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October 21, 1998

Blanca S. Bayo, Director
Division of Records & Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

HAND DELIVERY

Re: Docket No. 980003-GU
Purchased Gas Adjustment

Dear Ms. Bayo:

Enclosed on behalf of Chesapeake Utilities Corporation for filing in the above docket are an original and fifteen (15) copies of:

1. Preliminary Statement of Issues and Positions; 11715-98
2. Prehearing Statement; and 11717-98
3. our Certificate of Service.

The Preliminary Statement and the Prehearing Statement are also submitted herewith on diskette, together with a statement of disk/file specifications.

Please acknowledge receipt of the foregoing by stamping the enclosed extra copy of this letter and returning same to my attention. Thank you for your assistance.

Sincerely,

Wayne L. Schiefelbein
Wayne L. Schiefelbein

WCK _____
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APP _____
CAF _____
CMU _____
CTR _____
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LEO 1 Enclosures
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OPC _____
RCH _____
SEL 1
WAS _____
OTH _____

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Purchased Gas Adjustment.) DOCKET NO. 980003-GU
)
) FILED: October 21, 1998

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that true and correct copies of Chesapeake Utilities Corporation's Preliminary Statement of Issues and Positions and Prehearing Statement have been furnished by hand-delivery on this 21st day of October, 1998 to **WILLIAM COCHRAN KEATING, IV, ESQ.**, Division of Legal Services, Florida Public Service Commission, Gunter Building, Room 370, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, and by regular U.S. Mail to the following:

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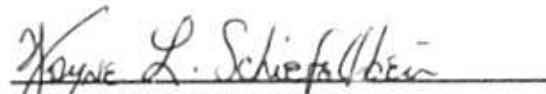
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Attorneys for Chesapeake
Utilities Corporation

ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Purchased Gas Adjustment)
_____)

Docket No. 980003-GU

CHESAPEAKE UTILITIES CORPORATION'S
PRELIMINARY STATEMENT OF ISSUES AND POSITIONS

Chesapeake Utilities Corporation ("CUC") hereby submits its preliminary statement of issues and positions to be taken up at the hearing now scheduled to begin on November 23, 1998 in this docket

Issue 1: What is the appropriate final purchased gas adjustment true-up amount for the period April, 1997 through March, 1998?

CUC's Position: \$133,533 underrecovery.

Issue 2: What is the estimated purchased gas adjustment true-up amount for the period April, 1998 through December, 1998?

CUC's Position: \$60,458 overrecovery

Issue 3: What is the total purchased gas adjustment true-up amount to be collected in the January, 1999 - December, 1999 period?

CUC's Position: \$73,075 underrecovery.

Issue 4: What is the appropriate levelized purchased gas cost recovery (cap) factor to be charged during the period January, 1999 through December, 1999?

CUC's Position: 41.668 cents per therm.

Issue 5: What should be the effective date of the new purchased gas adjustment charge for billing purposes?

DOCUMENT FILED DATE
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FSP

CUC's Position:

The factor should be effective for all meter readings on or after January 1, 1999, beginning with the first or applicable billing cycle for the period January, 1999 through December, 1999.

Respectfully submitted,

CHESAPEAKE UTILITIES CORPORATION
FLORIDA DIVISION

By: Anne V. Wood
Anne V. Wood
Accounting and Rates Manager