

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Request for rate increase  
by Florida Division of  
Chesapeake Utilities  
Corporation.

DOCKET NO. 000108-GU  
ORDER NO. PSC-00-2263-FOF-GU  
ISSUED: November 28, 2000

The following Commissioners participated in the disposition of this matter:

J. TERRY DEASON, Chairman  
E. LEON JACOBS, JR.  
LILA A. JABER

APPEARANCES:

WAYNE SCHIEFELBEIN, ESQUIRE, Post Office Box 15856,  
Tallahassee, Florida 32317-5856  
On behalf of Florida Division of Chesapeake Utilities  
Corporation.

ROBERT V. ELIAS, ESQUIRE, Florida Public Service  
Commission, 2540 Shumard Oak Boulevard, Tallahassee,  
Florida 32399-0850  
On behalf of the Commission Staff ("Staff").

**ORDER GRANTING RATE INCREASE**

BY THE COMMISSION:

Pursuant to Sections 366.06 and 366.071, Florida Statutes, the Florida Division of Chesapeake Utilities Company ("Chesapeake" or "Company") filed on May 15, 2000, a Petition for Rate Increase along with its Minimum Filing Requirements ("MFRs"). In its Petition, Chesapeake requests authority to increase its rates and charges to generate \$1,826,569 in additional annual revenues based on a 13-month average rate base of \$21,321,700 for a projected test-year ending December 31, 2001. Chesapeake's requested overall rate of return is 8.89% based on a 12.00% return on equity.

By Order No. PSC-00-1416-PCO-GU, issued August 3, 2000, this Commission suspended Chesapeake's requested permanent rate increase, but granted an interim revenue increase of \$591,579 based

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on an interim rate base of \$18,209,060 and a 7.78% overall rate of return.

Customer Service Hearings were held in Winter Haven, Florida, and St. Cloud, Florida, on August 31, 2000, and in Plant City, Florida, and Crystal River, Florida, on September 27, 2000. The purpose of these hearings was to allow the public to present testimony concerning Chesapeake's requested permanent rate increase and the quality of service provided by Chesapeake.

In its Petition, Chesapeake asked that its request for a permanent rate increase be scheduled for a formal hearing, without recourse to proposed agency action procedures. Accordingly, an administrative hearing in this docket was held before this Commission in Tallahassee, Florida, on October 16, 2000. The hearing resulted in our approval of stipulations of all issues in the case. At our November 7, 2000, Agenda Conference, we voted to approve final rates that reflect the approved stipulations. This Order memorializes our approval of the stipulations and final rates for Chesapeake.

With the stipulated adjustments discussed in the body of this Order, Chesapeake's use of a historical test-year ending December 31, 1999, and a projected test-year ending December 31, 2001, is appropriate. Further, as stipulated, Chesapeake's quality of service is satisfactory.

I. PROJECTED TEST-YEAR RATE BASE

A utility's rate base is the investment upon which it is entitled to earn a return. Once a rate base has been established, the test-period expense and rate of return are determined, and the utility's revenue requirement can be calculated by multiplication. The appropriate projected test-year rate base for Chesapeake is \$21,088,311, based on the stipulated adjustments to the MFRs set forth below. These calculations are shown in Attachment 1 to this Order, which is incorporated herein by reference.

- A. No adjustment to Plant, Accumulated Depreciation, or Depreciation Expense is necessary for canceled or delayed projects.

- B. No adjustment to plant retirements is necessary for the projected test-year.
- C. No adjustment is necessary to remove inactive service lines that have been inactive for more than five years.
- D. Certain invoices included in Accounts 376, Mains, and 381, Meters, were erroneously charged twice for sales tax. To correct this error, Accounts 376, Mains, and 381, Meters, should be reduced by \$2,324 and \$575, respectively.
- E. Thirty-six percent of the second story of Chesapeake's Winter Haven office building should be allowed in rate base. Adjustments should be made to reduce Plant, Depreciation Reserve, and Depreciation Expense by \$82,805, \$22,166, and \$2,450, respectively, for the non-utility portion of the second story.
- F. Plant should be reduced by \$202,851, Accumulated Depreciation should be reduced by \$98,203, and Depreciation Expense should be reduced by \$3,916 to reflect non-utility operations. Further, operating and maintenance (O&M) expenses should be reduced by \$70,646.
- G. The appropriate amount of Construction Work in Progress (CWIP) for the projected test-year is zero. However, the company should include CWIP in its future earnings surveillance reports.
- H. No adjustment to the costs allocated by Chesapeake Utilities Corporation to its Florida Division is necessary.
- I. The appropriate Total Plant for the projected test-year is \$31,559,900.
- J. The appropriate Depreciation Reserve for the projected test-year is \$10,491,814.
- K. No adjustment to allocate Working Capital based on updated factors is necessary.

- L. Working Capital should be reduced by \$58,688 to reflect the appropriate allocation of Materials and Supplies to non-utility operations.
- M. Accounts Receivable-Services should be increased by \$1,982. This represents an increase in the portion of non-regulated activity in this account from 62.9% to 71%, offset by an error made by the Company in trending the test-year amount.
- N. Chesapeake has not removed the appropriate amount of Miscellaneous Current Liabilities from Working Capital. In addition to the \$525,478 removed by Chesapeake, an additional \$10,305 of Flex Rate Liability should be removed, thus increasing Working Capital allowance.
- O. The appropriate accounting and ratemaking treatment for the Flexible Rate Adjustment is as filed by the Company in its MFRs.
- P. Chesapeake is currently recording conservation as a Miscellaneous Deferred Debit, but the Company should record conservation as revenues and expenses. In addition, over and under recoveries should be netted so that there is a balance in only one account at any particular time. Net over recoveries should be recorded in Account 253, Other Deferred Credits, and net under recoveries should be recorded in Account 186, Miscellaneous Deferred Debits. For ratemaking purposes, net over recoveries should remain in working capital and the interest expense recorded below-the-line; net under recoveries should be removed from working capital and the interest income recorded below-the-line.
- Q. No adjustment to health insurance reserve and expense is necessary.
- R. The Company is using the appropriate allocation methodology to allocate health insurance costs.
- S. Account 925, Injuries and Damages, should be reduced by \$12,995, for ratemaking purposes. This adjustment is based on average actual charges to the self insurance reserve. No adjustment to the reserve is necessary.

- T. The pensions and benefits expense is overstated and should be reduced by \$31,080 related to the \$138,579 of non-utility payroll removed by the Company. In addition, expenses should be decreased by \$4,923 for a portion of the non-utility payroll related to the amounts in paragraph F, above. No adjustment the pensions and benefits reserve is necessary.
- U. No adjustment to include Customer Deposits-Refunds in Working Capital is necessary. In the projected test-year, Customer Deposits-Refunds were combined with other Customer Deposits and appropriately included in the capital structure. The effective interest rate of Customer Deposits was then derived taking into consideration the combined accounts. Thus, no adjustments to the balance, its location, or the effective interest rate are required.
- V. Interest Accrued should be increased in the same proportion as 2001 interest expense reconciled to rate base exceeds 1999 interest expense reconciled to rate base. This results in an \$18,802 increase to Interest Accrued and a decrease to working capital.
- W. The appropriate Working Capital Allowance for the projected test-year is \$288,053.

II. CAPITAL STRUCTURE, COST OF CAPITAL, AND RELATED ISSUES

The appropriate weighted average cost of capital for the projected test-year is 8.60%, based on the stipulations set forth below. Calculations of the stipulated Working Capital and Cost of Capital are shown in Attachments 1A and 2, respectively, which are incorporated herein by reference.

- A. The appropriate return on common equity is 11.50%, with a range of plus or minus 100 basis points, for all regulatory purposes.
- B. The appropriate flex rate liability amount is \$57,185, and the appropriate cost rate is 5.16%.
- C. Chesapeake included \$1,392,213 of accumulated deferred taxes in its capital structure. Analysis of the Miscellaneous Deferred Debits and the Miscellaneous Current Liabilities disclosed that Chesapeake had adjusted out of its projected

working capital allowance, \$120,404 of Miscellaneous Deferred Debits and \$276,379 of Miscellaneous Current Liabilities, both FAS 109 balance sheet Regulatory Tax Accounts. Although these amounts were correctly adjusted to its capital structure, they were incorrectly reconciled pro rata over investor sources of capital. The net \$155,975 credit (\$276,379 less \$120,404) should have been included in the capital structure as an increase to accumulated deferred income taxes at a zero cost rate. To correct this error, an adjustment was made in the capital structure, reversing the company's adjustment and correctly reflecting the net FAS 109 Regulatory Tax Liability as an increase to accumulated deferred income taxes. The result is an increase of \$155,975 to Accumulated Deferred Income Taxes, concluding in total accumulated deferred income taxes of \$1,548,188. With this adjustment, FAS 109 is now appropriately reflected in the capital structure such that it is revenue neutral.

