

State of Florida



ORIGINAL

Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD  
TALLAHASSEE, FLORIDA 32399-0850

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-M-E-M-O-R-A-N-D-U-M- COMMISSION  
CLERK

**DATE:** January 18, 2005

**TO:** Kay B. Flynn, Chief of Records, Division of the Commission Clerk & Administrative Services

**FROM:** Elisabeth J. Draper, Economic Analyst, Division of Economic Regulation *EJD*

**RE:** Inclusion in Docket No. 040956-GU - Petition of the Florida Division Of Chesapeake Utilities Corporation for Authorization to Establish New Customer Classifications and Restructure Rates

On December 22, 2004, Chesapeake submitted the following documentation to be included in the docket file.

- Revised Cost of Service Study
- Revised Environmental Cost Recovery Factors
- Estimated CRA surcharge for 2006
- New Proposed Tariff Language for Tariff Sheet Nos. 36 and 99.1

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DOCUMENT NUMBER-DATE

00636 JAN 19 08

FPSC-COMMISSION CLERK

EXPLANATION: PROVIDE A FULLY ALLOCATED EMBEDDED  
 COST OF SERVICE STUDY

CLASSIFICATION OF RATE BASE - PLANT

LINE NO.	TOTAL	CUSTOMER	CAPACITY	COMMODITY	REVENUE	THIRD PARTY	THIRD PARTY	THIRD PARTY	THIRD PARTY	THIRD PARTY	THIRD PARTY	CLASSIFIER
						MARKETER - 1	MARKETER - 1	MARKETER - 1	MARKETER - 2	MARKETER - 2	MARKETER - 2	
						CUSTOMER	CAPACITY	COMMODITY	CUSTOMER	CAPACITY	COMMODITY	
1												100% capacity
2	1,289,085	1,031,268				257,817						80% customer; 20% TPM-1
3												
4												
5	68,240		68,240									100% capacity
6	251,482		251,482									
7	24,369,464		24,369,464									
8												
9	605,791		605,791									
10	2,351,556		2,351,556									
11	5,103,241	5,103,241										100% customer
12	2,527,213	1,263,607				1,213,062			50,544			50% cust; 48% TPM-1; 2% TPM-2
13	901,198	901,198										
14	1,330,852		1,330,852									100% capacity
15												at 374-385
16	335,463	65,826	258,637									at 374-386
17	38,084,540	7,334,871	29,486,062			1,213,062			50,544			Dist Plant
18	3,028,776	603,344	2,425,432									
19												
20												
21	614,324		614,324									at/c 376
22	43,016,725	6,969,483	32,325,819			1,470,879			50,544			

EXPLANATION: PROVIDE A FULLY ALLOCATED EMBEDDED  
 COST OF SERVICE STUDY

CLASSIFICATION OF RATE BASE  
 ACCUMULATED DEPRECIATION

LINE NO.	DESCRIPTION	TOTAL	CUSTOMER	CAPACITY	COMMODITY	REVENUE	THIRD PARTY						CLASSIFIER
							MARKETER - 1 CUSTOMER	MARKETER - 1 CAPACITY	MARKETER - 1 COMMODITY	MARKETER - 2 CUSTOMER	MARKETER - 2 CAPACITY	MARKETER - 2 COMMODITY	
1	LOCAL STORAGE PLANT												
2	INTANGIBLE PLANT:	(933,577)	(746,862)	-	-	-	(186,715)	-	-	-	-	-	Related Plant Acct
3	PRODUCTION PLANT:												
4	DISTRIBUTION PLANT:												
5	374 Land and Land Rights												
6	375 Structures and Improvements	(73,057)	-	(73,057)									
7	376 Mains	(7,112,507)	-	(7,112,507)									
8	377 Compressor Sta. Eq.	-	-	-									
9	378 Meas. & Reg. Sta. Eq.-Gen	(176,058)	-	(176,058)									
10	379 Meas. & Reg. Sta. Eq.-CG	(417,141)	-	(417,141)									
11	380 Services	(1,232,501)	(1,232,501)	-									
12	381-382 Meters	(888,207)	(444,104)	-			(426,339)		(17,764)				
13	383-384 House Regulators	(310,167)	(310,167)	-									
14	385 Indust.Meas. & Reg.Sta.Eq.	(155,623)	-	(155,623)									
15	385 Property on Customer Premises												
16	387 Other Equipment	(288,886)	(53,953)	(215,323)									
17	Total A.D. on Dist. Plant	(10,674,247)	(2,040,435)	(8,189,709)			(426,339)		(17,764)				
18	GENERAL PLANT:	(1,508,890)	(300,577)	(1,208,313)									general plant
19	PLANT ACQUISITIONS:												
20	RETIREMENT WORK IN PROGRESS:	172		172									a/c 376
21	TOTAL ACCUMULATED DEPRECIATION	(13,116,546)	(3,067,673)	(9,397,650)			(813,055)		(17,764)				
22	NET PLANT (Plant less Accum. Dep.)	29,900,183	5,881,610	23,127,968			857,824		32,780				
23	less: CUSTOMER ADVANCES	(150,901)	(75,451)	(75,451)									50%-50% cust-cap
24	plus: WORKING CAPITAL	766,098	425,367	256,522	41,805	-	40,708	-	1,695				oper. and maint. exp.
25	equals: TOTAL RATE BASE	30,515,380	6,231,526	23,309,040	41,805	-	899,332	-	34,475				

