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CS 000002 2010-22

**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, 2007

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

Name	Thomas A. Geoffroy	Title	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. <sup>2</sup>) 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.

# ANNUAL REPORT OF NATURAL GAS UTILITIES

## IDENTIFICATION

01 Exact Legal Name of Respondent  Chesapeake Utilities Corporation-Florida Division	02 Year of Report December 31, 2007
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  Mark Woodall	06 Title of Contact Person  Accountant II
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)

## 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, 2007 to December 31, 2007, 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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**CONTROL OVER RESPONDENT**

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

**CORPORATIONS CONTROLLED BY RESPONDENT**

1. Report below the names of all corporations, business trusts 3. If control was held jointly with one or more other interests, and similar organizations, controlled directly or indirectly by state the fact in a footnote and name the other interests. respondent at any time during the year. If control ceased prior 4. If the above required information is available from the SEC to end of year, give particulars (details) in a footnote. 10-K Report Form filing, a specific reference to the report form  
 2. If control was by other means than a direct holding of voting (i.e. year and company title) may be listed in column (a) provided rights, state in a footnote the manner in which control was the fiscal years for both the 10-K report and this report are held, naming any intermediaries involved. compatible.

**DEFINITIONS**

1. See the Uniform System of Accounts for a definition of control or direct action without the consent of the other, as control.  
 2. Direct control is that which is exercised without where the voting control is equally divided between two holders, interposition of an intermediary. or each party holds a veto power over the other. Joint control  
 3. Indirect control is that which is exercised by the interposition may exist by mutual agreement or understanding between two or of an intermediary which exercises direct control. more parties who together have control within the meaning of the definition of control in the Uniform System of Accounts,  
 4. Joint control is that in which neither interest can effectively regardless of the relative voting rights of each party.

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>			

**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 Senior Vice President Vice President	John R. Schimkaitis Steven C. Thompson Thomas A. Geoffroy	\$55,038 \$62,729 \$100,588
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 1990	26	2,634
John R. Schimkaitis, President, CEO	909 Silver Lake Blvd. , Dover Delaware 1990	26	0
Walter J. Coleman, Director	909 Silver Lake Blvd. , Dover Delaware 1990	15	2,412
Richard Bernstein, Director	909 Silver Lake Blvd. , Dover Delaware 1990	16	2,560
Calvert A. Morgan, Jr., Director	909 Silver Lake Blvd. , Dover Delaware 1990	21	3,078
J. Peter Martin, Director	909 Silver Lake Blvd. , Dover Delaware 1990	15	2,412
Joseph E. Moore, Esq., Director	909 Silver Lake Blvd. , Dover Delaware 1990	20	2,901
Thomas J. Bresnan, Director	909 Silver Lake Blvd. , Dover Delaware 1990	15	2,412
Eugene H. Bayard, Director	909 Silver Lake Blvd. , Dover Delaware 1990	14	2,338
Thomas P. Hill, Jr., Director	909 Silver Lake Blvd. , Dover Delaware 1990	15	2,412
Note: The fees above represent only that portion allocated to the Florida Division of Chesapeake Utilities Corporation.			

**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

**Chesapeake Utilities Corporation**

Dec. 31, 2007

**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	\$50,860,790	\$53,509,979
3	Construction Work in Progress (107)	12	506,129	805,282
4	TOTAL Utility Plant Total of lines 2 and 3)		51,366,919	54,315,262
5	(Less) Accum. Prov. for Depr., Amort., Depl. & Acq. Adj. (108, 111, 115)	12	(16,070,252)	(17,575,316)
6	Net Utility Plant (Total of line 4 less 5)		35,296,667	36,739,946
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)	-	1,041,785	589,654
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)	-	4,319,078	4,748,990
24	Other Accounts Receivable (143)	-	(890)	404
25	(Less) Accumulated Provision for Uncollectible Accounts-Credit (144)	-	(71,928)	(102,032)
26	Notes Receivable from Associated Companies (145)	-		
27	Accounts Receivable from Associated Companies (146)	-	(12,299,864)	(10,967,440)
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)	-	314,783	240,760
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	166,401	211,337
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)		(6,529,510)	(5,277,202)
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	76,300
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	173,116	454,428
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	209,278	380,987
56	Unrecovered Purchased Gas Costs (191)	-	600	(27,100)
57	TOTAL Deferred Debits (Total of lines 44 through 56)		440,101	884,615
58	TOTAL Assets and other Debits (Total of lines 6, 7, 8, 16, 42, 57)		\$29,207,258	\$32,347,359



**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	19,897,138	21,399,359
6	Unappropriated Undistributed Subsidiary Earnings (216.1)	10		
7	(Less) Reacquired Capital Stock (217)	-		
8	TOTAL Proprietary Capital (Total of lines 2 through 7)		19,897,138	21,399,359
9	LONG-TERM DEBT			
10	Bonds (221)	21		
11	(Less) Reacquired 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)	-	117,306	72,019
21	Accumulated Provision for Pensions and Benefits (228.3)	-	214,881	214,846
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)		332,187	286,865
25	CURRENT AND ACCRUED LIABILITIES			
26	Notes Payable (231)	-		
27	Accounts Payable (232)	-	3,001,230	3,252,581
28	Notes Payable to Associated Companies (233)	-		
29	Accounts Payable to Associated Companies (234)	-		
30	Customer Deposits (235)	-	882,237	1,510,905
31	Taxes Accrued (236)	-	(228,953)	(115,587)
32	Interest Accrued (237)	-	44	61
33	Dividends Declared (238)	-		
34	Matured Long-Term Debt (239)	-		
35	Matured Interest (240)	-		
36	Tax Collections Payable (241)	-	92,014	89,534
37	Miscellaneous Current and Accrued Liabilities (242)	22	49,898	(57,700)
38	Obligations Under Capital Leases-Current (243)	-		
39				
40	TOTAL Current and Accrued Liabilities (Total of lines 26 through 39)		\$3,796,470	\$4,679,794
41	DEFERRED CREDITS			
42	Customer Advances for Construction (252)	-	0	0
43	Other Deferred Credits (253)	22	(503,775)	(733,845)
44	Other Regulatory Liabilities (254)	22	1,024,728	1,824,728
45	Accumulated Deferred Investment Tax Credits (255)	23	191,337	171,813
46	Deferred Gains from Disposition of Utility Plant (256)	-		
47	Unamortized Gain on Reacquired Debt (257)	20		
48	Accumulated Deferred Income Taxes (281-283)	24	4,469,173	4,718,645
49	TOTAL Deferred Credits (Total of lines 42 through 48)		5,181,463	5,981,341
50				
51	TOTAL Liabilities and Other Credits (Total of lines 8, 16, 24, 40 and 49)		\$29,207,258	\$32,347,359

**STATEMENT OF INCOME**

1. Use page 11 for important notes regarding the statement of income or any account thereof.
2. Give concise explanations on page 11 concerning significant amounts of any refunds made or received during the year.
3. Enter on page 11 a concise explanation of only those changes in accounting methods made during the year
- 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.
4. Explain in a footnote if the previous year's figures are different from that reported in prior reports.

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	13,072,295	\$12,916,259
3	Operating Expenses			
4	Operation Expenses (401)	27-29	6,608,107	6,285,998
5	Maintenance Expenses (402)	27-29	434,262	431,005
6	Depreciation Expense (403)	15-16	1,781,857	1,672,545
7	Amortization & Depletion of Utility Plant (404-405)	15-16	424	35,908
8	Amortization of Utility Plant Acquisition Adjustment (406)	-		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	832,726	865,224
14	Income Taxes - Federal (409.1)	-	777,466	791,357
15	- Other (409.1)	-	106,585	136,522
16	Provision for Deferred Income Taxes (410.1)	24	272,980	255,250
17	(Less) Provision for Deferred Income Taxes - Cr. (411.1)	24	(245,819)	(128,993)
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)		10,568,588	10,344,816
23	Net Utility Operating Income (Total of line 2 less 22)			
24	(Carry forward to page 9, line 25)		2,503,707	2,571,443