- D. The appropriate amount of unamortized investment tax credits to include in the capital structure is \$306,978, and the appropriate cost rate is zero, as filed in the Company's MFRs. Investment Tax Credits are specifically identified for the Florida Division of Chesapeake. Chesapeake is an Option 1 company and, as such, its cost rate for Investment Tax Credits is zero.
- E. Rate base and capital structure have not been appropriately reconciled. \$292,311 should be removed directly from common equity for non-regulated propane capital investment. This amount is the 13-month average for 2001 propane capital investment on the Florida Division's books. This amount should be added to common equity, long-term debt, and short-term debt on a pro rata basis and then removed solely from common equity. In addition, adjustments to the reconciliation of rate base and capital structure are appropriate to be consistent with the stipulated adjustments to rate base and capital structure.
- F. It is appropriate for the Florida Division to adjust its capital structure to reflect that of its parent Chesapeake Utilities Corporation's capital structure.
- G. Chesapeake's long-term debt cost rate should be 7.75%.

III. PROJECTED TEST-YEAR NET OPERATING INCOME

The appropriate projected test-year Net Operating Income for Chesapeake is \$1,036,692, based on the stipulated adjustments to the MFRs set forth below. The calculation of this amount is shown in Attachment 3 to this Order, which is incorporated herein by reference. Attachment 3A, also incorporated herein by reference, contains the stipulated O&M forecast for the projected test-year.

- A. Chesapeake has not removed purchased gas adjustment (PGA) revenues and expenses from the projected test-year. An adjustment should be made to remove \$5,790,925 from PGA Revenues and \$5,790,925 from Cost of Gas. Additionally, the Company has not projected a PGA over or under recovery. However, for ratemaking purposes, net over recoveries should remain in working capital and the interest expense recorded below-the-line; net under recoveries should be removed from working capital and the interest income recorded below-the-line.
- B. An adjustment should be made to remove \$2,627 for conservation advertising for the projected test-year.
- C. An adjustment should be made to increase revenues by \$20,000 for the amount of interest earned on cash in working capital.
- D. The appropriate Total Operating Revenues for the projected test-year is \$7,711,069.
- E. Chesapeake removed 100% of its chamber of commerce dues. Expenses should be increased by \$6,666 to add back 95% of chamber of commerce dues allowed by Rule 25-7.042, Florida Administrative Code. In addition, expenses should be reduced by \$1,124 to remove civic club dues and by \$5,049 to remove 45.10% of American Gas Association dues. The net adjustment is a \$493 increase to expenses.
- F. The Company has removed the appropriate amount for lobbying expenses. Thus, no adjustment is necessary for lobbying expenses.
- G. The appropriate amount of rate case expense is \$266,000, and the appropriate amortization period is 4 years, beginning 30 days after this Commission's vote on November 7, 2000, to approve new rates and charges for Chesapeake. Accordingly, expenses should be increased by \$5,625.

- H. Account 904, Bad Debt Expense, should be reduced by \$8,229 based on a four year average of net write-offs as a percent of revenues.
- I. The Company removed the appropriate amount for charitable contributions. Thus, no adjustment is necessary for charitable contributions.
- J. No adjustment is necessary to remove image building or other inappropriate advertising expenses.
- K. An adjustment should be made to remove \$1,534 for social activities.
- L. No adjustment to Account 923, Outside Services, is necessary; the Company removed the appropriate amounts.
- M. Expenses should be reduced by \$32,517 for the non-utility portion of new employees' salaries and benefits, and by \$10,181 to reflect vacated positions being filled at lower salaries.
- N. The trend rates used by Chesapeake to calculate projected O&M expenses are appropriate.
- O. The \$211,450 and the \$2,000 "other trended" amounts in Account 920, Administrative & General Salaries, should be trended by payroll and by inflation only, respectively. The "other trended" amounts in Accounts 928, Regulatory Commission Expenses, and 932, Maintenance of General Plant, should be trended by inflation only. O&M expense should be reduced by \$19,031 as a result of these changes.
- P. An adjustment should be made to increase Account 881, Rents, by \$82,490 for an omission by the Company in the projected test-year related to the lease of new pipeline capacity.
- Q. Account 878, Meters and House Regulator Expenses, should be reduced by \$7,484, based on the number of meters changed out in the historic test-year times the projected test-year change out price.
- R. No adjustment is necessary for odorizing costs.
- S. Chesapeake has justified its benchmark variances.



- T. The appropriate O&M Expense for the projected test-year is \$4,474,937.
- U. An adjustment should be made to remove \$424 in franchise and consent amortization. Chesapeake made an adjustment to remove the Accumulated Amortization, based on its last rate case, but failed to remove the amortization expense.
- V. Environmental clean-up costs should be reclassified from Account 362, Gas Holders, to Account 253, Other Deferred Credits. Future accruals and actual clean-up costs should be recorded in Account 253. The Company should continue its \$71,114 annual accrual to recover estimated clean-up costs.
- W. The appropriate amount of amortization expense for Miscellaneous Intangibles is \$100,262, and the appropriate amortization period is 10 years.
- X. The appropriate Depreciation and Amortization Expense for the projected test-year is \$1,366,358.
- Y. The appropriate amount of Taxes Other Than Income Taxes is \$613,154. Payroll taxes should be reduced by \$15,674. Regulatory assessment fees should be recalculated at .005 of revenues prior to increase that are subject to regulatory assessment fees and that number should be compared to the Company-filed amount of \$79,957 to determine the appropriate adjustment, resulting in a \$41,502 decrease. This adjustment corrects for the \$5.8 million in adjustments made to remove PGA revenues and to account for other company errors. Property taxes should be reduced by \$1,003 and \$2,457, respectively, consistent with the stipulated adjustments in paragraphs I.E. and I.F., of this Order. Gross Receipts Taxes should be reduced by \$272,938 to zero. Franchise Fees should be reduced by \$200,922 to zero. Miscellaneous Taxes should be reduced by \$7,568 to \$19,311. The revenues associated with the Gross Receipts Taxes and Franchise Fees were excluded from revenues by the Company. However, the Company failed to remove the associated expense. Since these items are separately stated on the customers' bills, it is appropriate to make the above referenced adjustments.
- Z. The appropriate Income Tax Expense, including current and deferred income taxes, ITC amortization and interest synchronization is \$219,928. Income Tax Expense should be increased by \$217,321 to reverse the Company's Interest Synchronization Adjustment, and by \$1,097 to reflect other

adjustments and a 34% federal income tax rate. Further, Income Tax Expense should be decreased by \$4,134 for the Interest Synchronization Adjustment to reconcile capital structure and rate base. Income Tax Expense should be increased by \$267,735 for the tax effect of the adjustments to revenues and expenses. Total adjustments increase tax expense by \$482,019, from (\$262,091) to \$219,928.

AA. The appropriate level of Total Operating Expenses for the projected test-year is \$6,674,377.

#### IV. REVENUE REQUIREMENTS

The appropriate projected test revenue expansion factor to be used in calculating the revenue deficiency is 1.6114. The elements of this factor are: (1) Regulatory Assessment Fees of .005; (2) State Income Taxes of .055; and (3) Federal Income Taxes of .34. Calculation of this factor is shown in Attachment 4, which is incorporated herein by reference. Using this factor, the appropriate projected test-year revenue deficiency is \$1,251,900. The calculation of this amount is shown in Attachment 5 to this Order, which is incorporated herein by reference.

No portion of the interim revenue increase approved in Order No. PSC-00-1416-PCO-GU, issued August 3, 2000, must be refunded, because Chesapeake earned below the midpoint of its rate of return authorized herein for the historic base year plus one.

#### V. RATE DESIGN, INTERIM INCREASE, AND TARIFF CHARGES AND MODIFICATIONS

In its Petition, Chesapeake proposed adjusting its rate structure to eliminate certain existing rate classes and replace them with new rate classes. As stipulated, the proposed rate classes are appropriate, with the following adjustments: (1) the GS-1/TS-1 rate classes shall be applicable to customers using between zero and 500 therms annually; and (2) the GS-2/TS-2 rate classes shall be applicable to customers using between 501 and 3000 therms annually. Chesapeake's new rate classes are listed in Attachment 6 to this Order, which is incorporated herein by reference.

The test-year customer and therm forecast for the large volume industrial class should be reduced by two customers and 4,280,500 therms. This adjustment accounts for the loss of two large volume industrial customers and corrects two small errors in the test-year therm forecast. In addition, the customer and therm forecasts for

ORDER NO. PSC-00-2263-FOF-GU  
DOCKET NO. 000108-GU  
PAGE 11

the GS-1/TS-1 and GS-2/TS-2 classes should be adjusted to reflect the redefinition of these classes as discussed above. The customer and therm forecasts for the remaining rate classes, as filed in the Company's MFRs, are appropriate.

