

ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for a rate increase by)
Florida Division of Chesapeake)
Utilities Corporation)

Docket No. 000108-GU
Filed: July 14, 2000

RECORDS AND
REPORTING

JUL 14 PM 2:08

RECEIVED - FPSC

Synopsis of Rate Request

The Florida Division of Chesapeake Utilities Corporation (hereinafter referred to as "the Florida Division" or "the Company") submits this synopsis of its rate request, pursuant to Rule 25-22.0406(4), Florida Administrative Code.

Chesapeake Utilities Corporation is a diversified utility company headquartered in Dover, Delaware, and engaged in natural gas distribution and transmission, propane distribution and marketing, and advanced information services. The natural gas distribution and transmission segment consists of three natural gas distribution divisions and the transmission business of Eastern Shore Natural Gas Company. The three divisions serve approximately 39,000 residential, commercial and industrial customers. The Company operates as Chesapeake Utilities throughout central and southern Delaware and Maryland's Eastern Shore, and as Central Florida Gas Company in Florida. The Company's propane distribution and marketing segment includes the operations of Sharp Energy and Xeron. Sharp Energy, based in Salisbury, Maryland, distributes propane to approximately 35,300 customers in central and southern Delaware and the Eastern Shore of Maryland and Virginia. Xeron, based in Houston, Texas, markets propane to large independent oil and petrochemical companies, resellers and southeastern retail propane companies. United Systems Inc., the advanced information services segment, provides consulting, custom programming, training and development tools for national and international clients from offices in Atlanta, Georgia and Detroit, Michigan.

- APP _____
- CAF _____
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- COM 33 _____
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Chesapeake acquired Central Florida Gas Company and Plant City Natural Gas Company, in 1985 and 1988, respectively. In 1990, the Florida Public Service Commission (herein referred to as "the Commission" or "the FPSC") approved the consolidation of those two companies as the Florida Division of Chesapeake Utilities Corporation, for all ratemaking, accounting and related purposes. Chesapeake continues to conduct business in the State of Florida as Central Florida Gas Company.

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FPSC-RECORDS/REPORTING

The Florida Division's core operations as a natural gas distribution company are in the central Florida area, serving customers in Polk, Osceola and Hillsborough counties. Recent expansions have occurred in Gadsden County, where two large industrial customers are served, and in Citrus County, where a new distribution system is now primarily serving residential and commercial customers in this rapidly growing area. Through a recently approved territorial agreement, the Company is now serving a state prison in Gilchrist County and is poised to begin service to another state prison in Union County. Additional expansion is now underway to serve additional state prison facilities in Holmes and Jackson counties. Subject to FPSC approval of a forthcoming filing of a special contract, the Florida Division also expects to begin providing service to one industrial customer in DeSoto County later this year.

The Florida Division serves approximately 10,000 customers. Large-use customers (over 100,000 therms annually) account for over 90% of the total system throughput. Industrial segments served include electric generation, the phosphate and citrus industries, and a variety of other industrial applications, including aluminum extrusion, corrugated box, and ethanol plants. The Florida Division's residential market has grown by 3.5 to 5.0 percent per year since 1996. The Company projects a customer growth rate of nearly 10 percent per year for 2000 and 2001.

The Florida Division last filed for a general natural gas rate increase in 1989. The FPSC partially granted the requested rate increase, approving a return on common equity of 13.00 percent, plus or minus 100 basis points, and an overall rate of return of 9.93 percent. In 1992, the FPSC reduced that authorized return on equity to 12.00 percent, plus or minus 100 basis points. The FPSC subsequently reduced the Florida Division's authorized return on equity to 11.00 percent, plus or minus 100 basis points, effective January 1, 1994, where it has remained to the present. Finally, in 1998, the FPSC approved the Florida Division's request to restructure its rates in a revenue-neutral manner, so as to authorize rates for each rate class that better reflect the actual cost of service to them.

The Florida Division is entitled by law to receive a reasonable return upon its property used and useful in public service. The Florida Division's rates should be sufficient to yield reasonable compensation for the services rendered.