**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)		2,503,707	2,571,443
26	<b>Other Income and Deductions</b>			
27	Other Income			
28	Nonutility Operating Income			
29	Revenues From Merchandising, Jobbing and Contract Work (41)	-		
30	(Less) Costs and Exp. of Merchandising, Job & Contract Work (	-		
31	Revenues From Nonutility Operations (417)	-	(13,509)	254
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)	-	66,638	84,064
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	TOTAL Other Income (Total of lines 29 through 38)		53,129	84,318
40	Other Income Deductions			
41	Loss on Disposition of Property (421.2)	-		0
42	Miscellaneous Amortization (425)	33		
43	Miscellaneous Income Deductions (426.1-426.5)	33	(15,969)	(5,882)
44	TOTAL Other Income Deductions (Total of lines 41 through 43)		(15,969)	(5,882)
45	Taxes Applicable to Other Income and Deductions			
46	Taxes Other Than Income Taxes (408.2)	-		
47	Income Taxes - Federal (409.2)	-	27,039	(13,784)
48	Income Taxes - Other (409.2)	-	4,496	(2,323)
49	Provision for Deferred Income Taxes (410.2)	24	(50,602)	(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)		457	(14,431)
54	Net Other Income and Deductions (Total of lines 39,44,53)		37,617	64,005
55	<b>Interest Charges</b>			
56	Interest on Long-Term Debt (427)	-	768,475	794,195
57	Amortization of Debt Discount and Expense (428)	21	7,579	8,835
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	263,049	323,931
63	(Less) Allowance for Borrowed Funds Used During Const.-Credit (	-		
64	Net Interest Charges (Total of lines 56 through 63)		1,039,103	1,126,961
65	Income Before Extraordinary Items (Total of lines 25, 54 and 64)		1,502,221	1,508,487
66	<b>Extraordinary Items</b>			
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)		1,502,221	1,508,487

Chesapeake Utilities Corporation

Dec. 31, 2007

## STATEMENT OF RETAINED EARNINGS

1. Report all changes in appropriated retained earnings, and unappropriated retained earnings for the year.

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).

3. State the purpose and amount for each reservation or appropriation of retained earnings.

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.

5. Show dividends for each class and series of capital stock.

6. Show separately the state and federal income tax effect of items shown in account 439, Adjustments to Retained Earnings.

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.

8. If any notes appearing in the report to stockholders are applicable to this statement attach them at page 11.

Line No.	Item (a)	Contra Primary Account Affected (b)	Amount (c)
<b>UNAPPROPRIATED RETAINED EARNINGS (Account 216)</b>			
1	Balance - Beginning of Year		19,897,138
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)		1,502,221
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)		21,399,359
<b>APPROPRIATED RETAINED EARNINGS (Account 215)</b>			
	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)		21,399,359

NOTES TO THE FINANCIAL STATEMENTS ON A CONSOLIDATED BASIS

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.

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.

3. For Account 116, Utility Plant Adjustments, explain the origin of such amount, debits and credits during the year, and

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.

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.

5. Give a concise explanation of any retained earnings restrictions and state the amount of retained earnings affected by such restrictions.

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.

1. Summary of Accounting Policies:

Nature of Business

"The Florida Division ("Florida Division or the Company") of Chesapeake Utilities Corporation (Chesapeake) is engaged in the distribution of natural gas. The Florida Division of Chesapeake 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

Florida Division financial statements are prepared in conformity with the accounting requirements of the FERC 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 ("US GAAP"). The accounting requirements of the FERC are consistent with US GAAP, except for:

- lack of reclassification of certain negative balances on the balance sheets as required by US GAAP
- the presentation of deferred income tax assets and liabilities separately rather than as a single amount required by US GAAP.
- a statement of cash has not been presented. US GAAP requires that such a statement be presented when financial statements purport to present financial position and results of operations
- a statement of retained earnings has been presented for one year. US GAAP requires that a comparative statement of retaining earnings be presented when financial statements purport to present financial position and results of operations.
- Costs of Removal are recorded in Accumulated Depreciation account 108. US GAAP requires that these amounts be shown as a liabilities..

Property, Plant, Equipment and Depreciation

Utility property is stated at original costs. 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 Florida Division. Average rates for the past three years were 3 percent for the natural gas distribution assets.

Cash and Cash Equivalents

The company's cash is held in Chesapeake's name. Chesapeake's policy is to invest cash in excess of operating requirements in overnight income producing accounts. Such amounts are stated at cost, which approximates market value. Investments with an original maturity of three months or less when purchased are considered cash equivalents.

Allowance for Funds Used During Construction

The allowance for funds used during construction ("AFUDC") is an accounting procedure whereby the cost of borrowed and other funds used to finance construction projects is capitalized as part of utility plant on the balance sheet and is credited as non-cash items on the income statement. The costs of borrowed and equity funds are segregated between interest expense and other income, respectively. AFUDC was capitalized on utility plant construction at the rate of 5.478% and 5.686% for 2007 and 2006 respectively

NOTES TO THE FINANCIAL STATEMENTS ON A CONSOLIDATED BASIS

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

Regulatory Assets, Liabilities and Expenditures

The Company accounts for its regulated operations in accordance with SFAS No. 71, "Accounting for the Effects of Certain Types of Regulation." This standard prescribes accounting principles for companies whose rates are determined by independent third-party regulators. When setting rates, regulators often make decisions, the economics of which require companies to defer costs or revenues in different periods than may be appropriate for unregulated enterprises. When this situation occurs, the regulated utility defers the associated costs as assets (regulatory assets) on the balance sheet, and amortizes them to expense on the income statement as it collects revenues. Further, regulators can also impose liabilities upon a company for amounts previously collected from customers, and for recovery of costs that are expected to be incurred in the future (regulatory liabilities).

As required by SFAS No. 71, the Company monitors its regulatory and competitive environment to determine whether the recovery of its regulatory assets continues to be probable. If the Company were to determine that recovery of these assets is no longer probable, it would write off the assets against earnings. The Company believes that SFAS No. 71 continues to apply to its regulated operations, and that the recovery of its regulatory assets is probable.

Income Taxes and Investment Tax Credit Adjustments

The Florida Division joins in the filing of a consolidated federal income tax return with Chesapeake. Income tax expense allocated to Chesapeake's subsidiaries is based upon their respective taxable incomes and tax credits.

Deferred tax assets and liabilities are recorded for the tax effect of temporary differences between the financial statements bases and tax bases of assets and liabilities and are measured using current effective income tax rates. The portions of the Company's deferred tax liabilities applicable to utility operations, which have not been reflected in current service rates, represent income taxes recoverable through future rates.

Investment tax credits on utility property have been deferred and are allocated to income ratably over the lives of the subject property.

Financial Instruments and Fair Value of Financial Instruments

Various items within the balance sheet are considered to be financial instruments because they are cash or are to be settled in cash. The carrying values of these items generally approximate their fair value.

Operating Revenues

Revenues for the Florida Division 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. Chesapeake 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 Chesapeake 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 based on the accounting requirements of the Florida Public Service commission that require management to make estimates in measuring assets and liabilities and related revenues and expenses. These estimates involve judgments with respect to, among other things, various future economic factors that are difficult to predict and are beyond the control of the Company; therefore, actual results could differ from those estimates.

The Company records certain assets and liabilities in accordance with SFAS No. 71. If the Company were required to terminate application of SFAS No. 71 for its regulated operations, all such deferred amounts would be recognized in the income statement at that time. This could result in a charge to earnings, net of applicable income taxes

NOTES TO THE FINANCIAL STATEMENTS ON A CONSOLIDATED BASIS

2. **Adoption of Accounting Principles**

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 of interest and penalties, accounting in interim periods, disclosure, and transition. This interpretation is effective for fiscal years beginning after December 15, 2006, and Chesapeake's adoption of it in the first quarter of 2007 did not have any impact on Chesapeake's Financial Statements.

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. Since SFAS No 157 is effective for financial statements issued within fiscal years beginning after November 15, 2007, Chesapeake will be required to adopt this statement in the first quarter of 2008. Chesapeake does not expect SFAS No. 157 will have a material impact on its Financial Statements.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities-including an amendment of FASB Statement No. 115." SFAS No. 159 permits entities to measure at fair value many financial instruments and certain other items that are not currently required to be measured at fair value, with unrealized gains and losses related to these financial instruments reported in earnings at each subsequent reporting date. This Statement is effective as of the beginning of an entity's first fiscal year that begins after November 15, 2007. Chesapeake does not expect SFAS No. 159 will have a material impact on its Financial Statements.

In April 2007, the FASB directed the FASB Staff to issue FSP No. FIN 39-1, "Amendment of FASB Interpretation No. 39" ("FSP FIN 39-1"). FSP FIN 39-1 modifies FIN No. 39, "Offsetting of Amounts Related to Certain Contracts," and permits companies to offset cash collateral receivables or payables with net derivative positions under certain circumstances. FSP FIN 39-1 is effective for fiscal years beginning after November 15, 2007, with early adoption permitted. Chesapeake does not expect FSP FIN 39-1 will have a material impact its Financial Statements.

3. **Transactions with Parent**

At December 31, 2007 and 2006 there were accounts payable to Chesapeake of \$10,967,440 and \$12,299,864 respectively.

