

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for
authorization to establish new
small volume customer
classifications and rates for
experimental transitional
transportation service program,
by Florida Division of
Chesapeake Utilities
Corporation.

DOCKET NO. 030452-GU
ORDER NO. PSC-03-0890-TRF-GU
ISSUED: August 4, 2003

The following Commissioners participated in the disposition of
this matter:

LILA A. JABER, Chairman
J. TERRY DEASON
BRAULIO L. BAEZ
RUDOLPH "RUDY" BRADLEY
CHARLES M. DAVIDSON

ORDER APPROVING PETITION FOR AUTHORIZATION TO ESTABLISH
NEW SMALL VOLUME CUSTOMER CLASSIFICATION AND RATES

BY THE COMMISSION:

BACKGROUND

By Order No. PSC-02-1646-TRF-GU, issued November 25, 2002, in
Docket No. 020277-GU, we approved Phase One of Chesapeake Utilities
Corporation's (Chesapeake or the Company) petition to convert all
remaining sales customers to transportation service and to exit the
merchant function, effective November 5, 2002. We approved the
Transitional Transportation Service (TTS) program as an
experimental pilot program, pursuant to Section 366.075 Florida
Statutes.

Since the implementation of the TTS program, the Company's TTS
customers have been experiencing lower fuel costs than the Company
would have billed had it remained the customers' gas supplier. The
savings have resulted from the reallocation of pipeline capacity

DOCUMENT NUMBER-DATE

07059 AUG-4-8

FPSC-COMMISSION CLERK

and enhanced commodity buying capabilities of the TTS Pool Manager. While customer fuel costs have been reduced, a number of small volume customers have contacted the Company regarding an increase in their overall gas bill and questioned the benefits of the TTS Program.

As a result of the customer complaints, Chesapeake began an evaluation of the TTS program. Based on the results of its analysis, the Company filed a petition on May 16, 2003, to establish new small volume customer classifications and rates for the experimental TTS program.

We are vested with jurisdiction over this matter by several provisions of Chapter 366, Florida Statutes, including Sections 366.04, 366.05, and 366.06 Florida Statutes.

APPROVING PETITION FOR AUTHORIZATION TO ESTABLISH
NEW SMALL VOLUME CUSTOMER CLASSIFICATION AND RATES

Through its analysis of bill frequencies, appliance mix, seasonal usage patterns and related data, the Company has determined that there is a need to establish a greater stratification of its smallest volume (TS-1) customer class. The current volume range of 0 to 500 annual therms in the TS-1 rate class (approved by Order No. PSC-00-2263-FOF-GU, issued November 28, 2000, in Docket No. 000108-GU), is insufficient to adequately represent the group of customers currently assigned to the class. The Company proposes to restructure the existing TS-1 class into three new customer classes.

When the TTS program was implemented, all of Chesapeake's remaining sales service customers (9,538 residential and 552 non-residential) were transferred to transportation service rate schedules. As the transportation rate schedules have higher customer charges than the corresponding sales rate schedules, the customers began paying a higher monthly customer charge. For the residential customers, the customer charge increased by \$5.00 per month.

For most customers, the fuel and tax savings associated with the TTS program more than offset the increases in the monthly customer charges, and result in an overall lower monthly bill.

However, for certain low-use customers, such as residential water heating only and cooking only accounts, this was not the case.

We find that the TTS program shall be designed to provide a net benefit to all participating customers. In order for these small-volume customers to realize savings from Phase One of the TTS program, the Company proposes a base rate reduction for the TS-1 rate class as follows:

<u>PRESENT</u>			<u>APPROVED</u>		
<u>Rate</u>	<u>Customer Charge</u>	<u>Energy Charge</u>	<u>Rate</u>	<u>Customer Charge</u>	<u>Energy Charge</u>
TS-1	\$15.00	\$0.44073	TS-1A	\$10.00	\$0.44073
0-500	Therms/year		0-130	Therms/year	
			TS-1B	\$12.50	\$0.44073
			131-250	Therms/year	
			TS-1C	\$15.00	\$0.44073
			251-500	Therms/year	

Based on the current rates, the projected TTS-related transportation service revenues of \$906,480 are greater than the currently projected program costs of \$606,146.

With the implementation of the above rates, the Company will incur a revenue decrease of approximately \$298,000, resulting in a projected revenue amount of \$608,480 (\$906,480-\$298,000.) This revenue reduction will cause the total revenues to be essentially equal to the total costs. The new customer classifications and rates applicable to the TS-1 class will thus achieve an appropriate overall balance of projected program revenues with costs, and ensure that all customers receive proportionate and immediate benefits from the TTS program. Based upon the foregoing, the new rates and classifications are hereby approved and are effective the date of our vote in this matter.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the Petition for authorization to establish new small volume customer classifications and rates for experimental transitional

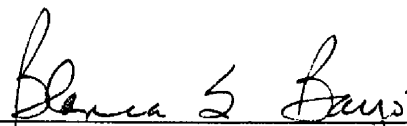
ORDER NO. PSC-03-0890-TRF-GU
DOCKET NO. 030452-GU
PAGE 4

transportation service program, by Florida Division of Chesapeake Utilities Corporation, is hereby approved, effective the date of our vote in this matter. It is further

ORDERED that if a protest is filed by a person whose substantial interests are affected within 21 days of the Order approving the rates, the rates shall remain in effect pending resolution of the protest. It is further

ORDERED that if no protest is filed, this docket shall be closed upon the issuance of a Consummating Order.

By ORDER of the Florida Public Service Commission this 4th Day of August, 2003.



BLANCA S. BAYÓ, Director
Division of the Commission Clerk
and Administrative Services

(S E A L)

JSB

NOTICE OF FURTHER PROCEEDINGS

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

ORDER NO. PSC-03-0890-TRF-GU
DOCKET NO. 030452-GU
PAGE 5

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

The Commission's decision on this tariff is interim in nature and will become final, unless a person whose substantial interests are affected by the proposed action files a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on August 25, 2003.

In the absence of such a petition, this Order shall become final and effective upon the issuance of a Consummating Order.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.