The Florida Division's existing rates and charges are inadequate and insufficient to allow it to realize fair and reasonable compensation for the services provided to the public. The Florida Division achieved an overall rate of return of 5.70 percent during the historic base year ended December 31, 1999. Based on the Florida Division's projections, absent any rate relief, the overall rate of return is expected to drop to 3.79 percent by December 31, 2001. Under its existing gas rates and charges, the Florida Division does not have an opportunity to earn a fair rate of return on its property used and useful in serving the public.

There are four primary reasons the Company is seeking rate relief at this time.

First, the Company has experienced significant, permanent loss of load, primarily through phosphate plant shutdowns. The Company also has had to manage customers who have threatened to bypass the Company and directly connect to the interstate pipeline system. The Company has skillfully negotiated with these customers, at least one of which already had a connection to the interstate pipeline, to the benefit of all concerned; large use customers' rates have been reduced and all other customers continue to have a portion of the fixed system costs borne by these large customers. Such scenarios will continue in the future. Although to date all customers who have threatened bypass remain on the system, the reduction in revenues from these customers necessary to retain them adversely impacts the Company's opportunity to earn the authorized return on its investment.

Second, the Company has incurred significant capital expenses in its efforts to diversify its customer base that need to be recognized in rate base so that an adequate return on this investment can be attained. These expansion activities are critical to ensure that fixed system costs are spread over a larger base of customers. As the customer base grows, the impact of future increased revenue requirements on rates is lower for each customer. The Company believes that the underpinning of long-term success in its business is to expand its customer base through economically feasible projects. The alternative, remaining stagnant, would ultimately result in either the loss of large use customers to bypass, or their retention at reduced rates, and the subsequent flight of remaining customers to alternative fuels as the revenue requirements rise above what the market will support.

Third, the Company has incurred business costs that were previously borne by the interstate pipeline, prior to federal deregulation that prohibited the

pipelines from continuing in the gas merchant role. The Company has new operational expenses, such as injecting odorant into the system, and administrative expenses associated with its duties and responsibilities associated with natural gas transportation service.

Finally, attrition has finally caught up to the Company. The cumulative effects of inflation and ordinary customer growth over the decade since the Company's last request for permanent rate increases have eroded earnings well below that presently authorized by the FPSC.

On May 15, 2000, the Company filed its petition for rate increase with the FPSC. The Company seeks approval of rates that would generate additional base revenues of \$1,826,569 annually, or an overall increase of 23.75%. The requested permanent revenue increase would permit the Florida Division an opportunity to earn a fair and reasonable rate of return of 8.89 percent, including a return on equity of 12.00 percent, plus or minus 100 basis points, on a projected 2001 average rate base of \$21,321,700. A comparison of the existing and proposed permanent rates is provided on Attachment "A" hereto.

The Company has also requested an interim rate increase pending disposition of its request for permanent rate relief. The request for interim relief is premised upon an overall rate of return of 7.86 percent, in accordance with Florida law governing interim rate awards. The overall interim revenue increase per annum requested was \$830,330, a 13.01 percent increase. On July 11, 2000, the FPSC approved an interim revenue increase of \$591,579 using a 7.78 percent overall rate of return, a 10.87 percent increase. The authorized interim rate increase is subject to refund, with interest, to the extent ultimately found by the FPSC to not be justified. The approved interim rates will be effective for all meter readings on or after August 10, 2000. A comparison of the previous, proposed, and approved interim rates is provided on Attachment "B" hereto.

By its petition, the Florida Division requested other relief from the FPSC, as summarized below.

The FPSC recently adopted a rule which requires each local distribution company to offer the transportation of natural gas to all non-residential customers. The Florida Division's proposal to implement the new rule is filed as a part of the rate case. Under the Company's proposal, the annual threshold for eligibility for transportation service would be lowered to

100,000 therms, and smaller volume customers would be permitted to aggregate their annual requirements under certain terms and conditions to meet the lower threshold. Those terms and conditions include provisions for the creation of customer pools to be administered by designated pool managers, under proposed agreements with the Company which specify the administrative provisions of service, including capacity release, scheduling and operational balancing procedures. Penalties are proposed for gas volumes that are not delivered as scheduled, to be credited to the Company's purchased gas adjustment. A temporary transportation cost recovery mechanism is proposed to facilitate recovery of certain types of non-recurring start-up costs for implementing the expanded transportation service.