4. **Income Taxes**

The components of federal and state income tax expense are:

	2007	2006
Current	\$852,515	\$943,986
Deferred	\$77,763	\$144,105
Investment tax credits, net	-\$19,524	-\$19,524
	<u>\$910,754</u>	<u>\$1,068,567</u>

Deferred income tax expense results primarily from the use of accelerated depreciation for tax purposes and deferral of purchased gas adjustments.

NOTES TO THE FINANCIAL STATEMENTS ON A CONSOLIDATED BASIS

Deferred tax assets and liabilities recorded on the balance sheet at December 31, 2007 were \$380,987 and \$4,890,458 respectively.

Deferred tax assets and liabilities recorded on the balance sheet at December 31, 2006 were \$209,278 and \$4,660,511 respectively.

Deferred tax assets and liabilities are primarily the result of depreciation-related differences.

5 **Customer Concentration**

The Company operated primarily in the natural gas industry. Operations include the transportation of natural gas in intra-state commerce. The company has no customers that accounted for 10% of revenue in 2007 and 2006.

6 **Environmental Commitments and Contingencies:**

The Winter Haven Coal Gas site is located in Winter Haven, Florida. Chesapeake has been working with the Florida Department of Environmental Protection ("FDEP") in assessing this coal gas site. In May 1996, the Company filed with the FDEP an AS/SVE Pilot Study Work Plan (the "Work Plan") for the Winter Haven Coal Gas site. After discussions with the FDEP, the Company filed a modified Work Plan, which contained a description of the scope of work to complete the site assessment activities and a report describing a limited sediment investigation performed in 1997. In December 1998, the FDEP approved the modified Work Plan, which the Company completed during the third quarter of 1999. In February 2001, the Company filed a Remedial Action Plan ("RAP") with the FDEP to address the contamination of the subsurface soil and ground-water in a portion of the site. The FDEP approved the RAP on May 4, 2001. Construction of the AS/SVE system was completed in the fourth quarter of 2002, and the system remains fully operational.

In the third quarter of 2007, the Company performed an updated environmental review of this site, including a review of any potential liabilities related to the investigation and remediation actions. Based on this review, the Company increased its liability by approximately \$700,000 for the updated estimate of costs to remediate this site. Through December 31, 2007, the Company has incurred approximately \$1.8 million of environmental costs associated with this site. At December 31, 2007, the Company had accrued a liability of \$835,000 related to this site, offsetting (a) \$15,000 collected through rates in excess of costs incurred and (b) a regulatory asset of approximately \$851,000, representing the uncollected portion of the estimated clean-up costs. The Company expects to recover the remaining clean-up costs through rates.

The FDEP has indicated that the Company may be required to remediate sediments along the shoreline of Lake Shipp, immediately west of the Winter Haven Coal Gas site. Based on studies performed to date, the Company objects to the FDEP's suggestion that the sediment have been contaminated and will require remediation. The Company's early estimates indicate that some of the corrective measures discussed by the FDEP may cost as much as \$1 million. Given the Company's view as to the absence of ecological effects, the Company believes that cost expenditures of this magnitude are unwarranted and plans to oppose any requirement that it undertake corrective measures in the offshore sediments. Chesapeake anticipates that it will be several years before this issue is resolved. At this time, the Company has not recorded a liability for sediment remediation. The outcome of this matter cannot be predicted at this time.



NOTES TO THE FINANCIAL STATEMENTS ON A CONSOLIDATED BASIS

7

**Employee Benefit Plans**

**Retirement Plans**

Before 1999, Chesapeake employees generally participated in both a defined benefit pension plan ("Defined Pension Plan") and a Retirement Savings Plan. Effective January 1, 1999, Chesapeake restructured its retirement program to compete more effectively with similar businesses. As part of this restructuring, Chesapeake closed the Defined Pension Plan to new participants. Employees who participated in the Defined Pension Plan at that time were given the option of remaining in (and continuing to accrue benefits under) the Defined Pension Plan or receiving an enhanced matching contribution in the Retirement Savings Plan.

Because the Defined 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 Defined Pension Plan to maintain its tax-qualified status. To avoid jeopardizing the tax-qualified status of the Defined Pension Plan, Chesapeake's Board of Directors amended the Defined Pension Plan on September 24, 2004.

To ensure that Chesapeake continues to provide appropriate levels of benefits to Chesapeake's employees, the Board amended the Defined Pension Plan and the Retirement Savings Plan, effective January 1, 2005, so that Defined Pension Plan participants who were actively employed by Chesapeake on that date: (1) receive two additional years of benefit service credit to be used in calculating their Defined Pension Plan benefit (subject to the Defined Pension Plan's limit of 35 years of benefit service credit), (2) have the option to receive their Defined 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, effective January 1, 2005, the Board amended the Defined 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.

In September 2006, the FASB issued SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans" (SFAS 158). Chesapeake 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."

At December 31, 2007, the funded status of the Chesapeake's Defined Pension Plan was a liability of \$274,739; at December 31, 2006 it was an asset of \$590,560. In order to account for the liability and decrease in the funded status in accordance with FAS 158, Chesapeake took a charge of \$568,316, net of tax, to Comprehensive Income. In addition, the funded status of the postretirement health and life insurance plan was a liability of \$1.756 million at December 31, 2007 compared to \$1.763 million at December 31, 2006. To adjust for the reduced liability for the postretirement health and life insurance plan, as required by FAS 158, Chesapeake recorded income of \$23,086, net of tax, to Comprehensive Income.

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)	\$ -	\$ -
Loss (gain)	\$ -	\$ 46,444	\$ 130,973

## NOTES TO THE FINANCIAL STATEMENTS ON A CONSOLIDATED BASIS

**Defined Benefit Pension Plan**

As described above, effective January 1, 2005, the Defined 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. Chesapeake does not expect to be required to make any funding payments to the Defined Pension Plan in 2008. The measurement dates for the Pension Plan were December 31, 2007 and 2006.

The following schedule summarizes the assets of the Defined Pension Plan, by investment type, at December 31, 2007, 2006 and 2005:

At December 31,	2007	2006	2005
Asset Category			
Equity securities	49.03 %	77.34%	76.12%
Debt securities	50.26 %	18.59%	23.28%
Other	0.71 %	4.07%	0.60%
Total	100.00 %	100.00%	100.00%

The asset listed as "Other" in the above table represents monies temporarily held in money market funds. The money market fund invests at least 80 percent of its total assets in:

- United States Government obligations; and
- Repurchase agreements that are fully collateralized by such obligations.

The investment policy of the Plan calls for an allocation of assets between equity and debt instruments with equity being 60 percent and debt at 40 percent, but allowing for a variance of 20 percent in either direction. In addition, as changes are made to holdings, cash, money market funds or United States Treasury Bills may be held temporarily by the fund. Investments in the following are prohibited: options, guaranteed investment contracts, real estate, venture capital, private placements, futures, commodities, limited partnerships and Chesapeake stock; short selling and margin transactions are prohibited as well. During 2004, Chesapeake modified its investment policy to allow the Employee Benefits Committee to reallocate investments to better match the expected life of the plan.

NOTES TO THE FINANCIAL STATEMENTS ON A CONSOLIDATED BASIS

The following schedule sets forth the funded status of the Defined Pension Plan at December 31, 2007, 2006 and 2005:

At December 31,	2007	2006	2005
<b>Change in benefit obligation:</b>			
Benefit obligation — beginning of year	\$11,449,725	\$12,399,621	\$12,053,063
Interest cost	622,057	635,877	645,740
Change in assumptions	-	(301,851)	388,979
Actuarial loss	282,684	607	28,895
Benefits paid	(1,280,946)	(1,284,529)	(717,056)
<b>Benefit obligation — end of year</b>	<b>11,073,520</b>	<b>11,449,725</b>	<b>12,399,621</b>
<b>Change in plan assets:</b>			
Fair value of plan assets — beginning of year	12,040,287	11,780,866	12,097,248
Actual return on plan assets	39,440	1,543,950	400,674
Benefits paid	(1,280,946)	(1,284,529)	(717,056)
<b>Fair value of plan assets — end of year</b>	<b>10,798,781</b>	<b>12,040,287</b>	<b>11,780,866</b>
<b>Reconciliation of funded status: <sup>(1)</sup></b>			
Plan assets in excess (less than) benefit obligation at year-end	(274,739)	590,560	(618,755)
Unrecognized prior service cost	-	-	(34,259)
Unrecognized net actuarial gain	-	-	(129,739)
<b>Net amount accrued</b>	<b>(\$274,739)</b>	<b>\$590,560</b>	<b>(\$782,753)</b>
<b>Assumptions:</b>			
Discount rate	5.50%	5.50%	5.25%
Expected return on plan assets	6.00%	6.00%	6.00%

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

Chesapeake reviewed the assumptions used for the discount rate to calculate the benefit obligation of the plan and has elected to maintain the rate at 5.50 percent, reflecting relatively no change in the interest rates of high quality bonds and reflecting the expected life of the plan, in light of the lump sum payment option. In addition, the average expected return on plan assets for the Defined Pension Plan remained constant at six percent due to the adoption of a change in the investment policy that allows for a higher level of investment in bonds and a lower level of equity investments. Since the Plan is frozen in regard additional years of service and compensation, the rate of assumed compensation rate increases is not applicable. The accumulated benefit obligation was \$11.1 million and \$11.4 million at December 31, 2007 and 2006, respectively.