EXPLANATION: PROVIDE A FULLY ALLOCATED EMBEDDED  
 COST OF SERVICE STUDY

CLASSIFICATION OF EXPENSES AND  
 DERIVATION OF COST OF SERVICE BY COST CLASSIFICATION

	TOTAL	CUSTOMER	CAPACITY	COMMODITY	REVENUE	THIRD PARTY	THIRD PARTY	THIRD PARTY	THIRD PARTY	THIRD PARTY	THIRD PARTY	CLASSIFIER
						MARKETER - 1 CUSTOMER	MARKETER - 1 CAPACITY	MARKETER - 1 COMMODITY	MARKETER - 2 CUSTOMER	MARKETER - 2 CAPACITY	MARKETER - 2 COMMODITY	
1 OPERATIONS AND MAINTENANCE EXPENSES												
2 LOCAL STORAGE PLANT:												
3 PRODUCTION PLANT												
4 DISTRIBUTION:												
5 870 Operation Supervision & Insp.	137,290	75,126	62,154									- ac 871-879
6 871 Dist.Load Dispatch												
7 872 Compr.Sta.Lab. & Ex.												
8 873 Compr.Sta.Fuel & Power												
9 874 Maint. and Services	189,284	32,776	156,508									- ac376-ac380 ac 376
10 875 Meas. & Reg. Sta.Eq.-Gen	15,429		15,429									ac 385
11 876 Meas. & Reg. Sta.Eq.-Ind.	37,241		37,241									ac 379
12 877 Meas. & Reg. Sta.Eq.-CG	9,221		9,221									ac381-ac383 100% customer
13 878 Meter and House Req.	197,030	197,030										- ac 970 - 979 + ac 981 - 994 100% capacity
14 879 Customer Instal.	34,134		34,134									ac 885 - 894
15 880 Other Expenses	41,539	16,044	24,465			670		40				ac 885 - 894
16 881 Rents	109,612		109,612									ac 375
17 885 Maintenance Supervision												ac376
18 886 Maint. of Struct. and Improv.												ac 377
19 887 Maintenance of Mains	110,181		110,181									ac 378
20 888 Maint. of Comp.Sta.Eq.												ac 385
21 889 Maint. of Meas. & Reg. Sta.Eq.-Gen	12,594		12,594									ac 379
22 890 Maint. of Meas. & Reg. Sta.Eq.-Ind.	75,295		75,295									ac 380
23 891 Maint. of Meas. & Reg.Sta.Eq.-CG	55,105		56,105									ac381-383
24 892 Maintenance of Services	46,580	46,580										- ac387
25 893 Maint. of Meters and House Req.	75,190	47,420				26,572		1,107				
26 894 Maint. of Other Equipment	33,334	6,640	26,694									
27 Total Distribution Expenses	1,179,969	455,751	695,529			27,542		1,148				
28 CUSTOMER ACCOUNTS:												
29 901 Supervision	59,316	59,316										100% customer
30 902 Meter-Reading Expense	119,434	59,717				57,328		2,389				50% cust; 48% TPM-1; 2% TPM-2
31 903 Records and Collection Exp.	366,791	178,366				171,260		7,136				
32 904 Uncollectible Accounts	113,872			113,872								100% commodity
33 905 Misc. Expenses												100% customer
34 Total Customer Accounts	649,413	297,429		113,872		226,588		9,525				
35 (907-910) CUSTOMER SERV. & INFO. EXP.	889	889										100% customer
36 (911-916) SALES EXPENSE	252,373	252,373										general plant
37 (932) MAINT. OF GEN. PLANT	3,557		3,201									O&M excl. A&G
38 (920-931) ADMINISTRATION AND GENERAL	2,733,509	1,869,049	915,265	149,166								
39 TOTAL O&M EXPENSE	4,820,250	2,076,386	1,814,024	283,038		256,130		10,672				

FOR THE YEAR ENDED DECEMBER 31, 2003

EXPLANATION: PROVIDE A FULLY ALLOCATED EMBEDDED  
COST OF SERVICE STUDY

LINE NO.	DEPRECIATION AND AMORTIZATION EXPENSE:	TOTAL	CUSTOMER	CAPACITY	COMMODITY	REVENUE	CLASSIFICATION OF EXPENSES AND DERIVATION OF COST OF SERVICE BY COST CLASSIFICATION						CLASSIFIER	
							THIRD PARTY MARKETER - 1 CUSTOMER	THIRD PARTY MARKETER - 1 CAPACITY	THIRD PARTY MARKETER - 1 COMMODITY	THIRD PARTY MARKETER - 2 CUSTOMER	THIRD PARTY MARKETER - 2 CAPACITY	THIRD PARTY MARKETER - 2 COMMODITY		
1	Depreciation Expense	1,367,419	268,982	1,057,707			39,231			1,499				net plant
2	Amort. of Other Gas Plant													100% capacity
3	Amort. of CIS	194,955	155,964				38,991							80% capacity, 20% TPM-1
4	Amort. of Limited-term Inv.													intangible plant
5	Amort. of Acquisition Adj.													intangible, distribution, and general plant
6	Amort. of Conversion Costs													100% commodity
7	<b>Total Deprec. and Amort. Expense</b>	<b>1,562,374</b>	<b>424,946</b>	<b>1,057,707</b>			<b>78,222</b>			<b>1,499</b>				
8														
9	TAXES OTHER THAN INCOME TAXES:													
10	Revenue Related	56,155				56,155								100% revenue
11	Other	678,003	133,368	524,439			16,452		743					net plant
12	<b>Total Taxes other than Income Taxes</b>	<b>734,158</b>	<b>133,368</b>	<b>524,439</b>		<b>56,155</b>	<b>19,452</b>		<b>743</b>					
13	REV. CRODT TO COS(NEG. OF OTHR OPR. REV.)	(124,722)	(124,722)											100% customer
14	RETURN (REQUIRED NOI)	2,328,413	475,484	1,778,548	3,190	-	68,561	-	-	2,631	-	-	-	rate base
15	INCOME TAXES	821,427	167,743	627,443	1,125	-	24,187	-	-	928	-	-	-	return(noi)
16	REVENUE ADJUSTMENT FOR TS-1A & TS-1B	(167,652)	(167,652)											100% customer
17	OTHER	-	-											100% customer
18	<b>TOTAL OVERALL COST OF SERVICE</b>	<b>9,974,248</b>	<b>3,585,554</b>	<b>5,602,162</b>	<b>287,353</b>	<b>56,155</b>	<b>446,551</b>	<b>-</b>	<b>-</b>	<b>18,473</b>	<b>-</b>	<b>-</b>	<b>-</b>	