The Florida Division also seeks approval of several other proposals which are designed to better position it to compete in the energy marketplace in Florida, including the following.

Substantial changes are proposed to the traditional customer classifications. As proposed, the current residential, commercial and industrial classifications are replaced by 19 volumetric-based classifications, without regard to customer type.

The traditional interruptible customer designations are also proposed to be replaced with alternative fuel customer designations. As proposed, customers with legitimate fuel options would be eligible for the Company's flexible rate provisions. An interruptible customer classification is retained for those customers without alternate fuel capabilities, with rates and conditions of service to be established through special contracts.

The Florida Division's Firm Rate Adjustment to recover revenue surpluses or shortfalls related to the flexible rate adjustments for alternate fuel customers is proposed to be modified to more closely track competitive fuel pricing. The Company also proposes to remove the current provision limiting the flexible rate adjustment to 90 percent of the applicable firm rate.

The Company proposes the elimination of the current practice of allowing customers to split their total volumes between transportation and sales service.

The Company also proposes replacing its Residential Load Enhancement Sales Service Rate Schedule with a Load Profile Enhancement Rider.

The Company further proposes to modify its Maximum Allowable Construction Cost calculation that is used to determine the feasibility of extensions of its distribution facilities. The proposal would facilitate a more aggressive expansion of existing facilities to support the strategic objective of diversifying the Florida Division's customer base.

The Florida Division also proposes a significant modification to its traditional rate design. The proposed rate structure would shift toward a Straight Fixed Variable rate design for small volume customers, whereby the majority of the proposed revenue requirement would be collected through the fixed monthly customer charge. As proposed, each customer class would move toward a more uniform contribution to costs than exists under present rates, in line with customers' respective energy alternatives. This proposal would remove much of the historical inequities within and between existing customer classes.

The Florida Division proposes increases in other operating revenue charges, including those for connection and reconnection, collection in lieu of disconnection, change of account and return check charges. As proposed, these charges are based on current costs of performing the respective miscellaneous services.

Finally, an entirely reconfigured proposed tariff was submitted, with a new section consisting of standard forms. The organization of the tariff is modified to be more user-friendly. The service territory description is updated. The definitions section is overhauled to reflect changes in industry standards and to accommodate new service offerings. The curtailment plan is removed from the proposed tariff, since curtailment is deemed an operational issue better handled within the context of operation and maintenance procedures, and to facilitate administrative modification of the plan in step with the curtailment plans of interstate pipelines. The Company also proposes deletion of Residential Annual Contract Service, although existing subscribers would be accommodated on an administrative basis.

In support of its petition, the Florida Division submitted the accounting, financial, engineering, statistical and rate data required by Commission rule, and the prefiled direct testimony and exhibits of five witnesses. The Company's submittal is initially reviewed by FPSC Staff to determine whether it satisfies the minimum filing requirements for consideration of such a rate request. On May 25, 2000, Staff advised the Company that it had

satisfied this threshold requirement, and, subsequently, released a schedule for processing the case. A copy of the case schedule is appended hereto as Attachment "C". This schedule is tentative and subject to change by the Commission.

The Company's rate petition and supporting documentation are circulated to the Commissioners, FPSC Staff and other parties who express interest in the case. FPSC conducts an audit of the books and records of the Company, and may request additional documents and information, so as to facilitate a complete review of the requested rate relief.

FPSC staff will address the Company's request for interim rate relief by issuing a recommendation for the Commissioners' consideration at an agenda conference in Tallahassee. The Commission is required to address the request for interim rates within 60 days of the Company's submittal of the rate case filing.

Service hearings will be held at a number of locations within the Company's service area to allow customers to express their views regarding the quality of service they receive. These comments are considered by the Commission when determining the final outcome of the case. All customers will be notified of the dates, times and locations of these service hearings at a future date. Notification will take place in the form of a bill insert and publication of notices in local newspapers.

