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January 14, 1997

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Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

HAND DELIVERY

RE: Docket No. **970003-GU**
Purchased Gas Adjustment (PGA)

Dear Ms. Bayo:

Enclosed for filing in the above docket on behalf of Chesapeake Utilities Corporation are an original and fifteen copies of the following:

1. Petition for Approval of Chesapeake Utilities Corporation's Purchased Gas Adjustment Factor; **00476-97**
2. Direct Testimony of Anne V. Wood; **00477-97**
3. Exhibit AVW-2: Purchased Gas Projection Filing (April, 1997 - March, 1998); and **00478-97**
4. our Certificate of Service. *attached to letter*

Please acknowledge receipt of the foregoing by stamping the enclosed extra copy of this letter and returning same to my attention. Thank you for your assistance.

Sincerely,

Wayne L. Schiefelbein
Wayne L. Schiefelbein

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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IN RE: Purchased Gas Adjustment)
(PGA) True-up)

Docket No. 970003-GU
Filed: January 14, 1997

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that true and correct copies of the Petition for Approval of Chesapeake Utilities Corporation's Purchased Gas Adjustment Factor, the Direct Testimony of Anne V. Wood and Exhibit AVW-2, have been furnished on this 14th day of January, 1997 by hand-delivery to W. COCHRAN KEATING, ESQ., Division of Legal Services, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, and by regular U.S. Mail to the following:

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Attorneys for Chesapeake Utilities
Corporation

3. Pursuant to the requirements of this docket, Chesapeake Utilities Corporation has prefiled the PGA true-up forms supplied by the Electric and Gas Department for the April 1995 - March 1996 period in a manner consistent with the Department's instructions.

4. As indicated in the prefiled true-up forms, Chesapeake Utilities Corporation has experienced an overrecovery of \$624,965 for the April 1995 - March 1996 period. In the February 1996 hearings in this docket, an estimated overrecovery of \$765,449 for the April 1995 - March 1996 period was approved for calculation of the true-up factor for April 1996 - March 1997. Therefore, a final true-up amount of \$140,484 (underrecovery) will be included in the current calculation of the April 1997 - March 1998 true-up factor.

5. For the period of April 1996 to March 1997, Chesapeake Utilities Corporation projects an underrecovery of \$815,801, resulting in a total underrecovery of \$956,285 to collect in the April 1997 - March 1998 period. The Company projects therm sales of 38,929,863 for the April 1997 - March 1998 period. Therefore, the cumulative true-up factor to be applied to gas bills for this period is 2.456 cents per therm surcharge.

6. As indicated on the attached schedules E-1 through E-5, the Company projects total gas costs for the April 1997 - March 1998 period to be \$14,553,463. As stated previously, the Company projects therm sales of 38,929,863 resulting in a weighted average cost of gas (WACOG) of 40.601 cents per therm for the twelve-month period. Since the Company historically experiences

higher gas costs during the winter months, the Company requests that its projected firm winter average cost of gas for the months of October 1997 through March 1998 be approved as the maximum PGA factor to be charged during the period of April 1997 through March 1998.

7. Allocation of the total gas costs to firm and interruptible customers results in a firm winter WACOG of 48.537 cents per therm, including the true-up factor and taxes, for the April 1997 - March 1998 period. The Company projects the interruptible winter WACOG including the true-up factor and taxes, to be 42.059 cents per therm for the April 1997 - March 1998 period.

WHEREFORE, for the purpose of establishing the maximum rate to be charged for all gas sales during the period April 1997 - March 1998, Chesapeake Utilities Corporation petitions the Commission to approve a factor of 48.537 cents per therm.

DATED this 14th day of January, 1997.

Respectfully submitted,
CHESAPEAKE UTILITIES CORPORATION
FLORIDA DIVISION

By Anne V. Wood
Anne V. Wood
Accounting and Rates Manager