The appropriate billing determinants are reflected in the rate design calculations shown on page 1 of Attachment 6. These billing determinants reflect the above adjustments to the customer and therm forecasts.

The appropriate cost of service methodology to be used in allocating costs to the various rate classes is Staff's cost of service model adjusted for market conditions, value of service, and customer acceptance considerations. This methodology accounts for the stipulated adjustments to rate base, O&M expense, and net operating income discussed above. The results of this methodology, i.e., the revenues to be collected from each rate class, are shown on page 2 of Attachment 6.

Chesapeake's proposed Transportation Cost Recovery mechanism is not approved in this rate case. While a transportation cost recovery mechanism is appropriate for the recovery of non-recurring costs related to transportation service, such costs should be recovered from all non-residential customers except for special contract customers, not just from the transportation-only customers. We approve of the concept of a recovery clause, but the specifics regarding how the costs should be recovered from the rate classes and the level of costs to be recovered should be addressed in a subsequent proceeding.

Chesapeake's new rates and charges are designed to recover from each customer class the allocated costs in the cost of service study. The appropriate new customer and energy charges for Chesapeake, by rate class, are set forth in Attachment 6. The appropriate new miscellaneous charges and fees for Chesapeake are set forth on page 5 of Attachment 6. These new rates and charges shall become effective for all meter readings taken on or after December 7, 2000, 30 days from the date of our vote approving such rates and charges. As stipulated, the new rates do not result in an increase to any class that is greater than that reflected in the Company's initial filing in this docket.

The following stipulated tariff modifications are also approved:

- A. Chesapeake's proposed General Sales Service (GSS) rate adjustment is appropriate. Chesapeake has proposed no change to its existing GSS rate adjustment.
- B. The Residential Annual Contract Service (RACS) rate schedule has been closed to new customers for several years, and shall be eliminated.
- C. Customers who take service under special contracts shall not be subject to a change in rates.
- D. Chesapeake's existing Load Profile Enhancement Rider (Rider LE) shall be expanded to be available to customers under all rate schedules.
- E. Chesapeake's Residential Load Enhancement Sales Service Rider (Rider RLES) shall be eliminated. With the expansion of Rider LE to include residential customers, Rider RLES is no longer necessary.
- F. Chesapeake's current interruptible classification of customers shall be eliminated. However, certain customers who lack alternative fuel capabilities and who may provide system reliability benefits if interrupted shall be offered interruptible service pursuant to special contracts.
- G. Customers shall be required to take 100% of their service as either sales service or transportation service, rather than a combination of the two. Many customers currently split their total volumes between transportation and sales service. These customers essentially use sales gas to balance their own usage requirements. This practice leads to additional costs being incurred by the Company and the general body of ratepayers, and should be eliminated.
- H. Chesapeake's Maximum Allowable Construction Cost (MACC) shall be modified from five years to six years. A six year MACC is appropriate and is consistent with other investor-owned gas utilities.
- I. Chesapeake's proposed Contract Sales Service and Contract Transportation Service riders are appropriate.

As stipulated, Chesapeake shall submit, within 75 days of the issuance date of this Order, a description of all entries or adjustments to its future annual reports to this Commission, rate of return reports, published financial statements, and books and records that are required as a result of this Order.

In addition, as Chesapeake agreed at our October 16, 2000, hearing, if the Company requests a limited rate proceeding within the next twelve months, any rates resulting from such a proceeding shall not become effective sooner than twelve months from the effective date of the rates and charges approved herein.

VI. NATURAL GAS TRANSPORTATION SERVICE TARIFF

Chesapeake's proposed natural gas transportation service tariff, filed as part of this rate case to comply with Rule 25-7.0335, Florida Administrative Code, is approved as it is reflected in Chesapeake's MFRs. Individual transportation service shall become effective for all meter readings taken on or after December 7, 2000, 30 days from the date of our vote approving Chesapeake's new rates and charges. The appropriate effective date for Chesapeake's proposed aggregated transportation service is the first calendar day of the month following 70 days after the issuance date of this Order.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the stipulations set forth in the body of this Order are hereby approved. It is further

ORDERED that the Florida Division of Chesapeake Utilities Corporation is authorized to collect additional annual revenues of \$1,251,900. It is further

ORDERED that the rates and charges approved in this Order and set forth in Attachment 6, which is incorporated herein by reference, shall become effective for all meter readings taken on or after December 7, 2000, 30 days from the date of our vote approving such rates and charges. It is further

ORDER NO. PSC-00-2263-FOF-GU  
DOCKET NO. 000108-GU  
PAGE 14

ORDERED that the Florida Division of Chesapeake Utilities Corporation shall submit, within 75 days of the issuance date of this Order, a description of all entries or adjustments to its future annual reports to this Commission, rate of return reports, published financial statements, and books and records that are required as a result of this Order. It is further

ORDERED that if the Florida Division of Chesapeake Utilities Corporation requests a limited rate proceeding within the next twelve months, any rates resulting from such a proceeding shall not become effective sooner than twelve months from the effective date of the rates and charges approved herein. It is further

ORDERED that the Florida Division of Chesapeake Utilities Corporation's proposed natural gas transportation service tariff, filed as part of this rate case to comply with Rule 25-7.0335, Florida Administrative Code, is approved. Individual transportation service shall become effective for all meter readings taken on or after December 7, 2000, 30 days from the date of our vote approving the new rates and charges set forth herein. Aggregated transportation service shall become effective on the first calendar day of the month following 70 days after the issuance date of this Order. It is further

ORDERED that this docket shall be closed.

By ORDER of the Florida Public Service Commission this 28th Day of November, 2000.

BLANCA S. BAYÓ, Director  
Division of Records and Reporting

By: Kay Flynn  
Kay Flynn, Chief  
Bureau of Records

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ORDER NO. PSC-00-2263-FOF-GU  
DOCKET NO. 000108-GU  
PAGE 15

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

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

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water and/or wastewater utility by filing a notice of appeal with the Director, Division of Records and reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

COMPARATIVE AVERAGE RATE BASES

FLORIDA DIVISION OF CHESAPEAKE UTILITIES CORPORATION  
DOCKET NO. 000108-GU  
PTY 12/31/01

ATTACHMENT 1  
23-Oct-2000

ISSUE NO.	COMPANY		COMMISSION VOTE			
	TOTAL PER BOOKS	COMPANY ADJS.	COMPANY ADJUSTED	COMM. ADJS.	COMM. ADJUSTED	
<b>PLANT IN SERVICE</b>						
	UTILITY PLANT	31,980,292				
7	Sales tax on Mains & Meters (376 & 381)			(2,899)		
8	Remove 2nd story office building (390)	(23,702)		(82,805)		
	Total Plant-In-Service	<u>31,980,292</u>	<u>(23,702)</u>	<u>31,956,590</u>	<u>(85,704)</u>	<u>31,870,886</u>
9	COMMON PLANT ALLOCATED	<u>0</u>	<u>(108,135)</u>	<u>(108,135)</u>	<u>(202,851)</u>	<u>(310,986)</u>
	ACQUISITION ADJUSTMENT	632,831	(632,831)			
	Total Acquisition Adjustment	<u>632,831</u>	<u>(632,831)</u>	<u>0</u>	<u>0</u>	<u>0</u>
	PLANT HELD FOR FUTURE USE	0				
	Total Plant Held For Future Use	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	CONSTRUCTION WORK IN PROGRESS	1,822,064	(1,822,064)			
	Total Construction Work In Progress	<u>1,822,064</u>	<u>(1,822,064)</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<b>TOTAL PLANT</b>	<u>34,435,187</u>	<u>(2,586,732)</u>	<u>31,848,455</u>	<u>(288,555)</u>	<u>31,559,900</u>
<b>DEDUCTIONS</b>						
	ACCUM. DEPR. - PLANT IN SERVICE	10,686,984				
8	Remove franchise/consent		(5,926)	0		
	Remove 2nd story office building		(8,593)	(22,166)		
	Total Accum. Depr. - Plant In Service	<u>10,686,984</u>	<u>(14,519)</u>	<u>10,672,465</u>	<u>(22,166)</u>	<u>10,650,299</u>
9	ACCUM DEPR. - COMMON PLANT	<u>0</u>	<u>(60,282)</u>	<u>(60,282)</u>	<u>(98,203)</u>	<u>(158,485)</u>
	ACCUM. DEPR. - ACQUISITION ADJ.	632,831	(632,831)			
	Total Accum. Depr. - Acquisition Adj.	<u>632,831</u>	<u>(632,831)</u>	<u>0</u>	<u>0</u>	<u>0</u>
	CUSTOMER ADVANCES FOR CONSTR.	267,828	0	267,828	0	267,828
	<b>TOTAL DEDUCTIONS</b>	<u>11,587,643</u>	<u>(707,632)</u>	<u>10,880,011</u>	<u>(120,369)</u>	<u>10,759,642</u>
	NET UTILITY PLANT	<u>22,847,544</u>	<u>(1,879,100)</u>	<u>20,968,444</u>	<u>(168,186)</u>	<u>20,800,258</u>
	WORKING CAPITAL ALLOWANCE	<u>(10,662,111)</u>	<u>11,015,367</u>	<u>353,256</u>	<u>(65,203)</u>	<u>288,053</u>
	<b>TOTAL RATE BASE</b>	<u>12,185,433</u>	<u>9,136,267</u>	<u>21,321,700</u>	<u>(233,389)</u>	<u>21,088,311</u>