DEVELOPMENT OF ALLOCATION FACTORS

LINE NO.		TOTAL	FTS-A	FTS-B	FTS-1	FTS-2	FTS-3	FTS-4	FTS-5	FTS-6	FTS-7	FTS-8	FTS-9	FTS-10	FTS-11	FTS-12	FTS-13	Special Contract	Third Party Marketer 1	Third Party Marketer 2
1	CUSTOMER COSTS																			
2	No. of Bills (Customers)	134,882	36,726	46,972	33,491	10,999	3,640	1,475	484	232	324	204	166	60	36	24	12	107	0	0
3	Weighting	N/A	1.00	1.00	1.00	2.30	3.38	4.27	12.59	15.57	20.76	22.90	27.83	32.31	42.11	46.81	81.85	81.85	1.00	1.00
4	Weighted No. of Customers	200,688	36,726	46,972	33,491	25,109	12,303	6,304	6,094	3,612	6,725	4,672	4,342	1,939	1,616	1,124	962	8,758	0	0
5	Allocation Factors	100.00%	19.30%	23.41%	16.69%	12.51%	6.13%	3.14%	3.04%	1.80%	3.35%	2.33%	2.16%	0.97%	0.76%	0.56%	0.49%	4.36%	0.00%	0.00%
6	CAPACITY COSTS																			
7	Peak & Avg. Month Throughput (therms)	9,241,104	110,366	214,971	247,481	245,639	338,872	321,214	169,765	210,822	656,273	819,057	1,496,719	593,553	1,074,253	935,433	167,575	1,726,059	0	0
8	Allocation Factors	100.00%	1.192%	2.321%	2.649%	2.650%	3.629%	3.439%	1.821%	2.257%	7.028%	8.768%	16.096%	6.354%	11.500%	10.014%	1.794%	18.476%	0.00%	0.00%
9	MAIN ALLOCATION DOLLARS																			
10	Allocation Factors																			
11	COMMODITY COSTS																			
12	Annual Throughput (therms)	125,507,616	432,768	842,001	969,509	1,024,642	1,820,245	1,780,943	1,083,247	1,179,084	3,457,646	4,825,162	7,165,566	3,747,951	5,404,262	5,402,214	20,103,982	70,234,504	0	0
13	Allocation Factors	100.00%	0.33%	0.65%	0.75%	0.60%	1.41%	1.38%	0.84%	0.91%	2.67%	3.72%	5.53%	2.89%	4.17%	4.17%	15.52%	54.23%	0.00%	0.00%
14	REVENUE-RELATED COSTS																			
15	Tax on Customer, Capacity, & Commodity	49,728	2,759	4,755	4,669	2,994	3,256	2,729	1,508	1,382	2,672	3,054	3,765	1,527	2,557	2,391	626	6,794	1,964	83
16	Allocation Factors	100.00%	5.55%	9.56%	9.39%	6.02%	6.63%	5.49%	3.03%	2.78%	5.37%	6.14%	7.57%	3.07%	5.14%	4.81%	1.26%	13.66%	3.95%	0.17%

ALLOCATION OF RATE BASE TO CUSTOMER CLASSES

LINE NO.	RATE BASE BY CUSTOMER CLASS	TOTAL	FTS-A	FTS-B	FTS-1	FTS-2	FTS-3	FTS-4	FTS-5	FTS-6	FTS-7	FTS-8	FTS-9	FTS-10	FTS-11	FTS-12	FTS-13	Special Contract	Third Party Marketer 1	Third Party Marketer 2
1	DIRECT AND SPECIAL ASSIGNMENTS:																			
2	Customer																			
3	Meters	1,639,006	149,984	161,827	138,773	102,543	50,245	25,744	24,687	14,750	27,463	10,081	17,732	7,317	6,192	4,586	4,011	35,765	786,723	32,790
4	House Regulators	591,031	108,168	138,347	93,641	73,954	35,237	18,567	17,949	10,640	19,806	13,761	12,769	5,710	4,465	3,306	2,893	25,794	0	0
5	Services	3,870,640	708,397	906,030	645,906	484,324	237,313	121,555	117,544	69,679	129,712	90,121	83,753	37,392	29,244	21,671	18,944	188,922	0	0
6	General Plant	302,767	55,412	70,871	50,831	37,866	18,963	9,511	9,194	5,450	10,146	7,049	6,551	2,925	2,287	1,695	1,482	13,213	0	0
7	All Other	761,090	118,320	151,585	105,080	81,031	39,704	20,344	19,896	11,636	21,702	15,078	14,012	6,255	4,333	3,626	3,170	23,252	111,803	1,596
8	Total	7,194,534	1,140,462	1,458,660	1,040,023	779,737	382,061	195,761	189,240	112,179	208,829	145,690	134,838	60,199	47,081	34,890	30,500	271,955	899,532	34,476
9	Capacity																			
10	Industrial Meas. & Reg. Sta. Eq	1,134,928	13,412	26,119	30,069	29,845	41,172	36,027	22,537	25,615	79,736	99,515	181,120	72,116	130,620	113,654	20,360	209,713	0	0
11	Meas. & Reg. Sta. Eq. - Gen.	630,732	7,454	14,515	19,710	16,566	22,881	21,069	12,747	14,235	46,313	55,309	100,657	40,076	72,636	63,193	11,315	116,248	0	0
12	Mains	17,255,957	203,918	337,119	457,175	453,773	625,004	593,383	343,746	389,455	1,212,343	1,513,075	2,753,926	1,096,475	1,594,483	1,728,059	309,563	3,184,575	0	0
13	General Plant	1,217,110	14,383	20,010	32,245	32,003	44,154	41,853	24,598	27,470	85,511	106,722	164,235	77,336	139,572	121,884	21,835	234,501	0	0
14	All Other	3,070,302	36,285	70,658	81,344	80,739	111,383	105,579	62,051	69,255	215,709	269,217	489,680	196,093	353,093	307,465	58,083	567,334	0	0
15	Total	23,309,040	275,449	536,421	617,544	612,949	845,595	801,531	471,075	528,069	1,637,612	2,043,335	3,719,820	1,481,104	2,680,604	2,334,205	418,153	4,307,070	0	0
16	Commodity																			
17	Account #	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18	Account #	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
19	Account #	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20	All Other	41,803	140	272	319	334	589	576	350	381	1,116	1,558	2,313	1,210	1,746	1,744	6,490	22,672	0	0
21	Total	41,806	140	272	319	334	589	576	350	381	1,116	1,558	2,313	1,210	1,746	1,744	6,490	22,672	0	0
22	TOTAL	30,515,380	1,416,071	1,995,353	1,657,887	1,393,020	1,228,245	997,667	660,669	638,629	1,847,557	2,190,463	3,656,971	1,542,513	2,729,430	2,370,638	455,142	4,601,697	896,532	34,476



