721	11,041,988	11,041,988	0
4	Total Other Operating Revenues (485-495)	1,878,992	(65,271)	1,813,721	1,813,721	0
5	Total Gas Operating Revenues	12,916,259	(60,550)	12,855,709	12,855,709	0
6	Provision for Rate Refunds (496)					
7	Other (Specify)					
8						
9						
10	Total Gross Operating Revenues	12,916,259	(60,550)	12,855,709	12,855,709	0

Notes:

- 1) Add Transportation Overburn 4,721
- Add competitive rate surplus (12,569)
- Deduct competitive rate charge (47,489)
- Deduct Off System Sales (5,213)
- Deduct Rental Revenue
- Total adjustment (60,550)

Name of Respondent
Chesapeake Utilities Corporation

For the Year Ended

Dec. 31, 2006

CORPORATE STRUCTURE

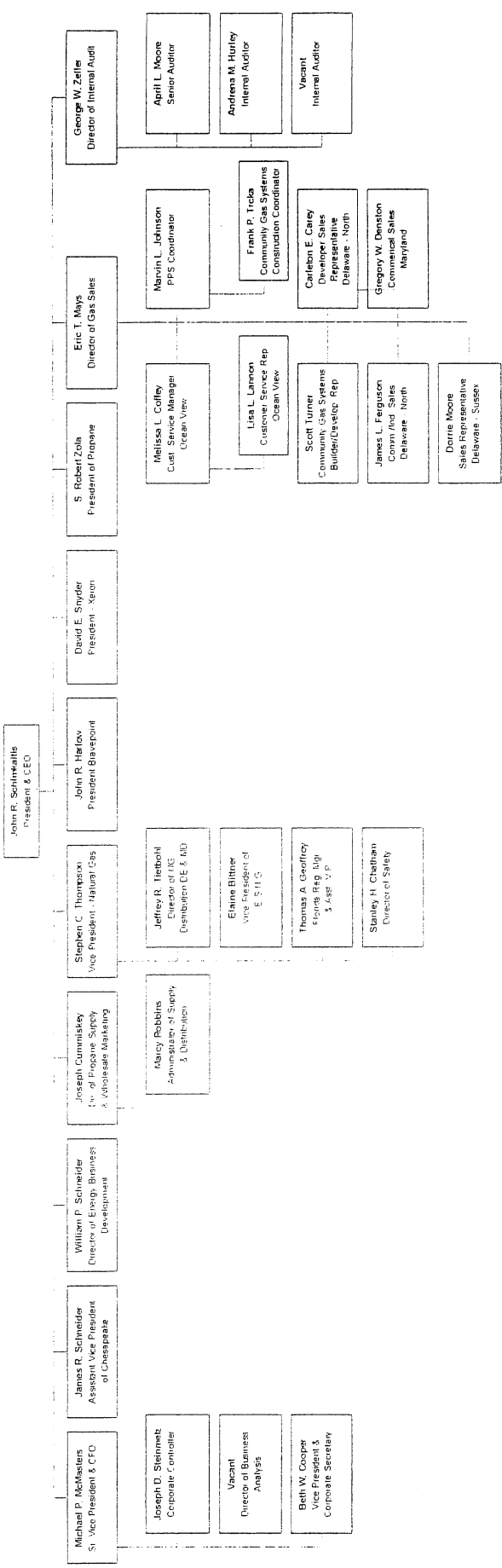
Provide an updated organizational chart showing all affiliated companies, partnerships, etc.

Effective Date:

See Attached

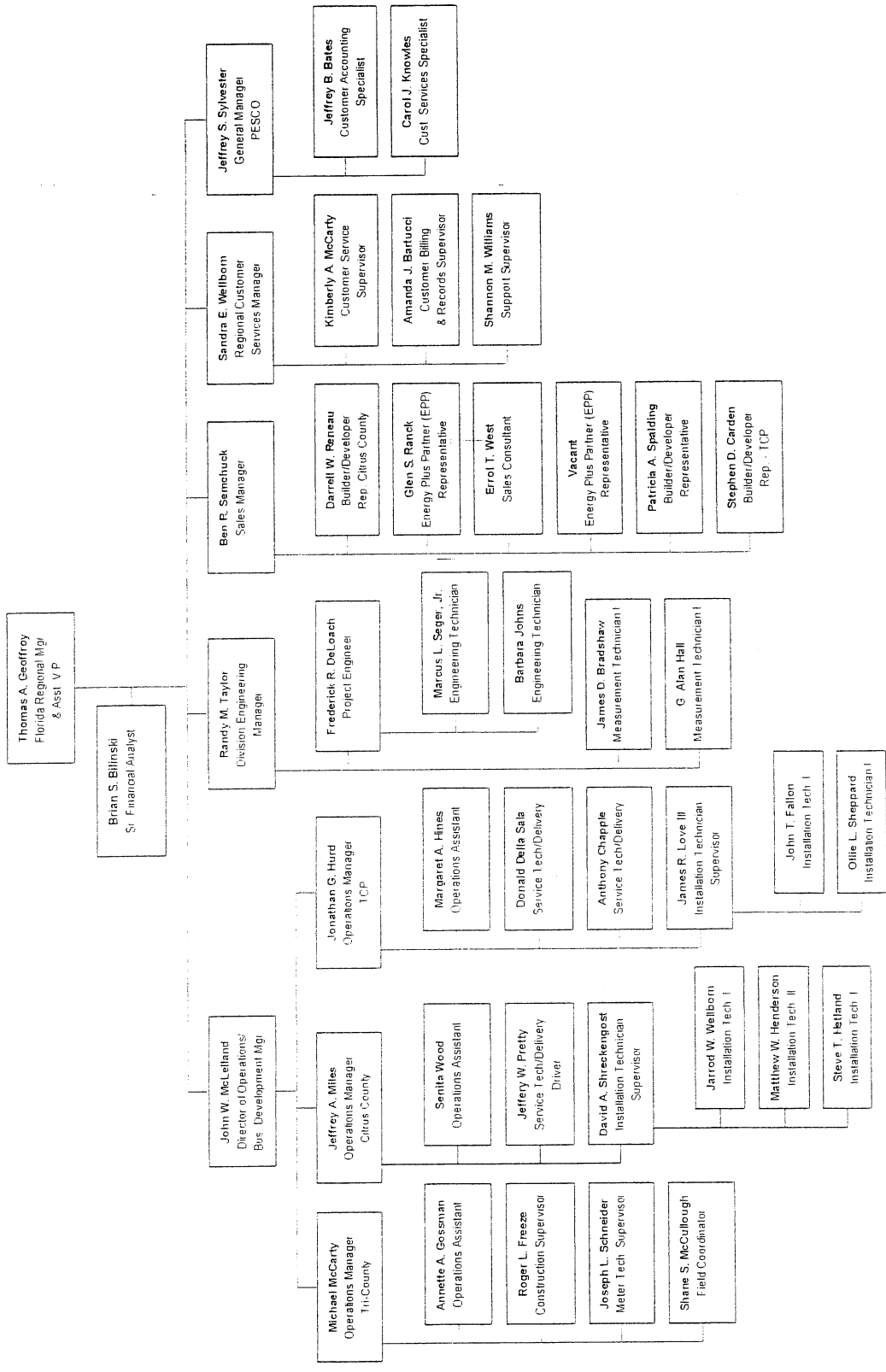
CHESAPEAKE UTILITIES CORPORATION

Corporate Management



CHESAPEAKE UTILITIES CORPORATION

Florida Energy



Name of Respondent Chesapeake Utilities Corporation For the Year Ended Dec. 31, 2006

SUMMARY OF AFFILIATED TRANSFERS AND COST ALLOCATIONS

Grouped by affiliate, list each contract, agreement, or other business transaction exceeding a cumulative amount of \$300 in any one year, entered into between the Respondent and an affiliated business or financial organization, firm, or partnership identifying parties, amounts, dates, and product, asset, or service involved.

(a) Enter name of affiliate.
 (b) Give description of type of service, or name the product involved.
 (c) Enter contract or agreement effective dates.
 (d) Enter the letter "p" if the service or product is purchased by the Respondent; "s" if the service or product is sold by the Respondent.
 (e) Enter utility account number in which charges are recorded.
 (f) Enter total amount paid, received, or accrued during the year for each type of service or product listed in column (c). Do not net amounts when services are both received and provided.

