

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for authorization to issue common stock, preferred stock and secured and/or unsecured debt and to exceed limitation placed on short-term borrowings in 2002, by Florida Division of Chesapeake Utilities Corporation.

DOCKET NO. 011345-GU
ORDER NO. PSC-02-1102-FOF-GU
ISSUED: August 12, 2002

The following Commissioners participated in the disposition of this matter:

LILA A. JABER, Chairman
J. TERRY DEASON
BRAULIO L. BAEZ
MICHAEL A. PALECKI
RUDOLPH "RUDY" BRADLEY

FINAL ORDER GRANTING MODIFICATION OF
AUTHORITY TO ISSUE AND SELL SECURITIES

BY THE COMMISSION:

On October 8, 2001, Chesapeake Utilities Corporation (CUC or Company) filed its application for authority to issue common stock, preferred stock, secured and/or unsecured debt, and to exceed limitation placed on short-term borrowings in 2002. By Commission Order No. PSC-01-2274-FOF-GU, issued November 19, 2001, and Amendatory Order No. PSC-01-2274A-FOF-GU, issued December 5, 2001, in this docket, the Commission granted CUC's application and authorized the Company to issue equity and debt securities, and to exceed the limitation placed on short-term borrowings in 2002.

On June 20, 2002, CUC filed an application for modification of authority to issue secured and/or unsecured debt during the twelve months ended December 31, 2002. Notice that the Commission will take final action on the Company's application was published on

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

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July 5, 2002, in the Florida Administrative Weekly, pursuant to Section 366.04(1), Florida Statutes.

In its application, the Company is seeking a modification to its authority to issue secured and/or unsecured debt during the twelve months ended December 31, 2002. This requested modification does not change the amounts or types of security instruments authorized by this Commission in Order No. PSC-01-2274-FOF-GU, but only the type of financial agreement entered into between the Company and financial institutions. The Company requests authorization to enter into interest rate swaps on its authorized long-term debt. An interest rate swap is an agreement between two parties to exchange a series of interest payment cash flows, for a certain period of time, based on a certain notional principal amount. Typically, in an interest rate swap, the principal amount is not exchanged, only the net interest payments are exchanged. Interest rate swaps can be used to convert a fixed interest payment obligation into a variable interest payment obligation and vice versa.

Interest rate swaps can be a prudent financial action and is a commonly accepted business practice. Consequently, the Commission grants CUC's application for modification of authority to issue secured and/or unsecured debt during the twelve months ended December 31, 2002, in order to allow the Company to enter into interest rate swaps on its authorized long-term debt with financial institutions.

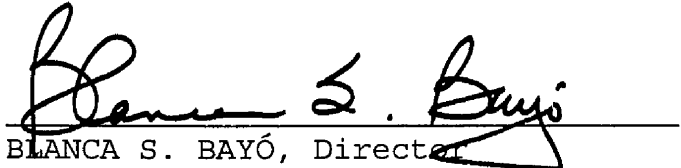
Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the application of Chesapeake Utilities Corporation for modification of authority to issue secured and/or unsecured debt during the twelve months ended December 31, 2002 is granted as set forth in this Order. It is further

ORDERED that this docket remains open pending the submission of the consummation report by Chesapeake Utilities Corporation.

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By ORDER of the Florida Public Service Commission this 12th
day of August, 2002.



BLANCA S. BAYÓ, Director
Division of the Commission Clerk
and Administrative Services

(S E A L)

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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 the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, within fifteen (15)

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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 the Commission Clerk and Administrative Services 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.