EXPLANATION: FULLY ALLOCATED EMBEDDED COST  
 OF SERVICE STUDY  
 ALLOCATION OF COST OF SERVICE  
 TO CUSTOMER CLASSES

LINE NO.	TOTAL	FTS-A	FTS-B	FTS-1	FTS-2	FTS-3	FTS-4	FTS-5	FTS-6	FTS-7	FTS-8	FTS-9	FTS-10	FTS-11	FTS-12	FTS-13	Special Contract	Third Party Marketer 1	Third Party Marketer 2
1	OPERATIONS AND MAINTENANCE EXPENSE																		
2	DIRECT AND SPECIAL ASSIGNMENTS:																		
3	Customer																		
4	197,030	36,090	46,120	32,084	24,654	12,080	6,190	6,983	3,547	6,603	4,588	4,263	1,903	1,489	1,103	964	8,599	0	0
5	892 Maint. of Meters & House Reg.	75,100	8,679	11,100	7,914	5,834	2,907	1,490	1,440	854	1,089	1,104	1,026	458	358	266	2,070	26,572	1,107
6	874 Maint. & Services	32,776	5,599	7,872	5,479	4,101	2,010	1,030	995	560	1,096	783	709	317	248	184	1,430	0	0
7	882 Maint. of Services	46,580	6,525	10,903	7,774	5,828	2,858	1,463	1,415	839	1,561	1,085	1,008	450	352	281	2,033	0	0
8	All Other	2,591,702	301,651	556,765	591,571	281,851	178,873	88,355	112,444	116,413	73,716	134,355	24,117	258	6,797	20,488	10,430	93,975	173,588
9	Total	2,943,188	360,923	642,561	446,013	322,345	168,525	103,537	121,977	121,242	84,567	142,119	31,124	3,396	8,944	22,295	168,106	200,130	10,672
10	Capacity																		
11	878 Measuring & Reg. Sta. Eq. - I	37,241	440	657	987	979	1,251	1,281	753	841	2,616	3,265	5,943	2,365	4,283	3,725	668	6,801	0
12	890 Maint. of Meas. & Reg. Sta. Eq. - I	75,295	890	1,733	1,985	1,980	2,732	2,989	1,822	1,989	5,250	5,602	12,016	4,784	8,656	7,540	13,913	0	0
13	874 Maint. & Services	196,508	1,845	3,602	4,145	4,116	5,678	38,392	3,163	3,532	10,966	13,723	7,977	1,943	2,999	22,673	2,808	28,820	0
14	887 Maint. of Meters	110,181	1,302	2,638	2,919	2,997	3,977	22,289	2,227	2,487	7,741	8,661	17,583	603	611	11,834	1,977	20,359	0
15	All Other	1,234,199	14,582	28,417	198,581	22,471	252,148	204,635	62,863	30,869	40,293	11,272	29,559	47,452	5	33,655	22,152	228,168	0
16	Total	1,614,024	19,073	37,144	206,629	42,443	265,906	268,977	70,620	38,427	66,671	44,524	12,607	57,058	18,617	78,631	28,555	288,241	0
17	Community																		
18	Account #	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
19	Account #	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20	Account #	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21	All Other	263,038	879	1,710	2,010	2,101	3,703	3,617	2,200	2,397	7,023	9,800	14,554	7,612	10,975	10,972	40,832	142,650	0
22	Total	263,038	879	1,710	2,010	2,101	3,703	3,617	2,200	2,397	7,023	9,800	14,554	7,612	10,975	10,972	40,832	142,650	0
23	TOTAL OSM	4,820,250	390,876	681,415	654,551	396,893	486,134	381,131	194,797	163,066	156,460	196,444	118,295	58,067	38,237	111,602	81,792	548,988	200,130
24	DEPRECIATION EXPENSE:																		
25	Customer																		
26	Capacity	309,712	49,229	62,963	44,592	33,657	16,492	8,450	8,166	4,842	9,014	6,263	5,820	2,598	2,032	1,505	1,317	11,739	39,231
27	AMORT. OF GAS PLANT:	1,057,107	12,489	34,341	29,023	27,814	36,371	36,372	21,376	23,872	74,311	92,744	168,796	97,209	121,639	105,820	18,975	195,444	0
28	Capacity	1,367,415	61,728	87,304	72,915	61,471	54,863	44,821	29,545	28,714	83,325	99,007	174,617	68,607	123,871	107,426	20,291	207,165	39,231
29	AMORT. OF CIS:	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
30	Customer	194,955	26,544	36,506	26,030	19,515	9,582	4,900	4,736	2,808	5,227	3,631	3,375	1,507	1,178	673	763	6,807	38,991
31	AMORTIZATION OF ACQ. ADJUSTMENT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
32	Customer	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
33	OTHER	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
34	Customer	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
35	Capacity	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
36	Capacity	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
37	Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
38	REVENUE ADJUSTMENT FOR TS-1A & TS-1B																		
39	Customer	(167,652)	(30,683)	(39,244)	(27,961)	(20,978)	(10,279)	(5,267)	(5,091)	(3,018)	(5,618)	(3,603)	(3,528)	(1,820)	(1,267)	(939)	(821)	(7,317)	0

