

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition to increase
transportation cost recovery
factor by the Florida Division
of Chesapeake Utilities
Corporation.

DOCKET NO. 010103-GU
ORDER NO. PSC-01-0568-TRF-GU
ISSUED: March 12, 2001

The following Commissioners participated in the disposition of
this matter:

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

ORDER APPROVING INCREASE IN TRANSPORTATION COST RECOVERY FACTOR

BY THE COMMISSION:

By Order No. PSC-00-2383-FOF-GU, issued December 12, 2000, this Commission approved stipulations authorizing the Florida Division of Chesapeake Utilities Corporation ("Chesapeake" or "Company") to recover during calendar year 2001 its projected \$917,674 underrecovery of purchased gas costs for calendar year 2000 through the purchased gas adjustment ("PGA") true-up. To prevent these unrecovered purchased gas costs from being charged exclusively to future residential and non-residential sales service customers, Chesapeake filed a petition on December 8, 2000, in Docket No. 001763-GU, to implement a transitional transportation cost recovery mechanism providing for a surcharge to be applied to any non-residential customer moving from sales service to transportation service during 2001. Chesapeake proposed a per therm charge of \$0.04803, which was calculated by dividing the underrecovery of \$917,674 by the estimated therms sales in 2001 of 19,107,365 therms.

By Order No. PSC-01-0304-TRF-GU, issued February 5, 2001, we approved Chesapeake's request to implement a transitional transportation cost recovery mechanism. The approved

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transportation cost recovery mechanism provided for recovery of non-recurring costs related to transportation service from all non-residential customers, except for special contract customers.

On January 12, 2001, in the ongoing PGA true-up proceeding, Chesapeake requested a mid-course correction to the PGA factor cap we approved in Order No. PSC-00-2383-FOF-GU. Recognizing the drastic increase in natural gas prices during the 2000/2001 winter season, we approved Chesapeake's requested mid-course correction, increasing its PGA factor cap from \$0.74358 per therm to \$1.2221 per therm, effective February 6, 2001. Our decision is memorialized in Order No. PSC-01-0411-PCO-GU, issued February 19, 2001.

On January 25, 2001, Chesapeake filed a petition to increase the transportation cost recovery factor we approved in Order No. PSC-01-0304-TRF-GU. This petition is the subject of this Order. Jurisdiction over this matter is vested in this Commission by several provisions of Chapter 366, Florida Statutes, including Sections 366.04, 366.05, and 366.06, Florida Statutes.

Chesapeake's petition to increase its transportation cost recovery factor is consistent with its recently approved request for a mid-course correction to its PGA factor cap. Given the severity of the increased costs incurred by the Company for natural gas, it appears that Chesapeake's actual underrecovery in purchased gas costs for calendar year 2000 will be \$2,232,214, about two-and-a-half times the amount projected in Chesapeake's September 2000 testimony in our PGA true-up proceedings. To prevent these unrecovered purchased gas costs from being charged exclusively to future residential and non-residential sales service customers, the Company proposes to increase the transportation cost recovery factor from \$0.04803 per therm to \$0.11682 per therm. The proposed factor was calculated by dividing the actual underrecovery of \$2,232,214 by estimated therm sales of 19,107,365 in calendar year 2001.

We find that Chesapeake's proposed increase in its transportation cost recovery factor is reasonable. Therefore, we grant Chesapeake's petition to increase its transportation cost recovery factor. The new factor shall become effective February 20, 2001, the date of our vote on this matter.

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Based on the foregoing, it is

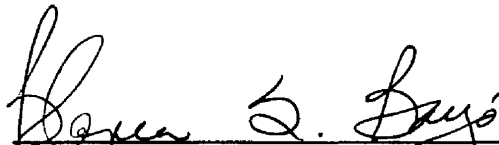
ORDERED by the Florida Public Service Commission that the petition of the Florida Division of Chesapeake Utilities Company to increase its transportation cost recovery factor is granted. It is further

ORDERED that the Florida Division of Chesapeake Utilities Company's new transportation cost recovery factor shall become effective February 20, 2001, the date of our vote on this matter. It is further

ORDERED that if a protest is filed within 21 days of issuance of the Order, the new transportation cost recovery factor shall remain in effect with any charges held subject to refund pending resolution of the protest. It is further

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

By ORDER of the Florida Public Service Commission this 12th day of March, 2001.



BLANCA S. BAYÓ, Director
Division of Records and Reporting

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NOTICE OF FURTHER PROCEEDINGS

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

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

The Commission's decision on this tariff is interim in nature and will become final, unless a person whose substantial interests are affected by the proposed action files a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on April 2, 2001.

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

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