Net periodic pension benefit for the Defined Pension Plan for 2007, 2006, and 2005 include the components as shown below:

For the Years Ended December 31,	2007	2006	2005
<b>Components of net periodic pension cost:</b>			
Interest cost	\$622,057	\$635,877	\$645,740
Expected return on assets	(696,398)	(690,533)	(703,285)
Amortization of:			
Prior service cost	(4,699)	(4,699)	(4,699)
<b>Net periodic pension benefit</b>	<b>(\$79,040)</b>	<b>(\$59,355)</b>	<b>(\$62,244)</b>
<b>Assumptions:</b>			
Discount rate	5.50%	5.25%	5.50%
Expected return on plan assets	6.00%	6.00%	6.00%

**Executive Excess Defined Benefit Pension Plan**

Chesapeake also provides an unfunded executive excess defined benefit pension plan ("Pension SERP"). As noted above, this plan was frozen with respect to additional years of service and additional compensation as of December 31, 2004. Benefits under the plan were based on each participant's years of service and highest average compensation, prior to the freeze. The accumulated benefit obligation was \$2.32 million and \$2.29 million at December 31, 2007 and 2006, respectively.

The following schedule sets forth the status of the Pension SERP:

At December 31,	2007	2006	2005
<b>Change in benefit obligation:</b>			
Benefit obligation — beginning of year	\$2,286,970	\$2,322,471	\$2,162,952
Interest cost	123,361	119,588	119,658
Actuarial (gain) loss	5,123	(65,886)	133,839
Benefits paid	(89,204)	(89,203)	(93,978)
<b>Benefit obligation — end of year</b>	<b>2,326,250</b>	<b>2,286,970</b>	<b>2,322,471</b>
<b>Change in plan assets:</b>			
Fair value of plan assets — beginning of year	-	-	-
Employer contributions	89,204	89,203	93,978
Benefits paid	(89,204)	(89,203)	(93,978)
<b>Fair value of plan assets — end of year</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Funded status</b>	<b>(2,326,250)</b>	<b>(2,286,970)</b>	<b>(2,322,471)</b>
Unrecognized net actuarial loss	-	-	959,492
<b>Net amount accrued <sup>(1)</sup></b>	<b>(\$2,326,250)</b>	<b>(\$2,286,970)</b>	<b>(\$1,362,979)</b>
<b>Assumptions:</b>			
Discount rate	5.50%	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.

NOTES TO THE FINANCIAL STATEMENTS ON A CONSOLIDATED BASIS

Chesapeake reviewed the assumptions used for the discount rate of the plan to calculate the benefit obligation and has elected to maintain the rate at 5.50 percent, reflecting relatively no change in the interest rates of high quality bonds and a reduction in the expected life of the plan. Since the Plan is frozen in regard to additional years of service and compensation, the rate of assumed pay rate increases is not applicable. The measurement dates for the Pension SERP were December 31, 2007 and 2006.

Net periodic pension costs for the Pension SERP for 2007, 2006, and 2005 include the components as shown below:

For the Years Ended December 31,	2007	2006	2005
<b>Components of net periodic pension cost:</b>			
Service cost	\$0	\$0	\$0
Interest cost	123,361	119,588	119,658
Amortization of:			
Actuarial loss	51,734	57,039	49,319
<b>Net periodic pension cost</b>	<b>\$175,095</b>	<b>\$176,627</b>	<b>\$168,977</b>
<b>Assumptions:</b>			
Discount rate	5.50%	5.25%	5.50%

**Other Postretirement Benefits**

Chesapeake sponsors a defined benefit postretirement health care and life insurance plan that covers substantially all employees. The following schedule sets forth the status of the postretirement health care and life insurance plan:

At December 31,	2007	2006	2005
<b>Change in benefit obligation:</b>			
Benefit obligation -- beginning of year	\$1,763,108	\$1,534,684	\$1,599,280
Retirees	56,123	264,470	(59,152)
Fully-eligible active employees	21,012	(114,082)	(31,761)
Other active	(84,679)	78,036	26,317
<b>Benefit obligation -- end of year</b>	<b>\$1,755,564</b>	<b>\$1,763,108</b>	<b>\$1,534,684</b>
<b>Change in plan assets:</b>			
Fair value of plan assets -- beginning of year	-	-	-
Employer contributions	243,660	300,360	89,238
Plan participant's contributions	100,863	94,914	72,866
Benefits paid	(344,523)	(395,274)	(162,104)
<b>Fair value of plan assets -- end of year</b>	<b>-</b>	<b>-</b>	<b>-</b>
Funded status	(\$1,755,564)	(\$1,763,108)	(\$1,534,684)
Unrecognized transition obligation	-	-	22,282
Unrecognized net actuarial loss	-	-	751,450
<b>Net amount accrued<sup>(1)</sup></b>	<b>(\$1,755,564)</b>	<b>(\$1,763,108)</b>	<b>(\$760,952)</b>
<b>Assumptions:</b>			
Discount rate	5.50%	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.

Net periodic postretirement costs for 2007, 2006 and 2005 include the following components:

For the Years Ended December 31,	2007	2006	2005
<b>Components of net periodic postretirement cost:</b>			
Service cost	\$6,203	\$9,194	\$6,257
Interest cost	101,776	93,924	77,872
Amortization of:			
Transition obligation	-	22,282	27,859
Actuarial loss	166,423	144,694	88,291
<b>Net periodic postretirement cost</b>	<b>\$274,402</b>	<b>\$270,094</b>	<b>\$200,279</b>

The health care inflation rate for 2007 to calculate the benefit obligation is assumed to be 5.5 percent for medical and seven percent for prescription drugs. These rates are projected to decrease to ultimate rates of five and six 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 postretirement benefit obligation by approximately \$242,000 as of January 1, 2008, and would increase the aggregate of the service cost and interest cost components of the net periodic postretirement benefit cost for 2008 by approximately \$15,000. A one percentage point decrease in the health care inflation rate from the assumed rate would decrease the accumulated postretirement benefit obligation by approximately \$200,000 as of January 1, 2008, and would decrease the aggregate of the service cost and interest cost components of the net periodic postretirement benefit cost for 2008 by approximately \$12,000. The measurement dates were December 31, 2007 and 2006.

**Estimated Future Benefit Payments**

The schedule below shows the estimated future benefit payments for each of the years 2008 through 2012 and the aggregate of the next five years for each of the plans previously described.

NOTES TO THE FINANCIAL STATEMENTS ON A CONSOLIDATED BASIS

	Defined Benefit Pension Plan <sup>(1)</sup>	Executive Excess Defined Benefit Pension Plan <sup>(2)</sup>	Other Post- Retirement Benefits <sup>(2)</sup>
2008	\$734,940	\$87,959	\$196,449
2009	1,363,074	86,586	199,250
2010	921,490	85,081	208,938
2011	437,213	83,444	195,679
2012	1,332,896	113,415	204,524
Years 2013 through 2017	3,755,455	835,415	1,081,460

<sup>(1)</sup> The pension plan is funded; therefore, benefit payments are expected to be paid out of the plan assets.

<sup>(2)</sup> Benefit payments are expected to be paid out of the general funds of the Company.

**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 percent of eligible base compensation, subject to Internal Revenue Service 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 who elected to no longer participate in the Defined Pension Plan. Chesapeake makes matching contributions of up to six percent of each employee's pre-tax compensation for the year, except for the employees of our Advanced Information Services segment. The match is between 100 percent and 200 percent of the employee's contribution, based on the employee's age and years of service. The first 100 percent is matched with Chesapeake common stock. The remaining match is invested in the Chesapeake's 401(k) Plan according to each employee's election options.

Effective July 1, 2006, Chesapeake's 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, Chesapeake converted the 401(k) fund holding Chesapeake stock to an Employee Stock Ownership Plan ("ESOP").

Effective January 1, 1999, Chesapeake began offering a non-qualified supplemental employee retirement savings plan ("401(k) SERP") open to Chesapeake executives over a specific income threshold. Participants receive 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. All obligations arising under the 401(k) SERP are payable from the general assets of Chesapeake, although Chesapeake has established a Rabbi Trust to help pay benefits under the 401(k) SERP. The assets held in the Rabbi Trust had a fair value of \$1.9 million and \$2.0 million at December 31, 2007 and 2006, respectively. The assets of the Rabbi Trust are at all times subject to the claims of Chesapeake's general creditors.