EXHIBIT 1  
 COST OF SERVICE  
 EXPLANATION: FULLY ALLOCATED EMBEDDED COST  
 OF SERVICE STUDY  
 ALLOCATION OF COST OF SERVICE  
 TO CUSTOMER CLASSES

LINE NO.		TOTAL	FTS-A	FTS-B	FTS-1	FTS-2	FTS-3	FTS-4	FTS-5	FTS-6	FTS-7	FTS-8	FTS-9	FTS-10	FTS-11	FTS-12	FTS-13	Special Contract	Third Party Marketer 1	Third Party Marketer 2
1	TAXES OTHER THAN INCOME TAXES																			
2	Customer	153,564	24,409	31,219	22,259	15,088	8,177	4,190	4,050	2,401	4,469	3,105	2,886	1,289	1,008	747	653	5,820	15,452	743
3	Capacity	524,439	6,197	12,059	13,894	13,791	19,025	18,034	10,589	11,835	38,545	145,955	72,564	10,924	31,012	15,349	9,408	96,906	0	0
4	Subtotal	678,003	30,606	43,278	36,153	30,479	27,202	22,224	14,639	14,237	41,315	148,090	75,596	12,712	32,020	16,095	19,061	102,727	15,452	743
5	Revenue	55,155	3,115	5,971	5,273	3,381	3,722	3,932	1,703	1,561	3,017	3,449	4,352	1,794	2,698	935	757	2,572	2,218	94
6	Total	734,158	33,722	49,259	41,426	33,860	30,924	25,306	16,352	15,798	44,332	152,539	79,901	13,837	34,907	18,795	10,994	110,399	21,670	837
7	RETURN (NOI)																			
8	Customer	546,675	87,023	111,905	79,357	59,498	25,152	14,937	14,440	8,580	15,934	11,071	10,288	4,593	3,592	2,662	2,327	20,751	68,561	2,631
9	Capacity	1,778,548	21,018	40,931	47,120	46,770	64,521	61,159	35,545	40,141	124,955	155,951	263,833	113,013	204,536	178,107	31,906	328,642	0	0
10	Commodity	3,190	11	21	24	25	45	44	27	29	85	116	176	92	133	133	495	1,730	0	0
11	Total	2,328,413	108,050	192,251	126,502	106,251	93,719	76,140	50,411	48,729	140,974	167,140	294,298	117,698	208,263	180,902	34,725	351,123	68,561	2,631
12	INCOME TAXES																			
13	Customer	192,858	30,700	39,265	27,996	20,589	10,285	5,270	5,094	3,020	5,621	3,906	3,630	1,620	1,267	939	821	7,321	24,187	928
14	Capacity	627,443	7,416	14,440	15,623	16,500	22,752	21,375	12,681	14,161	44,082	55,017	100,132	39,869	72,156	62,833	11,256	115,940	0	0
15	Commodity	1,125	4	7	9	9	16	15	9	10	30	42	62	33	47	47	175	610	0	0
16	Total	821,427	38,118	53,712	44,628	37,498	33,062	26,661	17,784	17,191	49,733	58,964	103,824	41,522	73,472	63,819	12,252	123,871	24,187	928
17	REVENUE CREDITED TO COS																			
18	Customer	(124,722)	(62,361)	(62,361)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
19	TOTAL COST OF SERVICE:																			
20	Customer	4,043,576	497,783	822,210	619,566	451,717	259,914	141,016	153,375	136,854	119,214	166,191	53,485	13,384	15,455	28,057	17,065	153,227	390,551	16,473
21	Capacity	5,602,162	65,202	128,925	312,585	147,318	410,585	406,117	151,221	129,437	347,053	494,221	695,092	287,973	445,964	440,839	100,500	1,035,174	0	0
22	Commodity	267,353	893	1,738	2,043	2,136	3,764	3,677	2,236	2,436	7,139	9,961	14,792	7,737	11,156	11,152	41,502	144,981	0	0
23	Subtotal	9,918,093	554,878	952,874	933,198	601,170	674,264	550,610	306,832	271,727	473,415	670,374	766,220	309,084	473,576	480,078	159,067	1,333,391	390,551	16,473
24	Revenue	55,155	3,116	5,273	3,351	3,722	3,932	3,932	1,703	1,561	3,017	3,449	4,252	1,794	2,698	2,704	933	7,672	2,218	94
25	Total	9,974,248	557,994	958,245	938,471	604,892	677,986	553,892	308,535	273,288	476,433	673,822	770,571	310,818	476,461	482,776	160,000	1,341,064	392,769	16,567

CHESAPEAKE UTILITIES CORPORATION  
FLORIDA DIVISION

FOR THE YEAR ENDED DECEMBER 31, 2003

EXHIBIT 1  
COST OF SERVICE  
EXPLANATION: FULLY ALLOCATED UNRECOVERED COST  
OF SERVICE STUDY (SUMMARY)