A technical hearing in the case is presently scheduled to be held in Tallahassee on October 16, 2000. The purpose of the technical hearing is to allow each party to present expert witnesses in areas such as accounting, cost of capital, and cost allocation and rate design. These witnesses will present testimony and be cross-examined by attorneys representing the other parties. Following the technical hearing, the FPSC Staff will analyze all the evidence presented and issue a recommendation to the Commissioners who then decide the final outcome of the case. The FPSC is required to render its decision on the Company's request for permanent rate increases within eight months of the request's filing.

A copy of the executive summary of the case is found as Attachment "D" hereto.

A copy of this synopsis has also been provided for public inspection at the following county libraries:

Attn: Kathryn Smith, Director
Winter Haven Public Library
1 Library Lane S.E.
Winter Haven, Florida 33880

Attn: Linda Chancey, Director
Bartow Public Library
2150 South Broadway Avenue
Bartow, Florida 33830

Attn: Margaret Barthe, Director
Haines City Public Library
303 Ledwith Avenue
Haines City, Florida 33844

Attn: Tina Peak, Director
Lake Wales Public Library
290 Cypress Gardens Lane
Lake Wales, Florida 33853

Attn: Anne Heywood, Director
Bruton Memorial Library
302 McLendon Street
Plant City, Florida 33566

Attn: Karen Slaska, Region
Manager
Lakes Region Library
1511 Druid Road
Inverness, Florida 34452

Attn: Elizabeth M. Kenney, Director
De Soto County Public Library
125 North Hillsborough Avenue
Arcadia, Florida 34266

Attn: Bill Johnson, Director
Osceola County Library
211 East Adkin Avenue
Kissimmee, Florida 34741

Attn: Diana Hurt, Branch Manager
Osceola County Library
St. Cloud Branch
810 13th Street
St. Cloud, Florida 34769

Attn: Bernice Skinner, Director
Holmes County Public Library
301 North Ethridge
Bonifay, Florida 32425

Attn: Mary Brown, Director
Union County Public Library
175 West Main Street
Lake Butler, Florida 32054

Attn: Wilma Mattucci, Library
Manager
Gilchrist County Public Library
105 NE Eleventh Avenue
Trenton, Florida 32693

Attn: Jo Ann Roundtree, Director
Jackson County Public Library
2929 Green Street
Marianna, Florida 32446

Attn: Jane Mock, Director
Gadsden County Public Library
341 E. Jefferson Street
Quincy, Florida 32351

Copies of this synopsis, the petition and the complete minimum filing requirements submitted by the Company, together with the accompanying prefiled direct testimony and exhibits, are available for review during the Company's regular business hours at the following utility offices:

1015 Sixth Street, NW
Winter Haven, FL 33881
(863) 293-2125

1514 Alexander Street, Suite 107
Plant City, FL 33566
(813) 752-1363

1639 West Gulf to Lake Highway
Lecanto, FL 33461
(352) 746-2994

Customers and other interested persons who wish to provide comments regarding this proceeding may do so in writing directed to the Division of Records and Reporting, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, FL 32399-0850. Such written comments should reference Docket No. 000108-GU. Customers who wish to provide oral comments regarding the Company and its service may do so by calling the Commission's Division of Consumer Affairs at 1-(800) 342-3552.

FLORIDA DIVISION
OF CHESAPEAKE UTILITIES CORPORATION
COMPARISON OF PRESENT RATES TO PROPOSED RATES

<u>Proposed Rate Schedule</u>	<u>Present Rates</u>	<u>Proposed Rates</u>
GS-1 (Residential)		
Customer charge per month	\$7.00	\$15.00
Energy charge per therm	\$0.46905	\$0.10220
GS-1 (Commercial/Industrial)		
Customer charge per month	\$15.00	\$15.00
Energy charge per therm	\$0.22115	\$0.10220
TS-1 (Commercial/Industrial)		
Customer charge per month	N/A	\$20.00
Energy charge per therm	N/A	\$0.10220
GS-2 (Residential)		
Customer charge per month	\$7.00	\$22.50
Energy charge per therm	\$0.46905	\$0.20038
GS-2 (Commercial/Industrial)		
Customer charge per month	\$15.00	\$22.50
Energy charge per therm	\$0.22115	\$0.20038
TS-2 (Commercial/Industrial)		
Customer charge per month	N/A	\$32.50
Energy charge per therm	N/A	\$0.20038
GS-3 (Residential)		
Customer charge per month	\$7.00	\$32.50
Energy charge per therm	\$0.46905	\$0.29273
GS-3 (Commercial/Industrial)		
Customer charge per month	\$15.00	\$32.50
Energy charge per therm	\$0.22115	\$0.29273
TS-3 (Commercial/Industrial)		
Customer charge per month	N/A	\$42.50
Energy charge per therm	N/A	\$0.29273