COMPARATIVE WORKING CAPITAL COMPONENTS

FLORIDA DIVISION OF CHESAPEAKE UTILITIES CORPORATION  
 DOCKET NO. 000108-GU  
 PTY 12/31/01

ATTACHMENT 1A  
 23-Oct-2000

ISSUE NO.		COMPANY AS FILED		COMMISSION VOTE		
		TOTAL PER BOOKS	COMPANY ADJS.	COMPANY ADJUSTED	COMM. ADJS.	COMM. ADJUSTED
	WORKING CAPITAL	(10,662,111)				
16	Accounts receivable - service		(107,396)		1,982	
	Accounts receivable - misc.		(470,142)		0	
	Receivable assoc. companies		8,705,661		0	
15	Materials & supplies		0		(58,688)	
	Misc. deferred debits		(120,404)		0	
	Customer deposits		789,257		0	
25	Interest accrued		(99,611)		(18,802)	
17	Misc. current liabilities		525,478		10,305	
	Customer advances for construction		267,828		0	
	Accum. deferred income taxes		1,392,213		0	
	Deferred ITCs		306,978		0	
	Health insurance reserve		(44,290)		0	
	Self insurance reserve		(130,205)		0	
	TOTALS	<u>(10,662,111)</u>	<u>11,015,367</u>	<u>353,256</u>	<u>(65,203)</u>	<u>288,053</u>

FLORIDA DIVISION OF CHESAPEAKE UTILITIES CORPORATION  
 DOCKET NO. 000108-GU  
 PROJECTED TEST YEAR ENDING DECEMBER 31, 2001

ATTACHMENT 2  
 23-Oct-2000

COMMISSION VOTE

	COMPANY PER BOOKS	COMPANY SPECIFIC ADJ.	COMPANY BALANCE	SPECIFIC COMM. ADJ.	BALANCE	COMM. NON-UTILITY ADJ.	BALANCE	PRO RATA	BALANCE	RATIO	COST RATES	WEIGHTED COST
COMMON EQUITY	11,822,978	(1,533,682)	10,289,296	(85,428)	10,203,868	(132,212)	10,071,656	(131,742)	9,939,914	47.13%	11.50%	5.42%
LONG TERM DEBT	0	6,377,973	6,377,973	(52,954)	6,325,019	99,240	6,424,259	(84,032)	6,340,227	30.07%	7.75%	2.33%
SHORT TERM DEBT		2,119,103	2,119,103	(17,594)	2,101,509	32,973	2,134,482	(27,920)	2,106,562	9.99%	6.03%	0.60%
USTOMER DEPOSITS	789,257	0	789,257		789,257		789,257	0	789,257	3.74%	6.44%	0.24%
DEFERRED TAXES	1,392,213		1,392,213	155,975	1,548,188		1,548,188	0	1,548,188	7.34%	0.00%	0.00%
FLEX RATE LIABILITY	0	46,880	46,880	10,305	57,185		57,185	0	57,185	0.27%	5.16%	0.01%
TAX CREDIT	306,978	0	306,978		306,978		306,978	0	306,978	1.46%	0.00%	0.00%
<b>TOTAL</b>	<b>14,311,426</b>	<b>7,010,274</b>	<b>21,321,700</b>	<b>10,305</b>	<b>21,332,005</b>	<b>(0)</b>	<b>21,332,005</b>	<b>(243,694)</b>	<b>21,088,311</b>	<b>100.00%</b>		<b>8.60%</b>

EQUITY RATIO - 54.06%

COMPARATIVE NOIs

FLORIDA DIVISION OF CHESAPEAKE UTILITIES CORPORATION  
 DOCKET NO. 000108-GU  
 PTY 12/31/01

ATTACHMENT 3  
 Page 1 of 2

23-Oct-2000

ISSUE NO.	COMPANY		COMMISSION VOTE		
	TOTAL PER BOOKS	COMPANY ADJS.	COMPANY ADJUSTED	COMM. ADJS.	COMM. ADJUSTED
OPERATING REVENUES					
	13,481,994				
36	Remove PGA revenues	0		(5,790,925)	
38	Interest on cash	0		20,000	
TOTAL REVENUES					
	13,481,994	0	13,481,994	(5,770,925)	7,711,069
OPERATING EXPENSES:					
OPERATION & MAINTENANCE EXPENSE 10,408,500					
9	Non-utility O&M expenses (920, 921)	0		(70,646)	
22	Self insurance reserve (925)	0		(12,995)	
23	Pension expense (926)	0		(36,003)	
36	Remove PGA expenses	0		(5,790,925)	
37	Conservation advertising (912)	0		(2,627)	
40	Memberships & dues (909, 921)	0		493	
42	Rate case expense (928)	0		5,625	
43	Bad debt expense (904)	0		(8,229)	
46	Social events (912)	0		(1,534)	
48	New employees (903, 912, 920, 926)	0		(42,698)	
51	Change in trend factors	0		(19,031)	
52	Rent expense (881)	0		82,490	
53	Meter change out (878)	0		(7,484)	
56	Expenses related to lost customers (various)	0		(30,000)	
TOTAL O & M EXPENSE					
	10,408,500	0	10,408,500	(5,933,563)	4,474,937

COMPARATIVE NOIs

FLORIDA DIVISION OF CHESAPEAKE UTILITIES CORPORATION  
DOCKET NO. 000108-GU  
PTY 12/31/01

ATTACHMENT 3  
Page 2 of 2

23-Oct-2000

ISSUE NO.	COMPANY			COMMISSION VOTE	
	TOTAL PER BOOKS	COMPANY ADJS.	COMPANY ADJUSTED	COMM. ADJS.	COMM. ADJUSTED
DEPRECIATION & AMORTIZATION	1,377,195				
8 Remove 2nd story office building		0		(2,450)	
9 Remove common plant depreciation		(4,047)		(3,916)	
57 Franchise & consent amortization		0		(424)	
<b>TOTAL DEPRECIATION &amp; AMORT.</b>	<b>1,377,195</b>	<b>(4,047)</b>	<b>1,373,148</b>	<b>(6,790)</b>	<b>1,366,358</b>
TAXES OTHER THAN INCOME	1,155,218				
9, 61 Property tax		0		(2,457)	
8, 61 Property tax 2nd story office bid.		0		(1,003)	
61 Regulatory Assessment Fee		0		(41,502)	
61 Gross receipts, franchise fees		0		(473,860)	
9, 61 Payroll taxes		0		(15,674)	
61 Miscellaneous		0		(7,568)	
<b>TOTAL TAXES OTHER THAN INCOME</b>	<b>1,155,218</b>	<b>0</b>	<b>1,155,218</b>	<b>(542,064)</b>	<b>613,154</b>
INCOME TAX EXPENSE					
62 Income taxes - current & deferred	(44,770)	0		267,735	
62 Change from 35% to 34% & misc.		0		1,097	
62 Interest Synch/Rec. Adj.		0		(4,134)	
62 Interest Synch/Rec. Adj.		(217,321)		217,321	
<b>TOTAL INCOME TAXES</b>	<b>(44,770)</b>	<b>(217,321)</b>	<b>(262,091)</b>	<b>482,019</b>	<b>219,928</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>12,896,143</b>	<b>(221,368)</b>	<b>12,674,775</b>	<b>(6,000,398)</b>	<b>6,674,377</b>
<b>NET OPERATING INCOME</b>	<b>585,851</b>	<b>221,368</b>	<b>807,219</b>	<b>229,473</b>	<b>1,036,692</b>

FLORIDA DIVISION OF CHESAPEAKE UTILITIES CORPORATION  
 DOCKET NO. 000108-GU  
 O&M FORECAST WORKSHEET - PROJECTED TEST YEAR CALCULATION

Schedule 3A  
 23-Oct-2000  
 COMMISSION VOTE

TREND RATES:		BASE YEAR + 1 12/31/00	PROJECTED TEST YEAR 12/31/01	
# 1	Payroll Only	4.00%	4.00%	
# 2	Customer Growth x Inflation	7.62%	7.62%	
# 3	Inflation Only (CPI-U)	2.50%	2.50%	
# 4	Customer Growth	5.00%	5.00%	
# 5	Inflation x Customer Growth	0.00%	7.62%	