PAGE 10

LINE NO.	SUMMARY	TOTAL	FTS-A	FTS-B	FTS-1	FTS-2	FTS-3	FTS-4	FTS-5	FTS-6	FTS-7	FTS-8	FTS-9	FTS-10	FTS-11	FTS-12	FTS-13	Special Contract	Third Party Marketer 1	Third Party Marketer 2
1	RS	30,515,380	1,416,071	1,995,353	1,657,887	1,383,020	1,228,245	997,867	660,869	638,629	1,847,567	2,190,483	3,856,971	1,542,513	2,729,430	2,370,838	456,142	4,601,697	898,592	34,476
2	ATTRITION	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3	O&M	4,820,250	380,876	681,415	654,951	366,893	466,194	381,131	194,797	163,066	159,463	196,444	118,285	58,067	36,237	111,902	81,792	548,596	200,130	10,672
4	DEPRECIATION	1,367,419	81,728	87,304	72,915	61,471	54,883	44,821	29,545	28,714	83,325	99,007	174,617	69,807	123,671	107,426	20,291	207,189	39,231	1,499
5	AMORTIZATION EXPENSES AND ADJUSTMENTS	27,303	(2,139)	(2,736)	(1,851)	(1,482)	(717)	(387)	(355)	(210)	(100)	(272)	(253)	(113)	(88)	(65)	(57)	(510)	38,961	0
6	TAXES OTHER THAN INCOME - OTHER	578,003	30,606	43,288	36,153	30,479	27,202	22,224	14,649	14,237	41,315	149,090	75,550	12,112	32,020	16,095	10,051	102,727	19,452	743
7	TAXES OTHER THAN INCOME - REV. RELATED	66,155	3,116	5,371	5,273	3,361	3,722	3,062	1,709	1,561	3,017	3,449	4,252	1,724	2,866	2,700	933	7,672	2,218	94
8	INCOME TAXES TOTAL	821,427	38,118	53,712	44,828	37,498	33,082	28,891	17,764	17,191	49,733	58,954	103,824	41,522	79,472	63,819	12,252	123,871	24,187	928
9	REVENUE CREDITED TO COS:	(124,722)	(62,361)	(62,361)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10	TOTAL COST - CUSTOMER	4,048,578	487,785	622,210	518,566	451,717	259,914	141,016	153,375	139,654	119,214	196,191	53,495	13,384	16,455	28,087	17,065	153,227	390,551	16,473
11	TOTAL COST - CAPACITY	5,802,162	66,202	126,925	312,569	147,318	410,586	408,117	151,221	128,437	347,063	494,221	698,032	287,873	445,964	440,639	100,500	1,035,174	0	0
12	TOTAL COST - COMMODITY	267,358	893	1,738	2,043	2,185	3,764	3,977	2,238	2,435	7,138	9,581	14,792	7,737	11,156	11,152	41,502	144,991	0	0
13	TOTAL COST - REVENUE	66,155	3,116	5,371	5,273	3,381	3,722	3,082	1,703	1,581	3,017	3,449	4,252	1,724	2,866	2,700	933	7,672	2,218	0
14	NO. OF CUSTOMERS	134,882	36,726	46,972	33,491	10,939	3,640	1,475	484	232	324	204	156	60	36	24	12	107	0	0
15	PEAK MONTH THROUGHPUT	9,341,104	110,386	214,971	247,481	245,639	398,872	321,214	186,785	210,822	656,273	819,087	1,480,719	593,553	1,074,253	935,433	167,575	1,725,059	0	0
16	ANNUAL THROUGHPUT	129,007,616	432,768	842,001	989,509	1,034,642	1,623,245	1,780,943	1,053,247	1,179,984	3,457,646	4,525,162	7,165,506	3,747,951	5,404,252	5,402,214	20,103,962	70,234,504	0	0

DERIVATION OF REVENUE DEFICIENCY

LINE NO.	TOTAL	FTS-A	FTS-B	FTS-1	FTS-2	FTS-3	FTS-4	FTS-5	FTS-6	FTS-7	FTS-8	FTS-9	FTS-10	FTS-11	FTS-12	FTS-13	Special Contract	Third Party Marketer 1	Third Party Marketer 2	
1	4,048,578	487,783	822,210	818,568	451,717	258,814	141,016	153,375	130,854	119,214	186,191	53,496	13,384	16,455	28,987	17,065	153,227	390,551	16,473	
2	5,602,162	66,202	126,925	312,559	147,318	410,586	406,117	151,221	129,437	347,063	494,221	689,032	287,979	445,964	440,858	100,500	1,035,174	0	0	
3	267,383	893	1,738	2,043	2,156	3,754	3,677	2,236	2,436	7,138	9,961	14,792	7,737	11,158	11,152	41,502	144,991	0	0	
4	REVENUE COSTS	56,155	3,116	5,273	3,281	3,722	3,082	1,703	1,581	3,017	3,449	4,252	1,724	2,888	2,700	933	7,872	2,218	94	
5	<b>TOTAL</b>	<b>9,974,248</b>	<b>557,994</b>	<b>958,245</b>	<b>936,471</b>	<b>604,552</b>	<b>677,588</b>	<b>558,892</b>	<b>308,535</b>	<b>273,288</b>	<b>476,433</b>	<b>673,822</b>	<b>770,571</b>	<b>310,816</b>	<b>476,463</b>	<b>482,779</b>	<b>1,341,064</b>	<b>392,769</b>	<b>16,567</b>	
6	REVENUE AT PRESENT TARIFF RATES	10,782,865	557,994	958,245	936,471	604,552	615,707	475,283	264,172	219,964	435,150	532,811	712,270	356,934	451,704	443,143	1,595,006	1,341,064	260,394	0
7	less: ENVIRONMENTAL REVENUES IN TARIFF RATES	(71,114)	(788)	(1,529)	(1,797)	(1,878)	(3,310)	(3,233)	(1,967)	(2,142)	(6,278)	(13,010)	(5,805)	(9,812)	(9,805)	0	0	0	0	0
8	less: INC - COMP. RATE ADJ. - 50% COMPANY PORTION	(717,503)	18,201	37,353	42,043	40,268	65,418	53,197	27,951	25,216	84,900	74,489	118,962	47,224	58,054	31,857	(1,435,006)	0	0	0
9	ADJ. REVENUE AT PRESENT RATES, INCL. CRA SUR.	9,974,248	576,510	964,270	978,718	642,942	677,815	525,247	290,167	242,038	493,773	596,540	819,212	387,353	509,955	465,191	160,000	1,341,064	260,394	0
10																				
11	equals: REVENUE DEFICIENCY	(0)	(18,515)	(36,025)	(40,247)	(38,590)	171	28,645	18,338	30,250	(17,340)	75,282	(48,641)	(85,535)	(33,522)	17,588	(0)	132,375	16,567	
12	plus: DEFICIENCY IN OTHER OPERATING REV.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13	equals: TOTAL BASE - REVENUE DEFICIENCY	(0)	(18,515)	(36,025)	(40,247)	(38,590)	171	28,645	18,338	30,250	(17,340)	75,282	(48,641)	(85,535)	(33,522)	17,588	(0)	132,375	16,567	
14	LIMIT COSTS:																			
15	Customer	30.019	13.282	17.504	18.470	41.294	71.405	95.604	316.890	602.820	367.945	814.653	342.916	223.067	457.086	1170.299	1422.057	1452.028	N/A	N/A
16	Capacity	0.043	0.153	0.153	0.316	0.142	0.225	0.228	0.140	0.110	0.192	0.097	0.077	0.083	0.062	0.005	0.015	N/A	N/A	
17	Commodity	0.0021	0.0021	0.0021	0.0021	0.0021	0.0021	0.0021	0.0021	0.0021	0.0021	0.0021	0.0021	0.0021	0.0021	0.0021	0.0021	0.0021	N/A	N/A

