

MEMORANDUM

December 8, 1997

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FPSC - Records/Reporting

TO: DIVISION OF RECORDS AND REPORTING

FROM: DIVISION OF LEGAL SERVICES (CRUZ-BUSTILLO)

RE: DOCKET NO. 971397-GU - PETITION FOR APPROVAL TO ISSUE COMMON STOCK AND SECURED AND/OR UNSECURED DEBT AND TO EXCEED LIMITATION PLACED ON SHORT-TERM BORROWINGS IN 1998 BY FLORIDA DIVISION OF CHESAPEAKE UTILITIES CORPORATION.

JCB RVE

97-1538-FOF-GU

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

JCB/anr

Attachment

cc: Division of Electric & Gas (E. Mills)

Division of Auditing & Financial Analysis (S. Jones)

I: 971397.jcb

2/10

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for approval to issue common stock and secured and/or unsecured debt and to exceed limitation placed on short-term borrowings in 1998 by Florida Division of Chesapeake Utilities Corporation.

DOCKET NO. 971397-GU  
ORDER NO. PSC-97-1538-FOF-GU  
ISSUED: December 8, 1997

The following Commissioners participated in the disposition of this matter:

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

ORDER AUTHORIZING SECURITIES TRANSACTIONS

BY THE COMMISSION:

The Florida Division of Chesapeake Utilities Corporation ("Company") filed an application seeking authority to issue securities up to 5,000,000 shares of Chesapeake common stock and \$70,000,000 in secured and/or unsecured debt during the calendar year 1998. The Company filed its application pursuant to Chapter 25-8, Florida Administrative Code, and Section 366.04, Florida Statutes.

The Company proposes to issue up to 823,296, new shares of its common stock for the purposes of administering Chesapeake's Retirement Savings Plan, Performance Incentive Plan, Automatic Dividend Reinvestment and Stock Purchase Plan and conversion of the Company's Convertible Debentures. The share breakdown is as follows: (1) 68,207 - Reserved for issuance pursuant to the Company's Retirement Savings Plan, (2) 198,137 - Reserved for issuance under the terms of the Company's Performance Incentive Plan, (3) 316,976 - Reserved for issuance pursuant to the Company's Automatic Dividend Reinvestment and Stock Purchase Plan, and (4) 239,976 - Reserved for issuance under the terms of the Company's outstanding 8 1/4% Convertible Debenture.

DOCUMENT NUMBER-DATE

12516 DEC-86

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For 1998, the Company intends to issue up to \$30,000,000 in secured and/or unsecured debt 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, the Company states that it intends to continue its acquisition program. For this purpose the Company is projecting financing needs for possible acquisitions of up to 4,176,704 shares of common stock and up to \$40,000,000 in secured and/or unsecured debt. Due to the nature of typical cash for stock acquisitions, the \$40,000,000 in secured and/or unsecured debt may be initially issued through a bridge loan in the form of notes held by banks or some similar form of short-term obligations. For this reason, the Company seeks approval 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 \$40,000,000. 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 (or extrapolated U.S. Treasury rates) with equivalent average life.

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 securities up to 5,000,000 shares of Chesapeake common stock and \$70,000,000 in secured and/or unsecured debt, in 1998, 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.

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By ORDER of the Florida Public Service Commission this 8th  
day of December, 1997.

BLANCA S. BAYÓ, Director  
Division of Records and Reporting

By: Kay Flynn  
Kay Flynn, Chief  
Bureau of Records

( S E A L )

JCB

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.