  

ACCOUNT	BASE YEAR 1999	BASE YEAR + 1 2000	PROJECTED TEST YEAR 2001	TREND BASIS APPLIED
<b>DISTRIBUTION EXPENSE</b>				
870 Operation Supervision & Engineering				
Payroll trended	130,273	135,484	140,903	1
Other trended	20,243	21,786	23,446	2
Total	150,516	157,269	164,349	
871 Distribution Load Dispatching				
Payroll trended	70,565	73,388	76,323	1
Other trended	15,334	16,502	17,760	2
Other trended		42,700	44,408	1
Total	85,899	132,590	138,491	
872 Compressor Station Labor & Expense				
Payroll trended	0	0	0	
Other trended	0	0	0	
Total	0	0	0	
873 Compressor Station Fuel & Power				
Payroll trended	0	0	0	
Other trended	0	0	0	
Total	0	0	0	
874 Main & Service Expense				
Payroll trended	132,556	137,858	143,373	1
Other trended	65,549	70,544	75,919	2
Total	198,105	208,402	219,292	
875 Measuring & Regulating Station General				
Payroll trended	0	0	0	
Other trended	0	0	0	
Total	0	0	0	
876 Measure & Regulating Station Industrial				
Payroll trended	0	0	0	
Other trended	0	0	0	
Total	0	0	0	

FLORIDA DIVISION OF CHESAPEAKE UTILITIES CORPORATION  
 DOCKET NO. 000108-GU  
 O&M FORECAST WORKSHEET - PROJECTED TEST YEAR CALCULATION

Schedule 3A  
 23-Oct-2000  
 COMMISSION VOTE

TREND RATES:		BASE YEAR + 1 12/31/00	PROJECTED TEST YEAR 12/31/01		
# 1	Payroll Only	4.00%	4.00%		
# 2	Customer Growth x Inflation	7.62%	7.62%		
# 3	Inflation Only (CPI-U)	2.50%	2.50%		
# 4	Customer Growth	5.00%	5.00%		
# 5	Inflation x Customer Growth	0.00%	7.62%		

  

ACCOUNT	BASE YEAR 1999	BASE YEAR + 1 2000	PROJECTED TEST YEAR 2001	TREND BASIS APPLIED
877 Measure & Regulating Station City Gate				
Payroll trended	886	921	958	1
Other trended	21,478	6,972	7,503	2
Other not trended	0	0	0	
Total	22,364	7,893	8,462	
878 Meter & House Regulator Expense				
Payroll trended	215,040	223,642	232,587	1
Other trended	79,678	85,749	92,284	2
Staff adjustment	0	0	(12,484)	
Total	294,718	309,391	312,387	
879 Customer Service Expense				
Payroll trended	4,271	4,442	4,620	1
Other trended	6,859	7,382	7,944	2
Other trended	0	0	0	
Total	11,130	11,823	12,564	
880 Other Expense Maps & Records				
Payroll trended	61,140	63,586	66,129	1
Payroll not trended	17,122	17,550	17,989	3
Other trended	0	0	0	
Total	78,262	81,136	84,118	
881 Rents				
Payroll trended	0	0	0	
Other trended	30,449	31,210	31,990	3
Staff adjustments	0	0	82,490	
Total	30,449	31,210	114,480	
<b>Total Distribution Expense</b>	<b>871,443</b>	<b>939,715</b>	<b>1,054,142</b>	

FLORIDA DIVISION OF CHESAPEAKE UTILITIES CORPORATION  
 DOCKET NO. 000108-GU  
 O&M FORECAST WORKSHEET - PROJECTED TEST YEAR CALCULATION

Schedule 3A  
 23-Oct-2000  
 COMMISSION VOTE

TREND RATES:		BASE YEAR + 1 12/31/00	PROJECTED TEST YEAR 12/31/01		
# 1	Payroll Only	4.00%	4.00%		
# 2	Customer Growth x Inflation	7.62%	7.62%		
# 3	Inflation Only (CPI-U)	2.50%	2.50%		
# 4	Customer Growth	5.00%	5.00%		
# 5	Inflation x Customer Growth	0.00%	7.62%		

  

ACCOUNT	BASE YEAR 1999	BASE YEAR + 1 2000	PROJECTED TEST YEAR 2001	TREND BASIS APPLIED
<b>MAINTENANCE EXPENSE</b>				
885 Maintenance Supervision & Engineering				
Payroll trended	0	0	0	
Other trended	0	0	0	
Other not trended				
Total	0	0	0	
886 Maintenance of Structures & Improvements				
Payroll trended	0	0	0	
Other trended	0	0	0	
Other not trended				
Total	0	0	0	
887 Maintenance of Mains				
Payroll trended	59,356	61,730	64,199	1
Other trended	38,501	41,435	44,592	2
Other not trended				
Total	97,857	103,165	108,792	
888 Maintenance of Compressor Station Equip.				
Payroll trended	0	0	0	
Other trended	0	0	0	
Other not trended				
Total	0	0	0	
889 Maintenance of Meas. & Reg. Station General				
Payroll trended	5,154	5,360	5,575	1
Other trended	7,062	7,600	8,179	2
Other not trended				
Total	12,216	12,960	13,754	
890 Maintenance of Meas. & Reg. Station Industrial				
Payroll trended	32,829	34,142	35,508	1
Other trended	23,383	9,022	9,709	2
Other not trended				
Total	56,212	43,164	45,217	

FLORIDA DIVISION OF CHESAPEAKE UTILITIES CORPORATION  
 DOCKET NO. 000108-GU  
 O&M FORECAST WORKSHEET - PROJECTED TEST YEAR CALCULATION

Schedule 3A  
 23-Oct-2000  
 COMMISSION VOTE

TREND RATES:		BASE YEAR + 1 12/31/00	PROJECTED TEST YEAR 12/31/01		
# 1	Payroll Only	4.00%	4.00%		
# 2	Customer Growth x Inflation	7.62%	7.62%		
# 3	Inflation Only (CPI-U)	2.50%	2.50%		
# 4	Customer Growth	5.00%	5.00%		
# 5	Inflation x Customer Growth	0.00%	7.62%		

  

ACCOUNT		BASE YEAR 1999	BASE YEAR + 1 2000	PROJECTED TEST YEAR 2001	TREND BASIS APPLIED
891	Maintenance of Meas. & Reg. Station City Gate				
	Payroll trended	11,642	12,108	12,592	1
	Other trended	8,744	9,410	10,127	2
	Other not trended				
	Total	20,386	21,518	22,719	
892	Maintenance of Services				
	Payroll trended	17,639	18,345	19,078	1
	Other trended	14,845	15,976	17,194	2
	Other not trended				
	Total	32,484	34,321	36,272	
893	Maintenance of Meters & House Regulators				
	Payroll trended	5,169	5,376	5,591	1
	Other trended	64,096	68,980	74,236	2
	Staff adjustments			(5,000)	
	Total	69,265	74,356	74,827	
894	Maintenance of Other Equipment				
	Payroll trended	5,759	5,989	6,229	1
	Other trended	12,538	13,493	14,522	2
	Other not trended				
	Total	18,297	19,483	20,751	
	Total Maintenance Expense	306,717	308,967	322,332	
<b>CUSTOMER ACCOUNT EXPENSE</b>					
901	Supervision				
	Payroll trended	75,433	78,450	81,588	1
	Other trended	9,794	10,540	11,343	2
	Other not trended				
	Total	85,227	88,991	92,932	



FLORIDA DIVISION OF CHESAPEAKE UTILITIES CORPORATION  
 DOCKET NO. 000108-GU  
 O&M FORECAST WORKSHEET - PROJECTED TEST YEAR CALCULATION

Schedule 3A  
 23-Oct-2000  
 COMMISSION VOTE

TREND RATES:		BASE YEAR + 1 12/31/00	PROJECTED TEST YEAR 12/31/01	
# 1	Payroll Only	4.00%	4.00%	
# 2	Customer Growth x Inflation	7.62%	7.62%	
# 3	Inflation Only (CPI-U)	2.50%	2.50%	
# 4	Customer Growth	5.00%	5.00%	
# 5	Inflation x Customer Growth	0.00%	7.62%	

  