ATTACHMENT "A"

FLORIDA DIVISION
OF CHESAPEAKE UTILITIES CORPORATION
COMPARISON OF PRESENT RATES TO PROPOSED RATES

<u>Proposed Rate Schedule</u>	<u>Present Rates</u>	<u>Proposed Rates</u>
GS-4 (Commercial/Industrial)		
Customer charge per month	\$15.00	\$40.00
Energy charge per therm	\$0.22115	\$0.24908
TS-4 (Commercial/Industrial)		
Customer charge per month	N/A	\$55.00
Energy charge per therm	N/A	\$0.24908
GS-5 (Commercial/Industrial)		
Customer charge per month	\$15.00	\$100.00
Energy charge per therm	\$0.22115	\$0.19843
TS-5 (Commercial/Industrial)		
Customer charge per month	N/A	\$125.00
Energy charge per therm	N/A	\$0.19843
GS-6 (Commercial/Industrial)		
Customer charge per month	\$20.00	\$175.00
Energy charge per therm	\$0.17287	\$0.16326
TS-6 (Commercial/Industrial)		
Customer charge per month	N/A	\$200.00
Energy charge per therm	N/A	\$0.16326
GS-7 (Firm Commercial/Industrial)		
Customer charge per month	\$40.00	\$250.00
Energy charge per therm	\$0.07889	\$0.10627
GS-7 (Interruptible Commercial/Industrial)		
Customer charge per month	\$350.00	\$250.00
Energy charge per therm	\$0.05312	\$0.10627
TS-7 (Firm Commercial/Industrial)		
Customer charge per month	\$40.00	\$300.00
Energy charge per therm	\$0.07889	\$0.10627

**FLORIDA DIVISION
OF CHESAPEAKE UTILITIES CORPORATION
COMPARISON OF PRESENT RATES TO PROPOSED RATES**

<u>Proposed Rate Schedule</u>	<u>Present Rates</u>	<u>Proposed Rates</u>
TS-7 (Interruptible Commercial/Industrial)		
Customer charge per month	\$350.00	\$300.00
Energy charge per therm	\$0.05312	\$0.10627
GS-8 (Firm Commercial/Industrial)		
Customer charge per month	\$40.00	\$350.00
Energy charge per therm	\$0.07889	\$0.09675
GS-8 (Interruptible Commercial/Industrial)		
Customer charge per month	\$350.00	\$350.00
Energy charge per therm	\$0.05312	\$0.09675
TS-8 (Firm Commercial/Industrial)		
Customer charge per month	\$40.00	\$500.00
Energy charge per therm	\$0.07889	\$0.09675
TS-8 (Interruptible Commercial/Industrial)		
Customer charge per month	\$350.00	\$500.00
Energy charge per therm	\$0.05312	\$0.09675
GS-9 (Firm Commercial/Industrial)		
Customer charge per month	\$40.00	\$500.00
Energy charge per therm	\$0.07889	\$0.08287
GS-9 (Interruptible Commercial/Industrial)		
Customer charge per month	\$350.00	\$500.00
Energy charge per therm	\$0.05312	\$0.08287
TS-9 (Firm Commercial/Industrial)		
Customer charge per month	\$40.00	\$700.00
Energy charge per therm	\$0.07889	\$0.08287
TS-9 (Interruptible Commercial/Industrial)		
Customer charge per month	\$350.00	\$700.00
Energy charge per therm	\$0.05312	\$0.08287

FLORIDA DIVISION
OF CHESAPEAKE UTILITIES CORPORATION
SUMMARY OF INTERIM RATE INCREASE
(DOLLARS PER THERM)

