

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application by Florida
Division of Chesapeake Utilities
Corporation for authorization to
issue common stock, preferred
stock, and secured and/or
unsecured debt, and to exceed
limitation placed on short-term
borrowings in 2001.

DOCKET NO. 001555-GU
ORDER NO. PSC-00-2498-FOF-GU
ISSUED: December 26, 2000

The following Commissioners participated in the disposition of
this matter:

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

FINAL ORDER GRANTING APPROVAL FOR AUTHORITY TO ISSUE AND SELL
SECURITIES

BY THE COMMISSION:

Chesapeake Utilities Corporation, Florida Division, (Chesapeake
or Company) filed an application on October 13, 2000, seeking
authority pursuant to Section 366.04, Florida Statutes, and Chapter
25-8, Florida Administrative Code, to issue common stock, preferred
stock, and secured and/or unsecured debt, and to exceed the
limitation placed on short-term borrowings in 2001. Notice of
Chesapeake's application was given in the Florida Administrative
Weekly on November 9, 2000.

Chesapeake requests authorization to issue up to 6,000,000
shares of Chesapeake common stock, up to 1,000,000 shares of
Chesapeake preferred stock, and up to \$80 million in secured and/or
unsecured debt. In addition, the Company requests authority to
exceed the limitation placed on short-term borrowings by Section
366.04, Florida Statutes, so as to issue short-term obligations in
an amount not to exceed \$40 million.

Chesapeake proposes to issue up to 935,764 new shares of its
common stock for the purpose of administering Chesapeake's

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Retirement Savings Plan, Performance Incentive Plan, Automatic Dividend Reinvestment and Stock Purchase Plan and conversion of the Company's Convertible Debentures. The share breakdown for each specific purpose is as follows:

<u>Number of Shares</u>	<u>Purpose</u>
150,000	Reserved for issuance pursuant to the Company's Retirement Savings Plan
365,051	Reserved for issuance under the terms of the Company's Performance Incentive Plan
211,424	Reserved for issuance pursuant to the Company's Automatic Dividend Reinvestment and Stock Purchase Plan
209,289	Reserved for issuance under the terms of the Company's outstanding 8 1/4% Convertible Debentures

For 2001, Chesapeake seeks approval to issue up to \$40,000,000 in secured and/or unsecured long-term debt with an estimated rate of interest of up to 250 basis points above U.S. Treasury rates (or extrapolated U.S. Treasury rates) with equivalent average life. Proceeds from this debt issuance would be used for general corporate purposes including, but not limited to, working capital, retirement of short-term debt, retirement of long-term debt and capital improvements.

In addition, Chesapeake intends to issue up to 5,064,236 shares of common stock and \$40,000,000 in secured and/or unsecured long-term debt with an estimated rate of interest of up to 250 basis points above U.S. Treasury rates (or extrapolated U.S. Treasury rates) with equivalent average life. This stock and debt would be used to finance Chesapeake's ongoing acquisition program of related businesses. Chesapeake states that it intends to continue to search for growth opportunities through acquisitions which fit its long-range plan to achieve the proper mix of business activities. Financing of acquisitions will depend upon the nature and extent of potential acquisitions, as well as current market and economic conditions. We approved the issuance and sale of

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5,050,653 shares of common stock and \$40,000,000 in unsecured long-term debt for Chesapeake during 2000 in Order No. PSC-99-2477-FOF-GU, issued December 17, 1999.

Chesapeake asserts that the common stock and long-term debt issued will be used for the purpose of administering Chesapeake's Retirement Savings Plan, Performance Incentive Plan, Automatic Dividend Reinvestment and Stock Purchase Plan, conversion of the Company's Convertible Debentures, financing of the Company's acquisition program and for other corporate purposes including, but not limited to, working capital, retirement of short-term debt, retirement of long-term debt and capital improvements.

Chesapeake also seeks authorization to issue up to 1,000,000 shares of its preferred stock during 2001 for possible acquisitions, financing transactions and other general corporate purposes, including potential distribution under the Company's Rights Agreement, which is designed to protect the value of the outstanding common stock in the event of an unsolicited attempt by an acquirer to take over the Company in a manner, or on terms not approved by the Board of Directors.

Having reviewed the application, it is the finding of this Commission that the issuance and sale of the aforementioned securities will not impair the ability of Chesapeake to perform the services of a public utility. These transactions are for such lawful purposes within Chesapeake's corporate powers and, as such, the application is granted subject to the conditions stated herein.

Our approval of the proposed issuance of securities by Chesapeake does not indicate specific approval of any rates, terms or conditions associated with the issuance. Such matters are properly reserved for review by the Commission within the context of a rate proceeding.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the application of Chesapeake Utilities Corporation, Florida Division, to issue up to 6,000,000 shares of Chesapeake common stock, up to 1,000,000 shares of Chesapeake preferred stock and up to \$80,000,000 in secured and/or unsecured debt and to exceed the limitation placed on short-term borrowings by Section 366.04, Florida Statutes, so as to issue short-term obligations in an

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amount not to exceed \$40,000,000, during 2001, as discussed within the body of this order, is approved. It is further

ORDERED that Chesapeake Utilities Corporation, Florida Division, shall file a consummation report in compliance with Rule 25-8.009, Florida Administrative Code, within 90 days of the end of the fiscal year in which it issues any securities authorized by this Order. It is further

ORDERED that this docket remain open pending the submission of the consummation report by Chesapeake Utilities Corporation, Florida Division.

By ORDER of the Florida Public Service Commission this 26th day of December, 2000.

BLANCA S. BAYÓ, Director
Division of Records and Reporting

By: Kay Flynn
Kay Flynn, Chief
Bureau of Records

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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.