

**MEMORANDUM**

DECEMBER 18, 1996  
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FPSC-RECORDS/REPORTING

**TO: DIVISION OF RECORDS AND REPORTING**

**FROM: DIVISION OF LEGAL SERVICES (CULPEPPER)** *RVE*

**RE: DOCKET NO. 961194-GU - PETITION FOR APPROVAL TO ISSUE  
COMMON STOCK AND SECURED AND/OR UNSECURED DEBT AND TO  
EXCEED LIMITATION PLACED ON SHORT-TERM BORROWINGS IN 1997  
BY FLORIDA DIVISION OF CHESAPEAKE UTILITIES CORPORATION.**

*1514-FOF*

Attached is an **ORDER AUTHORIZING SECURITIES TRANSACTIONS** to be issued in the above-referenced docket. (Number of pages - 3)

BC/js

Attachment

cc: Division of Electric and Gas (Mills)

Division of Auditing and Financial Analysis (Jones)

I:961194OR.BC

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition for approval to ) DOCKET NO. 961194-GU  
issue common stock and secured ) ORDER NO. PSC-96-1514-FOF-GU  
and/or unsecured debt and to ) ISSUED: December 13, 1996  
exceed limitation placed on )  
short-term borrowings in 1997 by )  
Florida Division of Chesapeake )  
Utilities Corporation. )  

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The following Commissioners participated in the disposition of this matter:

SUSAN F. CLARK, Chairman  
J. TERRY DEASON  
JOE GARCIA  
JULIA L. JOHNSON  
DIANE K. KIESLING

ORDER AUTHORIZING SECURITIES TRANSACTIONS

BY THE COMMISSION:

On October 2, 1996, the Florida Division of Chesapeake Utilities Corporation (Chesapeake or Company) filed an application seeking Commission approval to issue 4,866,909 shares of common stock, \$60 million of secured and/or unsecured debt, and short-term obligations in an amount not to exceed \$40 million in 1997.

Chesapeake asserts that the total proceeds of these transactions will be used for working capital, retirement of short-term debt, retirement of long-term debt and capital improvements. Chesapeake also plans to use the proceeds to assist in its acquisition program. In addition, the transactions will be used for administering Chesapeake's Retirement Savings Plan, Performance Incentive Plan, Automatic Dividend Reinvestment and Stock Purchase Plan, Restricted Stock Award Agreements, and conversion of the Company's Convertible Debentures.

Chesapeake states that, due to the nature of typical cash for stock acquisitions, \$40 million of secured and/or unsecured debt may be issued through a bridge loan in the form of notes held by banks or some other type of short-term obligations. The bridge financing would subsequently be refinanced as unsecured long-term debt with an estimated rate of interest of up to 250 basis points above U.S. Treasury rates with an equivalent average life.

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

ORDER NO. PSC-96-1514-POF-GU  
DOCKET NO. 961194-GU  
PAGE 2

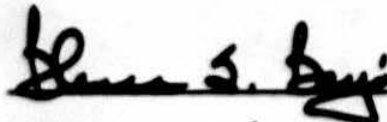
Having reviewed the application, it is the finding of this Commission that the issuance and sale of the above discussed securities and stock, within the limits described, will not impair the ability of the Florida Division of Chesapeake Utilities to perform the services of a public utility. These transactions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

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the application of the Florida Division of Chesapeake Utilities Corporation for approval to issue common stock, \$60 million in secured and/or unsecured debt, and up to \$40 million in short-term obligations is approved. It is further

ORDERED that the Florida Division of Chesapeake Utilities Corporation 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.

By ORDER of the Florida Public Service Commission, this 13th day of December, 1996.



BLANCA S. BAYÓ, Director  
Division of Records and Reporting

( S E A L )

BC

**NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW**

The Florida Public Service Commission is required by Section 120.59(4), 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.