RATE OF RETURN BY CUSTOMER CLASS

	TOTAL	FTS-A	FTS-B	FTS-1	FTS-2	FTS-3	FTS-4	FTS-5	FTS-6	FTS-7	FTS-8	FTS-9	FTS-10	FTS-11	FTS-12	FTS-13	Special Contract	Third Party Marketer 1	Third Party Marketer 2
1 REVENUES:																			
2 Revenues	9,974,249	576,510	994,270	978,718	642,942	677,815	525,247	290,197	243,038	493,773	598,540	819,212	397,353	509,985	465,191	160,000	1,341,064	260,394	0
3 Other Operating Revenue	124,722	62,361	62,361																0
4 Total	10,098,970	638,871	1,056,631	978,718	642,942	677,815	525,247	290,197	243,038	493,773	598,540	819,212	397,353	509,985	465,191	160,000	1,341,064	260,394	0
5 EXPENSES:																			
6 Purchased Gas Cost	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7 O&M Expenses	4,820,250	380,876	681,415	654,951	366,898	466,134	381,131	194,797	183,069	158,480	196,444	118,285	68,067	36,237	111,902	81,792	548,998	200,130	10,672
8 Depreciation Expenses	1,367,419	61,728	87,204	72,915	61,471	54,863	44,821	29,545	28,714	83,325	99,007	174,817	59,807	123,671	107,426	20,281	207,183	39,231	1,499
9 Amortization Expenses and Adjustments	27,303	(2,139)	(2,735)	(1,551)	(1,452)	(717)	(367)	(355)	(210)	(382)	(272)						(510)	38,991	0
10 Taxes Other Than Income—Fixed	678,003	39,606	43,288	36,163	30,479	27,202	22,226	14,849	14,237	41,315	149,090	75,550	12,112	32,020	16,095	10,061	102,727	19,452	743
11 Taxes Other Than Income—Revenue	56,155	3,116	5,371	5,273	3,381	3,722	3,082	1,703	1,861	3,917	3,449	4,252	1,724	2,858	2,730	933	7,672	2,218	84
Total Expenses excl. Income Taxes	6,948,130	474,186	814,642	767,342	480,762	551,205	450,691	240,339	207,367	265,726	447,718	372,445	151,598	194,728	238,058	113,019	866,070	300,621	13,008
12 INCOME TAXES:	821,427	38,116	53,712	44,828	37,488	33,062	26,851	17,784	17,191	49,733	58,964	103,824	41,522	73,472	63,819	12,252	123,871	24,187	928
13 NET OPERATING INCOME:	3,328,413	128,569	188,276	166,748	144,682	93,548	47,495	32,073	18,473	158,314	91,858	342,939	204,233	241,786	163,314		351,123	(63,814)	(13,536)
14 RATE BASE:	30,515,380	1,416,071	1,995,358	1,657,887	1,333,020	1,228,245	997,857	660,659	638,629	1,847,557	2,190,485	3,656,971	1,542,513	2,729,430	2,370,838	455,142	4,601,697	896,532	34,476
15 RATE OF RETURN	7.63%	8.94%	9.44%	10.06%	10.38%	7.62%	4.76%	4.85%	2.89%	8.57%	4.19%	8.89%	13.24%	8.86%	6.89%	7.63%	7.63%	-7.10%	-40.42%









EXHIBIT #4

Chesapeake Utilities Corporation  
 Florida Division  
 Environmental Cost Recovery Clause  
 Customer Data and Therm Usage  
 For the Year 2003