Chesapeake's contributions to the 401(k) plans totaled \$1.48 million, \$1.61 million, and \$1.68 million for the years ended December 31, 2007, 2006, and 2005, respectively. As of December 31, 2007, there are 47,916 shares reserved to fund future contributions to the Retirement Savings Plan.

**Deferred Compensation Plan**

On December 7, 2006, the Board of Directors approved the Chesapeake Utilities Corporation Deferred Compensation Plan ("Deferred Compensation Plan"), as amended, effective January 1, 2007. The Deferred Compensation Plan is a non-qualified, deferred compensation arrangement under which certain executives and members of the Board of Directors are able to defer payment of part or all of certain specified types of compensation, including executive cash bonuses, executive performance shares, and directors' fees. At December 31, 2007, the Deferred Compensation Plan consists solely of shares of common stock related to the deferral of executive performance shares and directors' stock retainers.

Participants in the Deferred Compensation Plan are able to elect the payment of benefits to begin on a specified future date after the election is made in the form of a lump sum or annual installments. Deferrals of executive cash bonuses and directors' cash retainers and fees shall be paid in cash. All deferrals of executive performance shares and directors' stock retainers shall be paid in shares of the Company's common stock, except that cash shall be paid in lieu of fractional shares.

Chesapeake established a Rabbi Trust in connection with the Deferred Compensation Plan. The value of the Company's stock held in the Rabbi Trust is classified within the stockholders' equity section of the Balance Sheet and has been accounted for in a manner similar to treasury stock. The amounts recorded under the Deferred Compensation Plan totaled \$1.4 million and \$1.1 million at December 31, 2007 and 2006, respectively.

**8 Other Commitments and Contingencies**

The Florida Division is involved in certain legal actions and claims arising in the normal course of business. The Florida Division is also involved in certain legal and administrative proceedings before the various governmental agencies. In the opinion of management, the ultimate disposition of these proceedings will not have material effect on the Florida Division's financial position, results of operations or cash flows of the Company.

Name of Respondent		For the Year Ended	
<b>Chesapeake Utilities Corporation</b>		Dec. 31, 2007	
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)	53,509,979	53,509,979
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 )	53,509,979	53,509,979
12	107 Construction Work in Progress	805,282	805,282
13	Accum. Provision for Depreciation, Amortization, & Depletion	(17,575,316)	(17,575,316)
14	Net Utility Plant (Total of lines 11 plus 12 less line 13)	36,739,945	36,739,945
15	DETAIL OF ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION		
16	In Service:		
17	108 Depreciation	17,543,242	17,543,242
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	32,074	32,074
21	TOTAL in Service (Total of lines 17 through 20)	17,575,316	17,575,316
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 14 above) (Total of lines 21, 25, 29, 30, and 31)	17,575,316	17,575,316

**Annual Status Report**  
**Analysis of Plant in Service Accounts**  
**Chesapeake Utilities Corporation**

Company: Chesapeake Utilities Corporation  
 For the Year Ended December 31, 2007

Page 1 of 2

Acct. No.	Account Description	Depr. Rate	Beginning Balance*	Additions	Retirements	Reclass.	Adjustments	Transfers	Ending Balance*
374	Land-Distribution		153,278						153,278
389	Land-General		98,285						98,285
	Land-Other								
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		1,540,648	0	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%	355,896	6,421					362,317
376	Mains (Steel)	3.30%	13,448,108	42,558	(88,561)				13,402,105
376	Mains (Plastic)	3.30%	14,496,916	1,602,896					16,099,812
378	M&R Equipment-General	3.50%	926,948						926,948
379	M&R Equipment-City	3.60%	2,830,674	(49,573)					2,781,101
380	Dist Plant-Services (Steel)	7.20%	965,291						965,291
380	Dist Plant-Services (Plastic)	3.60%	6,593,005	593,271		(39,455)			7,146,821
381	Meters	3.90%	1,949,304	301,713	(8,336)				2,242,682
382	Meter Installations	3.80%	1,474,592	105,083					1,579,675
383	Regulators	3.20%	1,111,938	70,154	(524)				1,181,568
384	Regulator Installations	3.20%	3,637						3,637
385	M&R Equipment-Industrial	4.30%	1,477,889	66,791	(5,857)				1,538,823
387	Other Equipment	2.30%	386,419	46,159					432,578
390	Structures and Improvements	2.30%	531,240	25,686					556,926
391.1	Data processing Equipment	10.20%	67,680	5,418					73,108
391.2	Office Furniture	4.90%	135,435	22,247					157,682
391.3	Office Equipment	7.30%	267,313	1,454					268,767
391.4	Vax System Equipment	5.60%	0						0
392.1	Transportation Equip.	11.60%	1,107,911	197,067	(253,136)			(30,398)	1,021,443
392.3	Transportation Equipment	11.30%	20,038	458					20,496
393	Stores Equipment	0.00%	0						0
394	Tools and Work Equipment	3.50%	151,166	2,426					153,592
396	Power Operated Equipment	6.00%	482,061						482,061
397	Communication Equipment	7.60%	476,613	35,229					511,842
398	Misc. Equipment	6.70%	60,058						60,058
	Subtotal		49,320,142	3,075,457	(356,414)	0	(39,455)	(30,398)	51,989,331

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

Company:  
For the Year Ended December 31, 2007

Page 2 of 2

Acct. No.	Account Description	Depr. Rate	Beginning Balance*	Additions	Retirements	Reclass.	Adjustments	Transfers	Ending Balance*
	(Continued)								
<b>Capital Recovery Schedules:</b>									
<b>Total Account 101*</b>									
<b>Amortizable Assets:</b>									
114	Acquisition Adjustment								
118	Other Utility Plant								
	Other								
	<b>Total Utility Plant</b>		50,860,790	3,075,457	(356,414)	0	(39,455)	(30,398)	53,509,979

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:

For the Year Ended December 31, 2007

Acc. 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)								(23,328)
302	Franchise and Consent	(8,747)	(424)							(8,747)
303	Misc Intangible Plant	(1,251,625)								(1,251,625)
	<b>Subtotal</b>	<b>(1,283,276)</b>	<b>(424)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,283,700)</b>
This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC.										
375	Structures and Improvements	(98,476)	(10,123)							(108,599)
376	Mains (Steel)	(5,667,856)	(444,024)		88,561		300			(6,023,019)
376	Mains (Plastic)	(2,786,155)	(501,412)				219			(3,287,348)
378	M&R Equipment-General	(261,551)	(32,443)							(293,994)
379	M&R Equipment-City	(690,574)	(99,656)							(790,232)
380	Dist Plant-Services (Steel)	(618,816)	(69,501)				24,340			(663,977)
380	Dist Plant-Services (Plastic)	(1,027,896)	(248,473)				15,952			(1,260,417)
381	Meters	(668,692)	(83,704)		8,336		18,938			(744,061)
382	Meter Installations	(364,086)	(58,603)							(403,751)
383	Regulators	(399,432)	(37,195)		524					(436,103)
384	Regulator Installations	(674)	(116)							(790)
385	M&R Equipment-Industrial	(368,065)	(64,012)							(426,220)
387	Other Equipment	(292,218)	(9,179)		5,857					(301,397)
390	Structures and Improvements	(96,761)	(12,243)							(109,004)
391.1	Data processing Equipment	(74,687)	(7,296)							(81,983)
391.2	Office Furniture	(31,980)	(6,954)							(38,934)
391.3	Office Equipment	(83,288)	(19,518)							(102,806)
391.4	Vax System Equipment	2,956								2,956
392.1	Transportation Equip.	(727,974)	(124,893)		253,136			6,662	(950)	(614,379)
392.3	Transportation Equipment	121,990	(2,025)							119,965
393	Stores Equipment	0								0
394	Tools and Work Equipment	(121,004)	(5,294)							(126,298)
396	Power Operated Equipment	(311,165)	(28,924)							(340,089)
397	Communication Equipment	(180,368)	(36,539)							(216,907)
398	Misc. Equipment	(40,204)	(4,024)							(44,228)
	<b>Subtotal</b>	<b>(14,786,976)</b>	<b>(1,906,154)</b>	<b>0</b>	<b>356,414</b>	<b>(20,360)</b>	<b>59,749</b>	<b>6,662</b>	<b>(950)</b>	<b>(16,291,616)</b>

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

Company: \_\_\_\_\_  
For the Year Ended December 31, 2007

Page 2 of 2

Acct. No. Description (Continued)	Beginning Balance*	Accruals	Reclass.	Retirements	Gross Salvage	Cost of Removal	Adjustments	Transfers	Ending Balance*
<b>Capital Recovery Schedules:</b>									
<b>Subtotal</b>									
List any other items necessary to reconcile the total depreciation and amortization accrual amount to Acct. 403, Depreciation Expense, shown on page 8.									
<b>Subtotal Grand Total</b>	(16,070,252)	(1,906,578)	0	356,414	(20,360)	59,749	6,662	(950)	(17,575,316)

Note: \* The grand total of beginning and ending balances must agree to Line 17, Page 12.