ACCOUNT	BASE YEAR 1999	BASE YEAR + 1 2000	PROJECTED TEST YEAR 2001	TREND BASIS APPLIED
902 Meter Reading Expense				
Payroll trended	15,787	16,418	17,075	1
Other trended	74,805	80,505	86,640	2
Staff adjustments			(10,000)	
Total	90,592	96,924	93,715	
903 Customer Records & Collections				
Payroll trended	175,807	182,839	190,153	1
Other trended	168,405	181,237	195,048	2
Other 2000	0	42,000	43,680	1
Other 2001				
Staff adjustments			(24,254)	
Total	344,212	406,077	404,627	
904 Uncollectible Accounts				
Payroll trended	0	0	0	
Other trended	25,250	27,174	29,245	2
Staff adjustments			(8,229)	
Total	25,250	27,174	21,016	
909 Infor. & Instructional Advertising				
Payroll trended	0	0	0	
Other trended	0	0	0	
Other 2001	0	0	5,000	
Staff adjustments			4,635	
Total	0	0	9,635	
<b>Total Customer Account Expense</b>	<b>545,281</b>	<b>619,165</b>	<b>621,924</b>	

**SALES EXPENSE**

911 Supervision			
Payroll trended	0	0	0
Other trended	0	0	0
Other not trended			
Total	0	0	0

FLORIDA DIVISION OF CHESAPEAKE UTILITIES CORPORATION  
 DOCKET NO. 000108-GU  
 O&M FORECAST WORKSHEET - PROJECTED TEST YEAR CALCULATION

Schedule 3A  
 23-Oct-2000  
 COMMISSION VOTE

TREND RATES:		BASE YEAR + 1 12/31/00	PROJECTED TEST YEAR 12/31/01	
# 1	Payroll Only	4.00%	4.00%	
# 2	Customer Growth x Inflation	7.62%	7.62%	
# 3	Inflation Only (CPI-U)	2.50%	2.50%	
# 4	Customer Growth	5.00%	5.00%	
#5	Inflation x Customer Growth	0.00%	7.62%	

  

ACCOUNT	BASE YEAR 1999	BASE YEAR + 1 2000	PROJECTED TEST YEAR 2001	TREND BASIS APPLIED
912 Selling & Demonstrating Expense				
Payroll trended	274,470	285,449	296,867	1
Payroll not trended	72,871	74,693	76,560	3
Other 2001	0	0	63,000	
Staff adjustment			(10,461)	
Total	<u>347,341</u>	<u>360,142</u>	<u>425,966</u>	
913 Advertising Expense				
Payroll trended	0	0	0	
Other trended	0	0	0	
Other not trended				
Total	<u>0</u>	<u>0</u>	<u>0</u>	
916 Miscellaneous Sales Expense				
Payroll trended	980	1,019	1,060	1
Other trended	225	242	261	2
Other trended				
Total	<u>1,205</u>	<u>1,261</u>	<u>1,321</u>	
Total Sales Expense	<u>348,546</u>	<u>361,403</u>	<u>427,286</u>	

**ADMINISTRATIVE & GENERAL EXPENSES**

920 Administrative & General Salaries				
Payroll trended	346,269	360,120	374,525	1
Other trended	211,450	219,908	228,704	1
Other 2000	0	161,418	167,875	1
Other 2000		2,000	2,050	3
Other 2001			70,000	
Staff adjustment			(65,902)	
Total	<u>557,719</u>	<u>743,446</u>	<u>777,252</u>	
921 Office Supplies & Expenses				
Payroll trended	0	0	0	
Other trended	223,501	240,532	258,860	2
Other not trended	82,344	84,403	86,513	3
Staff adjustments			(29,183)	
Total	<u>305,845</u>	<u>324,934</u>	<u>316,190</u>	

FLORIDA DIVISION OF CHESAPEAKE UTILITIES CORPORATION  
 DOCKET NO. 000108-GU  
 O&M FORECAST WORKSHEET - PROJECTED TEST YEAR CALCULATION

Schedule 3A  
 23-Oct-2000  
 COMMISSION VOTE

TREND RATES:		BASE YEAR + 1 12/31/00	PROJECTED TEST YEAR 12/31/01	
# 1	Payroll Only	4.00%	4.00%	
# 2	Customer Growth x Inflation	7.62%	7.62%	
# 3	Inflation Only (CPI-U)	2.50%	2.50%	
# 4	Customer Growth	5.00%	5.00%	
# 5	Inflation x Customer Growth	0.00%	7.62%	

  

ACCOUNT	BASE YEAR 1999	BASE YEAR + 1 2000	PROJECTED TEST YEAR 2001	TREND BASIS APPLIED
922 Administrative Exp. Transferred-Credit				
Payroll trended	0	0	0	
Other trended	(58,810)	(63,291)	(68,114)	2
Other not trended				
Total	(58,810)	(63,291)	(68,114)	
923 Outside Services Employed				
Payroll trended	0	0	0	
Other trended	260,414	266,924	273,597	3
Other trended				
Total	260,414	266,924	273,597	
924 Property Insurance				
Payroll trended	0	0	0	
Other not trended	10,674	10,949	11,233	
Other not trended				
Total	10,674	10,949	11,233	
925 Injuries & Damages				
Payroll trended	112	116	121	1
Other not trended	141,173	144,019	146,894	
Staff adjustments			(12,995)	
Total	141,285	144,135	134,020	
926 Employee Pensions/Benefits				
Payroll trended	78,335	81,468	84,727	1
Other trended	312,407	320,217	328,223	3
Staff adjustment			(37,850)	
Total	390,742	401,686	375,100	
927 Franchise Requirements				
Payroll trended	0	0	0	
Other trended	0	0	0	
Other not trended				
Total	0	0	0	

FLORIDA DIVISION OF CHESAPEAKE UTILITIES CORPORATION  
DOCKET NO. 000108-GU  
O&M FORECAST WORKSHEET - PROJECTED TEST YEAR CALCULATION

Schedule 3A  
23-Oct-2000  
COMMISSION VOTE

TREND RATES:		BASE YEAR + 1 12/31/00	PROJECTED TEST YEAR 12/31/01	
# 1	Payroll Only	4.00%	4.00%	
# 2	Customer Growth x Inflation	7.62%	7.62%	
# 3	Inflation Only (CPI-U)	2.50%	2.50%	
# 4	Customer Growth	5.00%	5.00%	
#5	Inflation x Customer Growth	0.00%	7.62%	

  

ACCOUNT	BASE YEAR 1999	BASE YEAR + 1 2000	PROJECTED TEST YEAR 2001	TREND BASIS APPLIED
928 Regulatory Commission Expense				
Other trended	3,120	3,198	3,278	3
Other 2001	0	0	60,875	
Staff adjustments			5,625	
Total	<u>3,120</u>	<u>3,198</u>	<u>69,778</u>	
929 Duplicate Charges				
Payroll trended	0	0	0	
Other trended	0	0	0	
Other not trended				
Total	<u>0</u>	<u>0</u>	<u>0</u>	
930.1 General Advertising Expenses				
Payroll trended	0	0	0	
Other trended	0	0	0	
Other not trended				
Total	<u>0</u>	<u>0</u>	<u>0</u>	
930.2 Miscellaneous General Expenses				
Payroll trended	0	0	0	
Other trended	76,174	78,078	80,030	3
Other not trended	0	0	0	
Total	<u>76,174</u>	<u>78,078</u>	<u>80,030</u>	
931 Rents				
Payroll trended	0	0	0	
Other trended	54,161	55,515	56,903	3
Other not trended	0	0	0	
Total	<u>54,161</u>	<u>55,515</u>	<u>56,903</u>	
932 Maintenance of General Plant				
Payroll trended	893	929	966	1
Other trended	21,224	21,755	22,298	3
Other not trended	0	0	0	
Total	<u>22,117</u>	<u>22,683</u>	<u>23,264</u>	
Total Administrative & General Expenses	<u>1,763,441</u>	<u>1,988,258</u>	<u>2,049,253</u>	
<b>TOTAL OPERATION &amp; MAINTENANCE EXPENSES</b>	<b><u>\$3,835,428</u></b>	<b><u>\$4,217,508</u></b>	<b><u>\$4,474,937</u></b>	

NET OPERATING INCOME MULTIPLIER

FLORIDA DIVISION OF CHESAPEAKE UTILITIES CORPORATION  
DOCKET NO. 000108-GU  
PTY 12/31/01

ATTACHMENT 4  
23-Oct-2000

<u>DESCRIPTION</u>	<u>COMPANY PER FILING</u>	<u>COMMISSION VOTE</u>
REVENUE REQUIREMENT	100.0000%	100.0000%
GROSS RECEIPTS TAX RATE	2.5000%	0.0000%
REGULATORY ASSESSMENT RATE	0.5000%	0.5000%
BAD DEBT RATE	0.0000%	0.0000%
NET BEFORE INCOME TAXES	<u>97.0000%</u>	<u>99.5000%</u>
STATE INCOME TAX RATE	5.5000%	5.5000%
STATE INCOME TAX	5.3350%	5.4725%
NET BEFORE FEDERAL INCOME TAXES	<u>91.6650%</u>	<u>94.0275%</u>
FEDERAL INCOME TAX RATE	35.0000%	34.0000%
FEDERAL INCOME TAX	32.0828%	31.9694%
REVENUE EXPANSION FACTOR	<u>59.5823%</u>	<u>62.0582%</u>
NET OPERATING INCOME MULTIPLIER	<u>1.6784</u>	<u>1.6114</u>