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	
LINE NO.	RATE SCHEDULE	ANNUAL BILLS	ANNUAL THERMS	FIRM TRANSPORTATION CHARGE	USAGE CHARGE	TOTAL (4+5)	ENVIRONMENTAL COST RECOVERY CHARGE	% INCREASE	INCREASE DOLLARS PER THERM	TAX FACTOR	FACTOR
1	FTS-A	36,726	432,768	\$367,260	\$190,734	\$557,994	\$5,118	0.92%	\$0.01183	1.00503	\$0.01188
2	FTS-B	46,972	842,001	\$587,150	\$371,095	\$958,245	\$8,789	0.92%	\$0.01044	1.00503	\$0.01049
3	FTS-1	33,491	989,509	\$502,365	\$436,106	\$938,471	\$8,607	0.92%	\$0.00870	1.00503	\$0.00874
4	FTS-2	10,939	1,034,642	\$300,823	\$303,730	\$604,553	\$5,545	0.92%	\$0.00536	1.00503	\$0.00539
5	FTS-3	3,640	1,823,245	\$436,800	\$241,179	\$677,979	\$6,218	0.92%	\$0.00341	1.00503	\$0.00343
6	FTS-4	1,475	1,780,943	\$354,000	\$199,893	\$553,893	\$5,080	0.92%	\$0.00285	1.00503	\$0.00287
7	FTS-5	484	1,083,247	\$208,120	\$100,417	\$308,537	\$2,830	0.92%	\$0.00261	1.00503	\$0.00263
8	FTS-6	232	1,179,984	\$184,440	\$88,853	\$273,293	\$2,507	0.92%	\$0.00212	1.00503	\$0.00213
9	FTS-7	288	3,126,481	\$288,000	\$188,433	\$476,433	\$4,370	0.92%	\$0.00140	1.00503	\$0.00140
10	FTS-8*	216	4,507,971	\$384,000	\$214,128	\$598,128	\$5,486	0.92%	\$0.00122	1.00503	\$0.00122
11	FTS-9	156	7,165,566	\$468,000	\$302,602	\$770,602	\$7,068	0.92%	\$0.00099	1.00503	\$0.00099
12	FTS-10	48	2,929,303	\$205,200	\$105,631	\$310,831	\$2,851	0.92%	\$0.00097	1.00503	\$0.00098
13	FTS-11	36	5,469,710	\$306,000	\$170,436	\$476,436	\$4,370	0.92%	\$0.00080	1.00503	\$0.00080
14	FTS-12*	24	3,346,962	\$150,000	\$98,334	\$248,334	\$2,278	0.92%	\$0.00068	1.00503	\$0.00068
15	TOTAL	134,727	35,712,332	\$4,742,158	\$3,011,571	\$7,753,729	\$71,114	0.92%			

\*Excludes activity from exempt customers per proposed tariff

Chesapeake Utilities Corporation  
 Florida Division  
 Estimated CRA Surcharge  
 Customer Data and Therm Usage  
 Based on 2003 Data

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
LINE NO.	RATE SCHEDULE	ANNUAL BILLS	ANNUAL THERMS	FIRM TRANSPORTATION CHARGE	USAGE CHARGE	TOTAL (4+5)	CRA SURCHARGE	% INCREASE	INCREASE DOLLARS PER THERM	TAX FACTOR	FACTOR
1	FTS-A	36,726	432,768	\$367,260	\$190,734	\$557,994	\$2,159	0.39%	\$0.00499	1.00503	\$0.00501
2	FTS-B	46,972	842,001	\$587,150	\$371,095	\$958,245	\$3,708	0.39%	\$0.00440	1.00503	\$0.00443
3	FTS-1	33,491	989,509	\$502,365	\$436,106	\$938,471	\$3,631	0.39%	\$0.00367	1.00503	\$0.00369
4	FTS-2	10,939	1,034,642	\$300,823	\$303,730	\$604,553	\$2,339	0.39%	\$0.00226	1.00503	\$0.00227
5	FTS-3	3,640	1,823,245	\$436,800	\$241,179	\$677,979	\$2,623	0.39%	\$0.00144	1.00503	\$0.00145
6	FTS-4	1,475	1,780,943	\$354,000	\$199,893	\$553,893	\$2,143	0.39%	\$0.00120	1.00503	\$0.00121
7	FTS-5	484	1,083,247	\$208,120	\$100,417	\$308,537	\$1,194	0.39%	\$0.00110	1.00503	\$0.00111
8	FTS-6	232	1,179,984	\$184,440	\$88,853	\$273,293	\$1,057	0.39%	\$0.00090	1.00503	\$0.00090
9	FTS-7	288	3,126,481	\$288,000	\$188,433	\$476,433	\$1,843	0.39%	\$0.00059	1.00503	\$0.00059
10	FTS-8*	216	4,507,971	\$384,000	\$214,128	\$598,128	\$2,314	0.39%	\$0.00051	1.00503	\$0.00052
11	FTS-9	156	7,165,566	\$468,000	\$302,602	\$770,602	\$2,982	0.39%	\$0.00042	1.00503	\$0.00042
12	FTS-10	48	2,929,303	\$205,200	\$105,631	\$310,831	\$1,203	0.39%	\$0.00041	1.00503	\$0.00041
13	FTS-11	36	5,469,710	\$306,000	\$170,436	\$476,436	\$1,843	0.39%	\$0.00034	1.00503	\$0.00034
14	FTS-12'	24	3,346,962	\$150,000	\$98,334	\$248,334	\$961	0.39%	\$0.00029	1.00503	\$0.00029
15	TOTAL	134,727	35,712,332	\$4,742,158	\$3,011,571	\$7,753,729	\$30,000	0.39%			

\*Excludes activity from exempt customers per proposed tariff

**Sheet No. 36**

8. SPECIAL CONTRACTS

Strike "at the sole option of the Company, and"

**Sheet No. 99.1**

11.2 After Termination of Service

- (a) Customers receiving service at a location under Rate Schedules FTS-4, FTS-5, FTS-6, FTS-7, FTS-8, FTS-9, FTS-10, FTS-11, FTS-12 and FTS-13 at the time of service termination who restore service at the same location at which service was terminated within twelve (12) months of such service termination shall be charged the Firm Transportation Charge for each Month during the period that service was terminated; provided that service has not been provided to another Customer at the same location during said period of service termination.
- (b) Customers who restore service or apply for new service at a location where the Company provided service under Rate Schedule FTS-A or FTS-B at the time service was terminated shall receive service at such location under the respective Rate Schedule in effect at the time of service termination. Nothing in this section shall preclude the Company from its annual reclassification of Customers to reflect substantial changes in load characteristics as provided in Section 2.2 of these General Terms and Conditions.