**CONSTRUCTION WORK IN PROGRESS-GAS (Account 107)**

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

Line No.	Description of Project (a)	Construction Work in Progress-Gas (Account 107) (b)	Estimated Additional Cost of Project (c)
1	Miscellaneous	805,282	
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15	<b>TOTAL</b>	<b>805,282</b>	

**CONSTRUCTION OVERHEADS-GAS**

- |  |   |
|--|---|
| <p>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.</p> <p>2. A respondent should not report "none" to this page if no overhead apportionments are made, but rather should explain the accounting procedures employed</p> | <p>and the amounts of engineering, supervision, and administrative costs, etc. which are directly charged to construction.</p> <p>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.</p> |
|--|---|

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	<b>TOTAL</b>		

Name of Respondent <b>Chesapeake Utilities Corporation</b>	For the Year Ended Dec. 31, 2007
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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	118,446
2	Prepaid Rents	83,333
3	Prepaid Taxes	
4	Prepaid Interest	
5	Gas Prepayments	
6	Miscellaneous Prepayments: Pensions	9,558
7		
8	<b>TOTAL</b>	<b>211,337</b>

**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		<b>TOTAL</b>				

**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		<b>TOTAL</b>				

**OTHER REGULATORY ASSETS (Account 182.3)**

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).  
 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.

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	19,193			76,300
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17	TOTAL	57,107	19,193		0	76,300

**MISCELLANEOUS DEFERRED DEBITS (Account 186)**

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).  
 3. Minor items (amounts less than \$25,000) may be grouped by classes.

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	121,708	800,000	495	71,114	850,594
3	Conservation Cost Recovery	51,408		908	(446,787)	(395,379)
4	Other Deferred Charges	0			(787)	(787)
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17	Misc. Work in Progress					
18	Deferred Regulatory Comm. Expenses					
19	TOTAL	173,116				454,428

**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						

**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	154,516	1,832,000
2	Senior Note	1/15/1993	1/1/2008		7.97	86,342	1,000,000
3	Senior Note 2	10/1/1995	10/1/2010		6.91	235,568	2,727,273
4	Senior Note 3	12/15/1997	1/1/2012		6.85	342,500	4,000,000
5	Senior Note 4	12/29/2000	1/1/2015		7.83	1,252,800	14,000,000
6	Senior Note 5	10/31/2002	10/31/2017		6.64	1,961,818	27,272,727
7	Senior Note 6	10/12/2006	10/12/2020		5.5	1,100,000	20,000,000
8	Promissory Note	7/27/2005	1/31/2011		5.25		80,000
9							
10	Allocation to Florida Division	768,475					
11	Allocation to Other Jurisdictions	4,365,069					
12							
13	Total Chesapeake Utilities Corp.	5,133,544					
14							
15							
16							
17							
18							
19							
20	<b>TOTAL</b>					<b>5,133,544</b>	<b>70,912,000</b>

**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	CU Conv Debentures	1,832,000	1,634	1/1/2007	12/31/2007			
2	Senior Note	1,000,000	318	1/1/2007	12/31/2007			
3	Senior Note 2	2,727,273	287	1/1/2007	12/31/2007			
4	Senior Note 3	4,000,000	779	1/1/2007	12/31/2007			
5	Senior Note 4	14,000,000	1,455	1/1/2007	12/31/2007			
6	Senior Note 5	27,272,727	2,024	1/1/2007	12/31/2007			
7	Senior Note 6	20,000,000	1,982	1/1/2007	12/31/2007			
8								
9								
10								
11								
12								
13								
14								
15								
16								
17								
18	<b>TOTAL</b>	<b>70,832,000</b>	<b>7,579</b>					

Name of Respondent <b>Chesapeake Utilities Corporation</b>		For the Year Ended Dec. 31, 2007
<b>MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES (Account 242)</b>		
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	(107,393)
2	Accrued Commissions	3,471
3	Self insurance	46,222
4		
5		
6		
7		
8		
9		
10		
11		
12		
13	TOTAL	(57,700)

<b>OTHER DEFERRED CREDITS (Account 253)</b>						
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	140,244		54,038	406	86,612
2	Deferred Revenues-Long Term	144,400				144,400
3	Deferred Environmental Costs	(788,419)		158,810	# 17,628	(964,857)
4						
5						
6						
7						
8						
9						
10						
11						
12						
13	TOTAL	(503,775)		212,848	18,034	(733,845)

<b>OTHER REGULATORY LIABILITIES (Account 254)</b>						
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			800,000	1,800,000
2	109 Regulatory Liability	24,728				24,728
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13	TOTAL	1,024,728				1,824,728



Name of Respondent										For the Year Ended	
<b>Chesapeake Utilities Corporation</b>										Dec. 31, 2007	
TAXES OTHER THAN INCOME TAXES (Account 408.1)											
	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		503,774				65,150		91,209	172,593	832,726
2											
3											
4											
5											
6	Non Operating Income										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		503,774				65,150		91,209	172,593	832,726
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)	Allocations to Current Year's Income		Adjustments (f)	Balance End of Year (g)	Average Period of Allocation to Income (h)
				Acct. No. (d)	Amount (e)			
1	Gas Utility							
2	3%							
3	4%							
4	7%							
5	10%	191,337		420	19,524		171,813	
6								
7								
8								
9								
10	TOTAL	191,337		420	19,524		171,813	
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	Debits Account No.	Credits Account No.	
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	Debits Account No.	Credits Account No.	
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, 2007

**RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME  
FOR FEDERAL INCOME TAXES**

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.

2. If the utility is a member of a group which files a consolidated Federal tax return, reconcile reported net income with tax 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.

Line No.	Particulars (Details) (a)	Amount (b)
1	Net Income for the Year (Page 9)	1,502,221
2	Reconciling Items for the Year	
3		
4	Taxable Income Not Reported on Books	
5	Add Back Federal Taxes	750,427
6	Add Back ITC Amortization and Deferred Tax Expense	58,239
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	(167,465)
28		
29		
30		
31		
32		
33		
34	Federal Tax Net Income	2,143,422
35	Show Computation of Tax:	
36	Federal Taxable Income	2,143,422
37	x Tax Rate	0.35
38		
39	Current Federal Income Tax	750,198
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	<b>Gas Service Revenues</b>						
2	<b>Firm Sales Service</b>						
3	480						
4	481						
5	481						
6	481						
7	481						
8	481						
9	<b>Interruptible Sales Service</b>						
10	481						
11	481						
12	<b>Firm Transportation Service</b>						
13	489	11,285,394	11,032,546	131,323,785	130,996,672	14,365	13,731
14	489						
15	489						
16	<b>Interruptible Transportation Serv.</b>						
17	489						
18	489						
19	482 Other Sales to Public Authorities						
20	484 Flex Rate - Refund	4,602	4,721				
21	TOTAL Sales to Ultimate Consume	11,289,996	11,037,267	131,323,785	130,996,672	14,365	13,731
22	483 Sales for Resale						
23	Off-System Sales						
24	TOTAL Nat. Gas Service Revenue	11,289,996	11,037,267				
25	TOTAL Gas Service Revenues	11,289,996	11,037,267				
26	<b>Other Operating Revenues</b>						
27	485 Intracompany Transfers						
28	487 Forfeited Discounts						
29	488 Misc. Service Revenues	162,691	181,265				
30	489 Rev. from Trans. of Gas of Others		47,489				
31	not included in above rate schedules)						
32	493 Rent from Gas Property	5,213	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	332	925				
39	Other	1,614,063	1,644,100				
40	495.1 Overrecoveries Purchased Gas						
41	TOTAL Other Operating Revenues	1,782,299	1,878,992				
42	TOTAL Gas Operating Revenues	13,072,295	12,916,259				
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	<b>TOTAL</b>	<b>13,072,295</b>	<b>12,916,259</b>				

Notes

Chesapeake Utilities Corporation

Dec. 31, 2007

## 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	<b>1. Production Expenses</b>		
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	<b>2. Natural Gas Storage, Terminating and Processing Expenses</b>		
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	<b>3. Transmission Expenses</b>		
44	TOTAL Transmission Expenses (Total of Accounts 850 through 867)	110504	
45			
46			