COMPARATIVE REVENUE DEFICIENCY CALCULATIONS

FLORIDA DIVISION OF CHESAPEAKE UTILITIES CORPORATION  
 DOCKET NO. 000108-GU  
 PTY 12/31/01

ATTACHMENT 5  
 23-Oct-2000

	<u>COMPANY ADJUSTED</u>	<u>COMMISSION VOTE</u>
RATE BASE (AVERAGE)	\$21,321,700	\$21,088,311
RATE OF RETURN	X 8.89%	X 8.60%
REQUIRED NOI	<u>\$1,895,499</u>	<u>\$1,813,595</u>
 Operating Revenues	 <u>13,481,994</u>	 <u>7,711,069</u>
Operating Expenses:		
Operation & Maintenance	10,408,500	4,474,937
Depreciation & Amortization	1,373,148	1,366,358
Amortization of Environ. Costs	0	0
Taxes Other than Income Taxes	1,155,218	613,154
Income Taxes	<u>(262,091)</u>	<u>219,928</u>
Total Operating Expenses	12,674,775	6,674,377
ACHIEVED NOI	<u>807,219</u>	<u>1,036,692</u>
NET NOI DEFICIENCY	1,088,280	776,902
REVENUE TAX FACTOR	1.6784	1.6114
REVENUE DEFICIENCY	<u>\$1,826,569</u>	<u>\$1,251,900</u>

FLORIDA DIVISION OF CHESAPEAKE UTILITIES  
DOCKET NO. 000108-GU  
APPROVED RATE DESIGN

	TOTAL	GS-1	TS-1	GS-2	TS-2	GS-3	TS-3	GS-4	TS-4	GS-5	TS-5	GS-6	TS-6	GS-7	TS-7	GS-8	TS-8	GS-9	TS-9
<b>TARGET REVENUES</b>	\$6,083,070	\$2,357,585		\$469,726		\$833,641		\$419,879		\$195,989		\$230,324		\$1,093,871		\$846,700		\$1,034,621	
LESS OTHER REVENUES	<u>\$129,349</u>	<u>\$74,785</u>		<u>\$27,494</u>		<u>\$2,719</u>		<u>\$1,058</u>		<u>\$274</u>									
REVENUES FROM RATES	<u>\$6,559,730</u>	\$2,282,800		\$442,232		\$831,122		\$418,811		\$195,715		\$230,324		\$1,093,871		\$846,700		\$1,034,621	
<b>LESS CUSTOMER CHARGE REVENUES</b>																			
APPROVED CUSTOMER CHARGES		\$10.00	\$15.00	\$17.50	\$27.50	\$32.50	\$42.50	\$40.00	\$55.00	\$100.00	\$125.00	\$175.00	\$200.00	\$250.00	\$300.00	\$350.00	\$500.00	\$500.00	\$700.00
NO OF BILLS	141,348	127,212	0	7,820	360	3,024	490	720	570	156	144	120	120	72	408	24	144	24	60
TOTAL CUST CHARGE REVENUE	\$1,947,930	\$1,272,120	\$0	\$133,350	\$9,900	\$98,280	\$20,400	\$28,800	\$31,880	\$15,800	\$18,000	\$21,000	\$24,000	\$18,000	\$122,400	\$8,400	\$72,000	\$12,000	\$42,000
TOTAL GS-TS CUST CHARGE REV	\$1,947,930	\$1,272,120		\$143,250		\$118,860		\$60,480		\$33,800		\$45,000		\$140,400		\$80,400		\$54,000	
INCREMENTAL TRANSP. CUST CHARGE	\$77,840		\$0.00		\$3,800.00		\$4,800.00		\$8,840.00		\$3,800.00		\$3,800.00		\$20,400.00		\$21,800.00		\$12,000.00
EQUALS PER THERM TARGET REVENUE	<u>\$6,908,800</u>	\$1,010,880		\$298,982		\$512,442		\$358,131		\$182,115		\$185,324		\$953,471		\$786,300		\$980,621	
NUMBER OF THERMS	116,194,644	2,293,178		1,018,482		2,026,894		1,618,148		862,203		1,258,938		8,755,000		8,785,000		12,426,000	
GS/TS RATE PER THERM		0.440733		0.293556		0.252848		0.221322		0.188024		0.147090		0.097742		0.097228		0.078917	
ROUNDED RATE PER THERM		0.44073		0.29356		0.25285		0.22132		0.18802		0.14709		0.09774		0.08723		0.07892	
PER THERM RATE REVENUES	\$6,808,835	\$1,010,872		\$298,986		\$512,450		\$358,129		\$182,111		\$185,324		\$953,454		\$786,316		\$980,680	
<b>SUMMARY APPROVED TARIFF RATES</b>																			
CUSTOMER CHARGES		\$10.00	\$15.00	\$17.50	\$27.50	\$32.50	\$42.50	\$40.00	\$55.00	\$100.00	\$125.00	\$175.00	\$200.00	\$250.00	\$300.00	\$350.00	\$500.00	\$500.00	\$700.00
ENERGY CHARGES- CENTS PER THERM		44.073		29.356		25.285		22.132		18.802		14.709		9.774		8.723		7.892	
CUSTOMER CHARGE REVENUE	\$1,947,930	\$1,272,120	\$0	\$133,350	\$9,900	\$98,280	\$20,400	\$28,800	\$31,880	\$15,800	\$18,000	\$21,000	\$24,000	\$18,000	\$122,400	\$8,400	\$72,000	\$12,000	\$42,000
ENERGY CHARGE REVENUE	\$6,808,835	\$1,010,872	\$0	\$298,986	\$0	\$512,450	\$0	\$358,129	\$0	\$182,111	\$0	\$185,324	\$0	\$953,454	\$0	\$786,316	\$0	\$980,680	\$0
TOTAL	<u>\$6,559,765</u>	<u>\$2,282,992</u>		<u>\$442,236</u>		<u>\$831,130</u>		<u>\$418,809</u>		<u>\$195,711</u>		<u>\$230,324</u>		<u>\$1,093,854</u>		<u>\$846,716</u>		<u>\$1,034,680</u>	
difference	(\$35)																		
<b>PROPOSED</b>																			
NOI	\$1,533,680	\$263,199		\$53,898		\$49,217		\$44,338		\$23,505		\$35,984		\$205,777		\$191,265		\$368,746	
RATE BASE	\$21,105,572	\$3,867,185		\$874,840		\$1,055,596		\$1,078,991		\$959,771		\$1,193,599		\$2,882,912		\$2,348,651		\$4,281,994	
RATE OF RETURN	7.27%	7.18%		6.16%		4.66%		4.11%		2.45%		3.01%		7.87%		8.14%		8.81%	
<b>PRESENT</b>																			
NOI	\$1,077,860	\$88,222		\$51,341		(\$36,240)		\$19,408		\$17,117		\$23,286		(\$82,914)		\$138,785		\$556,558	
RATE BASE	\$21,105,572	\$3,867,185		\$874,840		\$1,055,596		\$1,078,991		\$959,771		\$1,193,599		\$2,882,912		\$2,348,651		\$4,281,994	
RATE OF RETURN	5.11%	2.41%		5.87%		-3.43%		1.80%		1.78%		1.95%		-2.34%		5.91%		13.00%	