Name of Affiliate (a)	Type of Service and/or Name of Product (b)	Relevant Contract or Agreement and Effective Date (c)	Total Charge for Year		
			"p" or "s" (d)	Account Number (e)	Dollar Amount (f)
N/A					

Name of Respondent Chesapeake Utilities Corporation	For the Year Ended Dec. 31, 2006
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NEW OR AMENDED CONTRACTS WITH AFFILIATED COMPANIES

Provide a synopsis of each new or amended contract, agreement, or arrangement with affiliated companies for the purchase, lease, or sale of land, goods, or services (excluding tariffed items). The synopsis shall include, at a minimum, the terms, price, quantity, amount, and duration of the contracts.

Name of Affiliate	Synopsis of Contract
N/A	

INDIVIDUAL AFFILIATED TRANSACTIONS IN EXCESS OF \$25,000

Provide information regarding individual affiliated transactions in excess of \$25,000. Recurring monthly affiliated transactions which exceed \$25,000 per month should be reported annually in the aggregate. However, each land or property sales transaction even though similar sales recur, should be reported as a "non-recurring" item for the period in which it occurs.

Name of Affiliate	Description of Transaction	Dollar Amount
Individual Transactions > \$25k		
Chesapeake Utilities Corp	Accounts Payable - 03/31/06	\$50,000
Chesapeake Utilities Corp	Accounts Payable - 06/30/06	\$74,673
Chesapeake Utilities Corp	Accounts Payable - 12/31/06	\$55,000
Chesapeake Utilities Corp	Income Tax - 5/31/06	\$37,509
Chesapeake Utilities Corp	Income Tax - 12/31/06	(\$101,478)
Chesapeake Utilities Corp	Corporate Balance Reclassed to FRU's - 06/30/06	\$78,760
Chesapeake Utilities Corp	Corporate Balance Reclassed to FRU's - 11/30/06	\$274,969
Chesapeake Utilities Corp	Corporate Balance Reclassed to FRU's - 12/31/06	\$489,192
Chesapeake Utilities Corp	FRU Balance Reclassed to Corporate - 12/31/06	\$43,389
Pesco	Imbalance - 06/30/06	\$146,100
Pesco	Imbalance - 07/31/06	(\$146,100)
Pesco	Imbalance - 09/30/06	\$86,300
Pesco	Imbalance - 10/31/06	(\$86,300)
Pesco	Imbalance - 12/31/06	(\$165,651)
Sharp Florida	Accounts Receivable - 01/31/06	(\$991,828)
Sharp Florida	Accounts Receivable - 02/28/06	\$98,813
Sharp Florida	Accounts Receivable - 02/28/06	(\$95,718)
Sharp Florida	Accounts Receivable - 06/30/06	(\$2,170,776)
Recurring Transactions > \$25k per month		
Chesapeake Utilities Corp	Payroll	\$664,454
Chesapeake Utilities Corp	Department Expenses	\$710,016
Chesapeake Utilities Corp	Cash Transactions	(\$67,397,567)
Chesapeake Utilities Corp	Interest Allocation	\$1,069,293
Pesco	Accounts Receivable	\$1,294,751
Pesco	Cash Transactions	\$39,771,340
Sharp Florida	Cash Transactions	\$6,958,652

Name of Respondent Chesapeake Utilities Corporation	For the Year Ended Dec. 31, 2006
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ASSETS OR RIGHTS PURCHASED FROM OR SOLD TO AFFILIATES

Provide a summary of affiliated transactions involving asset transfers or the right to use assets.

Name of Affiliate	Description of Asset or Right	Cost/Orig. Cost	Accumulated Depreciation	Net Book Value	Fair Market Value	Purchase Price	Title Passed Yes/No
Purchases from Affiliates:							
N/A		\$	\$	\$	\$	\$	
						\$	
Total						\$	
Sales to Affiliates:							
N/A		\$	\$	\$	\$	Sales Price	
						\$	
Total						\$	

EMPLOYEE TRANSFERS

List employees earning more than \$50,000 annually transferred to/from the utility to/from an affiliate company.

Company Transferred From	Company Transferred To	Old Job Assignment	New Job Assignment	Transfer Permanent or Temporary and Duration
Chesapeake Utilities Corp	Pesco	Director of Business Analysis	Pesco General Manager	Permanent