Name of Respondent		For the Year Ended	
		Dec. 31, 2007	
GAS OPERATION AND MAINTENANCE EXPENSES (Continued)			
Line No.	Account	Amount for Current Year	Amount for Previous Year
47	<b>4. Distribution Expenses</b>		
48	Operation		
49	870 Operation Supervision and Engineering	219,577	184,826
50	871 Distribution Load Dispatching		0
51	872 Compressor Station Labor and Expenses		
52	873 Compressor Station Fuel and Power		
53	874 Mains and Services Expenses	247,378	212,334
54	875 Measuring and Regulating Station Expenses--General	8,518	13,373
55	876 Measuring and Regulating Station Expenses--Industrial	44,903	31,124
56	877 Measuring and Regulating Station Expenses--City Gate Check Station	30,375	16,869
57	878 Meter and House Regulator Expenses	293,344	288,006
58	879 Customer Installations Expenses	20,026	26,067
59	880 Other Expenses	108,006	135,066
60	881 Rents	121,165	116,790
61	TOTAL Operation (Total of lines 49 through 60)	1,093,292	1,024,455
62	Maintenance		
63	885 Maintenance Supervision and Engineering		
64	886 Maintenance of Structures and Improvements		0
65	887 Maintenance of Mains	198,851	160,284
66	888 Maintenance of Compressor Station Equipment		
67	889 Maintenance of Meas. and Reg. Sta. Equip.--General	29,335	40,858
68	890 Maintenance of Meas. and Reg. Sta. Equip.--Industrial	56,453	46,753
69	891 Maintenance of Meas. and Reg. Sta. Equip.--City Gate Check Station	32,477	64,465
70	892 Maintenance of Services	8,157	7,957
71	893 Maintenance of Meters and House Regulators	90,360	105,862
72	894 Maintenance of Other Equipment	10,234	(2,294)
73	TOTAL Maintenance (Total of Lines 63 through 72)	425,867	423,885
74	TOTAL Distribution Expenses (Total of Lines 61 and 73)	1,519,159	1,448,340
75	<b>5. Customer Accounts Expenses</b>		
76	Operation		
77	901 Supervision	56,470	54,464
78	902 Meter Reading Expenses	160,586	150,076
79	903 Customer Records and Collection Expenses	640,928	591,986
80	904 Uncollectible Accounts	68,962	27,919
81	905 Miscellaneous Customer Accounts Expenses	0	0
82	TOTAL Customer Accounts Expenses (Total of Lines 77 through 81)	926,946	824,445
83	<b>6. Customer Service and Informational Expenses</b>		
84	Operation		
85	907 Supervision		0
86	908 Customer Assistance Expenses	1,429,403	1,361,224
87	909 Informational and Instructional Expenses	2,276	0
88	910 Miscellaneous Customer Service and Informational Expenses		0
89	TOTAL Customer Service and Informational Expenses (Total of Lines 85 through 88)	1,431,679	1,361,224
90	<b>7. Sales Expenses</b>		
91	Operation		
92	911 Supervision		
93	912 Demonstrating and Selling Expenses	174,597	172,415
94	913 Advertising Expenses	67,310	10,028
95	916 Miscellaneous Sales Expenses		0
96	TOTAL Sales Expenses (Total of lines 92 through 95)	241,907	182,443
97			

Name of Respondent		For the Year Ended	
		Dec. 31, 2007	
GAS OPERATION AND MAINTENANCE EXPENSES (Continued)			
Line No.	Account	Amount for Current Year	Amount for Previous Year
98	<b>8. Administrative and General Expenses</b>		
99	Operation		
100	920 Administrative and General Salaries	1,021,596	1,170,860
101	921 Office Supplies and Expenses	516,987	497,980
102	(Less) (922) Administrative Expenses Transferred--Credit	0	0
103	923 Outside Services Employed	374,833	341,290
104	924 Property Insurance	14,463	16,358
105	925 Injuries and Damages	230,760	248,727
106	926 Employee Pensions and Benefits	447,459	391,407
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	429	770
111	930.2 Miscellaneous General Expenses	130,537	158,581
112	931 Rents	66,715	67,459
113	TOTAL Operation (Total of lines 100 through 112)	2,803,779	2,893,432
114	Maintenance		
115	935 Maintenance of General Plant	8,395	7,119
116	TOTAL Administrative and General Expense (Total of lines 113 and 115)	2,812,174	2,900,551
117			
118	TOTAL Gas O&M Expenses (Lines 37, 42, 44, 74, 82, 89, 96, and 116)	7,042,369	6,717,003
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, 2007
3	2. Total Regular Full-Time Employees	57
4	3. Total Part-Time and Temporary Employees	0
5	4. Total Employees	57
6		
7		
8		
9		
10		
11		
12		
13		

**GAS PURCHASES (Accounts 800, 800.1, 801, 802, 803, 804, 804.1, 805, 805.1)**

- |   |  |
|---|--|
| 1. Provide totals for the following accounts:<br>800 - Natural Gas Well Head Purchases<br>800.1- Natural Gas Well Head Purchases<br>Intracompany Transfers<br>801 - Natural Gas Field Line Purchases<br>802 - Natural Gas Gasoline Plant Outlet Purchases<br>803 - Natural Gas Transmission Line Purchases<br>804 - Natural Gas City Gate Purchases<br>804.1- Liquefied Natural Gas Purchases<br>805 - Other Gas Purchases<br>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.<br>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.<br>3. State in column (c) the dollar amount (omit cents) paid and previously paid for the volumes of gas shown in column (b).<br>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.<br>2. Natural gas means either natural gas unmixed, or any mixture of natural and manufactured gas.<br>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).<br>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)**

- |  |  |
|--|--|
| <p>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.</p> <p>2. Show in column (h) any expenses incurred in prior years which are being amortized. List in column (a) the period of amortization.</p> | <p>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</p> <p>4. List in Column (d) and (e) expenses incurred during year which were charged currently to income, plant, or other accounts.</p> <p>5. Minor items (less than \$25,000) may be grouped.</p> |
|--|--|

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)	Amount (e)	Deferred to Account 186 (f)	Contra Account (g)		Amount (h)
				1	Environmental Regulatory		121,708		1865
2	Conservation Cost Recovery		51,408	2530		(446,787)			(395,379)
3	Other Deferred Charges			908				(787)	(787)
4									
5									
6									
7									
8									
9									
10									
11									
12									
13									
14									
15									
16									
17	<b>TOTAL</b>		173,116			353,213		70,327	454,428

**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.	30,729
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	0
7	Board Meetings and Director Fees	98,845
8	Misc Board of Director Expenses	963
9	Misc Investor Relations Expenses	0
10		
11		
12		
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17		
18		
19		
20	<b>TOTAL</b>	130,537

**Chesapeake Utilities Corporation**

Dec. 31, 2007

**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	<b>Electric</b>			
2	TOTAL Operation and Maintenance - Electric			
3	<b>Gas</b>			
4	Operation			
5	Production - Manufd. Gas & Nat. Gas (inc. Expl. and Dev.); Other Gas Supply; Storage, LNG, Terminaling & Processing			
6	Transmission			
7	Distribution	407,145		
8	Customer Accounts	396,546		
9	Customer Service and Informational			
10	Sales	59,896		
11	Administrative and General	372,182		
12	TOTAL Operation (Total of lines 5 through 11)	1,235,769		
13	Maintenance			
14	Production - Manufd. Gas & Nat. Gas (inc. Expl. and Dev.); Other Gas Supply; Storage, LNG, Terminaling & Processing			
15	Transmission			
16	Distribution	223,846		
17	Administrative and General			
18	TOTAL Maintenance (Total of lines 14 through 17)	223,846		
19	Total Operation and Maintenance			
20	Production - Manufd. 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)	630,991		
23	Customer Accounts (Transcribe from line 8)	396,546		
24	Customer Service and Informational (Transcribe from line 9)	0		
25	Sales (Transcribe from line 10)	59,896		
26	Administrative and General (Total of lines 11 and 17)	372,182		
27	TOTAL Operation and Maint. (Total of lines 20 through 26)	1,459,615		
28	<b>Other Utility Departments</b>			
29	Operation and Maintenance			
30	TOTAL All Utility Dept. (Total of lines 2, 27, and 29)	1,459,615		
31	<b>Utility Plant</b>			
32	Construction (By Utility Departments)			
33	Electric Plant			
34	Gas Plant	503,743		
35	Other			
36	TOTAL Construction (Total of lines 33 through 35)	503,743		
37	Plant Removal (By Utility Department)			
38	Electric Plant			
39	Gas Plant	47,886		
40	Other			
41	TOTAL Plant Removal (Total of lines 38 through 40)	47,886		
42				
43	Other Accounts (Specify):			
44				
45				
46				
47				
48				
49				
50				
51				
52				
53	TOTAL Other Accounts			
54	TOTAL SALARIES AND WAGES	2,011,244		