FLORIDA DIVISION OF CHESAPEAKE UTILITIES

DOCKET NO. 000108-GU

Page 2 of 5

APPROVED RATE DESIGN

	TOTAL	GS-1/TS-1	GS-2/TS-2	GS-3/TS-3	GS-4/TS-4	GS-5/TS-5	GS-6/TS-6	GS-7/TS-7	GS-8/TS-8	GS-9/TS-9
<b>PRESENT RATES</b>										
GAS SALES	\$7,630,737	\$1,970,008	\$416,549	\$509,992	\$377,293	\$195,176	\$222,606	\$732,489	\$716,299	\$1,109,591
OTHER OPERATING REV.	\$80,333	\$36,333	\$21,000	\$2,200	\$600	\$200	\$0	\$0	\$0	\$0
<b>TOTAL</b>	<b><u>\$7,711,070</u></b>	<b>\$2,006,341</b>	<b>\$437,549</b>	<b>\$512,192</b>	<b>\$377,893</b>	<b>\$195,376</b>	<b>\$222,606</b>	<b>\$732,489</b>	<b>\$716,299</b>	<b>\$1,109,591</b>
RATE OF RETURN	5.11%	2.41%	5.87%	-3.43%	1.80%	1.78%	1.95%	-2.34%	5.91%	13.00%
INDEX	100%	47%	115%	-67%	35%	35%	38%	-46%	116%	255%
<b>APPROVED RATES</b>										
GAS SALES	\$8,556,730	\$2,282,800	\$442,232	\$631,122	\$418,611	\$195,715	\$230,324	\$1,093,871	\$846,700	\$1,034,621
OTHER OPERATING REV.	\$126,340	\$74,785	\$27,494	\$2,719	\$1,068	\$274	\$0	\$0	\$0	\$0
<b>TOTAL</b>	<b><u>\$8,683,070</u></b>	<b>\$2,357,585</b>	<b>\$469,726</b>	<b>\$633,841</b>	<b>\$419,679</b>	<b>\$195,989</b>	<b>\$230,324</b>	<b>\$1,093,871</b>	<b>\$846,700</b>	<b>\$1,034,621</b>
<b>TOTAL REV. INCREASE *</b>	<b><u>\$971,984</u></b>	<b>\$351,244</b>	<b>\$32,177</b>	<b>\$121,649</b>	<b>\$41,786</b>	<b>\$613</b>	<b>\$7,718</b>	<b>\$361,382</b>	<b>\$130,401</b>	<b>(\$74,970)</b>
PERCENT INCREASE	12.61%	17.51%	7.35%	23.75%	11.06%	0.31%	3.47%	49.34%	18.20%	-6.76%
RATE OF RETURN	7.27%	7.18%	6.16%	4.66%	4.11%	2.45%	3.01%	7.67%	8.14%	8.61%
INDEX	100%	99%	85%	64%	57%	34%	41%	106%	112%	119%

\* The revenue increase of \$1,251,900 approved by the Commission has been adjusted downward by \$279,916 in this schedule to reflect the revenues attributable to two lost industrial customers, per the stipulation.



FLORIDA DIVISION OF CHESAPEAKE UTILITIES  
 DOCKET NO. 000108-GU

<u>RATE SCHEDULE</u>	<u>PRESENT RATES</u>	<u>APPROVED RATES</u>
<u>GS-1 - (RESIDENTIAL)</u>		
CUSTOMER CHARGE	\$7.00	\$10.00
ENERGY CHARGE (cents/therm)	46.905	44.073
<u>GS-1 - (COMMERCIAL/INDUSTRIAL)</u>		
CUSTOMER CHARGE	\$15.00	\$10.00
ENERGY CHARGE (cents/therm)	22.115	44.073
<u>TS-1 - (RESIDENTIAL)</u>		
CUSTOMER CHARGE	N/A	\$15.00
ENERGY CHARGE (cents/therm)	N/A	44.073
<u>GS-2 - (RESIDENTIAL)</u>		
CUSTOMER CHARGE	\$7.00	\$17.50
ENERGY CHARGE (cents/therm)	46.905	29.356
<u>GS-2 - (COMMERCIAL/INDUSTRIAL)</u>		
CUSTOMER CHARGE	\$15.00	\$17.50
ENERGY CHARGE (cents/therm)	22.115	29.356
<u>TS-2 - (COMMERCIAL/INDUSTRIAL)</u>		
CUSTOMER CHARGE	N/A	\$27.50
ENERGY CHARGE (cents/therm)	N/A	29.356
<u>GS-3 - (RESIDENTIAL)</u>		
CUSTOMER CHARGE	\$7.00	\$32.50
ENERGY CHARGE (cents/therm)	46.905	25.285
<u>GS-3 - (COMMERCIAL/INDUSTRIAL)</u>		
CUSTOMER CHARGE	\$15.00	\$32.50
ENERGY CHARGE (cents/therm)	22.115	25.285
<u>TS-3 - (COMMERCIAL/INDUSTRIAL)</u>		
CUSTOMER CHARGE	N/A	\$42.50
ENERGY CHARGE (cents/therm)	N/A	25.285

FLORIDA DIVISION OF CHESAPEAKE UTILITIES  
 DOCKET NO. 000108-GU

<u>RATE SCHEDULE</u>	<u>PRESENT RATES</u>	<u>APPROVED RATES</u>
<u>GS-4 - (COMMERCIAL/INDUSTRIAL)</u>		
CUSTOMER CHARGE	\$15.00	\$40.00
ENERGY CHARGE (cents/therm)	22.115	22.132
<u>TS-4 - (COMMERCIAL/INDUSTRIAL)</u>		
CUSTOMER CHARGE	N/A	\$55.00
ENERGY CHARGE (cents/therm)	N/A	22.132
<u>GS-5 - (COMMERCIAL/INDUSTRIAL)</u>		
CUSTOMER CHARGE	\$15.00	\$100.00
ENERGY CHARGE (cents/therm)	22.115	18.802
<u>TS-5 - (COMMERCIAL/INDUSTRIAL)</u>		
CUSTOMER CHARGE	N/A	\$125.00
ENERGY CHARGE (cents/therm)	N/A	18.802
<u>GS-6 - (COMMERCIAL/INDUSTRIAL)</u>		
CUSTOMER CHARGE	\$20.00	\$175.00
ENERGY CHARGE (cents/therm)	17.287	14.709
<u>TS-6 - (COMMERCIAL/INDUSTRIAL)</u>		
CUSTOMER CHARGE	N/A	\$200.00
ENERGY CHARGE (cents/therm)	N/A	14.709
<u>GS-7 - (FIRM COMMERCIAL/ INDUSTRIAL)</u>		
CUSTOMER CHARGE	\$40.00	\$250.00
ENERGY CHARGE (cents/therm)	7.889	9.774
<u>GS-7 - (INTERRUPTIBLE COMMERCIAL/INDUSTRIAL)</u>		
CUSTOMER CHARGE	\$350.00	\$250.00
ENERGY CHARGE (cents/therm)	5.312	9.774
<u>TS-7 - (FIRM COMMERCIAL/ INDUSTRIAL)</u>		
CUSTOMER CHARGE	\$40.00	\$300.00
ENERGY CHARGE (cents/therm)	7.889	9.774
<u>TS-7 - (INTERRUPTIBLE COMMERCIAL/INDUSTRIAL)</u>		
CUSTOMER CHARGE	\$350.00	\$300.00
ENERGY CHARGE (cents/therm)	5.312	9.774
<u>GS-8 - (FIRM COMMERCIAL/ INDUSTRIAL)</u>		
CUSTOMER CHARGE	\$40.00	\$350.00
ENERGY CHARGE (cents/therm)	7.889	8.723

FLORIDA DIVISION OF CHESAPEAKE UTILITIES  
 DOCKET NO. 000108-GU

<u>RATE SCHEDULE</u>	<u>PRESENT RATES</u>	<u>APPROVED RATES</u>
<u>GS-8 - (INTERRUPTIBLE COMMERCIAL/INDUSTRIAL)</u>		
CUSTOMER CHARGE	\$350.00	\$350.00
ENERGY CHARGE (cents/therm)	5.312	8.723
<u>TS-8 - (FIRM COMMERCIAL/ INDUSTRIAL)</u>		
CUSTOMER CHARGE	\$40.00	\$500.00
ENERGY CHARGE (cents/therm)	7.889	8.723
<u>TS-8 - (INTERRUPTIBLE COMMERCIAL/INDUSTRIAL)</u>		
CUSTOMER CHARGE	\$350.00	\$500.00
ENERGY CHARGE (cents/therm)	5.312	8.723
<u>GS-9 - (FIRM COMMERCIAL/ INDUSTRIAL)</u>		
CUSTOMER CHARGE	\$40.00	\$500.00
ENERGY CHARGE (cents/therm)	7.889	7.892
<u>GS-9 - (INTERRUPTIBLE COMMERCIAL/INDUSTRIAL)</u>		
CUSTOMER CHARGE	\$350.00	\$500.00
ENERGY CHARGE (cents/therm)	5.312	7.892
<u>TS-9 - (FIRM COMMERCIAL/ INDUSTRIAL)</u>		
CUSTOMER CHARGE	\$40.00	\$700.00
ENERGY CHARGE (cents/therm)	7.889	7.892
<u>TS-9 - (INTERRUPTIBLE COMMERCIAL/INDUSTRIAL)</u>		
CUSTOMER CHARGE	\$350.00	\$700.00
ENERGY CHARGE (cents/therm)	5.312	7.892
<b>STIPULATED MISCELLANEOUS CHARGES</b>		
	<b>PRESENT RATES</b>	<b>APPROVED RATES</b>
CONNECTION CHARGE - RESIDENTIAL	\$22.00	\$30.00
CONNECTION CHARGE - COMMERCIAL	\$22.00	\$60.00
RECONNECTION CHARGE - RESIDENTIAL	\$22.00	\$30.00
RECONNECTION CHARGE - COMMERCIAL	\$22.00	\$60.00
COLLECTION IN LIEU OF DISCONNECT	\$9.00	\$15.00
CHANGE OF ACCOUNT	\$0.00	\$20.00
RETURNED CHECK CHARGE	\$15.00	\$25.00