**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	37,696
2	Accounting and Audit	79,487
3	Consultant	82,702
4	Other	638,842
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26		
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29		
30	Total	838,728

**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	3,700
2	Penalties - 4263	12,269
3	Other Interest Charges - 4310	263,049
4		
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20		
21		
22		
23		
24	Total	279,018

**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).

Line No.	(a) Description	(b) Gross Operating Revenues per Page 26	(c) Interstate and Sales for Resale Adjustments	(d) Adjusted Intrastate Gross Operating Revenues	(e) Intrastate Gross Operating Revenues per RAF Return	(f) Difference (d) - (e)
1	Total Sales to Ultimate Customers (480-482, 484)	11,289,996	4,602	11,285,394	11,285,394	0
2	Sales for Resale (483)					
3	Total Natural Gas Service Revenues	11,289,996	4,602	11,285,394	11,285,394	0
4	Total Other Operating Revenues (485-495)	1,782,299	14,640	1,796,939	1,796,939	0
5	Total Gas Operating Revenues	13,072,295	19,242	13,091,537	13,091,537	0
6	Provision for Rate Refunds (496)					
7	Other (Specify)					
8						
9						
10	<b>Total Gross Operating Revenues</b>	13,072,295	19,242	13,091,537	13,091,537	0

Notes:

- 1) Add Transportation Overburn 4,602
- Add competitive rate surplus 19,853
- Deduct competitive rate charge 0
- Deduct Off System Sales (5,213)
- Deduct Rental Revenue

Total adjustment 19,242

Name of Respondent  
**Chesapeake Utilities Corporation**

For the Year Ended

Dec. 31, 2007

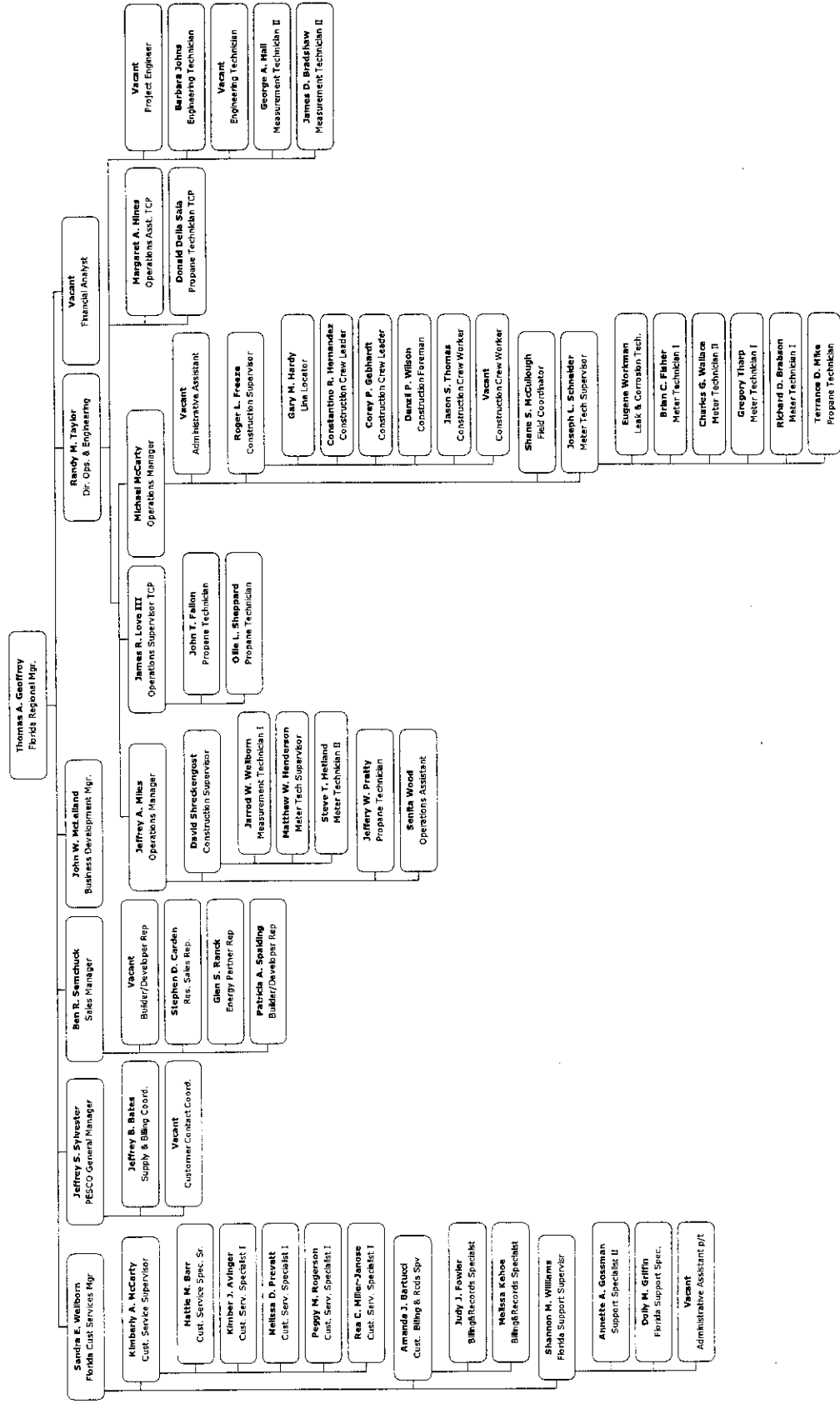
**CORPORATE STRUCTURE**

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

Effective Date:

**See Attached**

# Chesapeake Utilities Corporation Florida



**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					

**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
<b>Individual Transactions &gt; \$25k</b>		
Chesapeake Utilities Corp	Accounts Payable - 03/27/07	\$53,000
Chesapeake Utilities Corp	Accounts Payable - 06/27/07	\$178,833
Chesapeake Utilities Corp	Accounts Payable - 12/31/07	\$86,000
Chesapeake Utilities Corp	Income Tax - 12/31/07	(\$71,768)
Chesapeake Utilities Corp	Corporate Balance Reclassed to FRU's - 03/31/07	\$231,950
Chesapeake Utilities Corp	Corporate Balance Reclassed to FRU's - 06/30/07	\$268,201
Chesapeake Utilities Corp	Corporate Balance Reclassed to FRU's - 10/31/07	\$98,778
Chesapeake Utilities Corp	Corporate Balance Reclassed to FRU's - 12/31/07	\$144,347
Pesco	Imbalance - 01/31/07	\$165,651
Pesco	Imbalance - 03/31/07	\$85,900
Pesco	Imbalance - 04/30/07	(\$85,900)
Pesco	Imbalance - 06/30/07	\$154,700
Pesco	Imbalance - 07/31/07	(\$154,700)
Pesco	Imbalance - 06/30/07	\$240,860
Pesco	Imbalance - 07/31/07	(\$240,860)
Pesco	Imbalance - 09/30/07	(\$94,702)
Pesco	Imbalance - 10/31/07	(\$94,702)
<b>Recurring Transactions &gt; \$25k per month</b>		
Chesapeake Utilities Corp	Payroll	\$675,498
Chesapeake Utilities Corp	Department Expenses	\$591,884
Chesapeake Utilities Corp	Cash Transactions	(\$76,276,533)
Chesapeake Utilities Corp	Interest Allocation	\$763,774
Pesco	Accounts Receivable	(\$213,282)
Pesco	Cash Transactions	\$46,369,614
Sharp Florida	Cash Transactions	\$4,986,774



**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							
<b>Total</b>						\$	
Sales to Affiliates:		\$	\$	\$	\$	Sales Price	
N/A							
<b>Total</b>						\$	

**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
N/A				



## Independent Auditor's Report

To the Board of Directors  
Chesapeake Utilities Corporation

We have audited the balance sheet of Chesapeake Utilities Corporation - Florida Division as of December 31, 2007, and the accompanying statements of income and retained earnings for the year then ended, included on pages 6 through 11 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 audit. The financial statements of Chesapeake Utilities Corporation - Florida Division as of December 31, 2006 and for the year then ended were audited by other auditors whose report dated May 31, 2007, expressed an unqualified opinion on those statements.

We conducted our audit 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared in accordance with the accounting requirements of the Florida Public Service Commission, which are substantially equivalent to 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 as of December 31, 2007 and the results of its operations for the year then ended, in accordance with accounting requirements of the Florida Public Service Commission, which are substantially equivalent to the accounting requirements of the Federal Energy Regulatory Commission as set forth in the applicable Uniform System of Accounts and published accounting releases.

This report is intended solely for the information and use of the board of directors of Chesapeake Utilities Corporation, 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.

*Beard Miller Company LLP*

Beard Miller Company LLP  
Reading, Pennsylvania  
May 29, 2008