<u>RATE CLASS</u>	<u>PREVIOUS RATES</u>	<u>PROPOSED INTERIM RATES</u>	<u>APPROVED INTERIM RATES</u>
RESIDENTIAL	0.46905	0.57535	0.55790
COMMERCIAL	0.22115	0.25405	0.24861
COMMERCIAL LARGE VOLUME	0.17287	0.20217	0.19207
INDUSTRIAL	0.07889	0.10789	0.08766
INDUSTRIAL INTERRUPTIBLE	0.05312	0.06072	0.05949
FIRM TRANSPORTATION	0.07889	0.08919	0.08747
CONTRACT TRANSPORTATION	0.05312	0.06002	0.05889
LARGE VOL. CONTRACT TRANSPORTATION	N/A	N/A	N/A
SPECIAL CONTRACT	N/A	N/A	N/A

ATTACHMENT "C"

Case Assignment and Scheduling Record

Section 1 - Division of Records and Reporting (RAR) Completes

Docket No. 000108-GJ Date Docketed: 01/28/2000 Title: Request for rate increase by Florida Division of Chesapeake Utilities Corporation. Company: Florida Division of Chesapeake Utilities Corporation

Official Filing Date: 05/15/2000 Last Day to Suspend: 07/14/2000 8 Months Expiration: 01/15/2001

Referred to: ADM AFA APP CAF CYP CMU EAG (EOR) GOL LEG PAL RAR RGD SER WAW (0 indicates OPR)

Section 2 - OPR Completes and returns to RAR in 10 workdays. Time Schedule

Program/Module AI(a)

Staff Assignments

Table with staff assignments for OPR Staff, Staff Counsel, OPRs (OP), RGD, and SER.

WARNING: THIS SCHEDULE IS AN INTERNAL PLANNING DOCUMENT. IT IS TENTATIVE AND SUBJECT TO REVISION. FOR UPDATES CONTACT THE RECORDS SECTION: (888) 413-6770 Current OPR revision level

4

Table with 3 columns: Item Number, Description, and Due Dates (Previous, Current).

Recommended assignments for hearing and/or deciding this case:

Full Commission Hearing Examiner Commission Panel Staff X

Date filed with RAR: 06/23/2000

Initials: OPR Staff Counsel

Section 3 - Chairman Completes

Assignments are as follows:

- Hearing Officer(s)

Table for Hearing Officer(s) assignments showing Commissioners (AL, DS, CL, JC, JB, NC) and Staff.

- Prehearing Officer

Table for Prehearing Officer assignments showing Commissioners (DS, CL, JC, JB, NC) and ADM.

Where panels are assigned the senior Commissioner is Panel Chairman; the identical panel decides the case. Where one Commissioner, a Hearing Examiner or a Staff Member is assigned the full Commission decides the case.

Approved: Date: 07/13/2000

FLORIDA DIVISION OF CHESAPEAKE UTILITIES CORP.
DOCKET NO. 000108-GU
MINIMUM FILING REQUIREMENTS
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EXECUTIVE SUMMARY

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FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: PROVIDE A SCHEDULE SHOWING THE MAGNITUDE OF CHANGE - PRESENT vs PRIOR RATE CASE.

TYPE OF DATA SHOWN:
 HISTORIC TY LAST CASE: 06/30/99
 PROJECTED TY LAST CASE: 06/30/91
 PROJECTED TY CURRENT CASE: 12/31/01

COMPANY: FLORIDA DIVISION OF CHESAPEAKE UTILITIES CORP.

WITNESS: WILLIAMS

DOCKET NO.: 000108-GU

LINE NO.	ITEM	LAST RATE CASE				CURRENT RATE CASE			DOLLAR OR PERCENT DIFFERENCE	PERCENTAGE CHANGE
		REQUESTED		TOTAL	AUTHORIZED		REQUESTED			
		(1)* HISTORICAL N/A	(2)* ATTRITION N/A		(4)* PROJECTED TEST YEAR 06/30/91	(5)* HISTORICAL N/A	(6)* ATTRITION N/A	(7)* TOTAL		
				891179-GU			891179-GU	000108-GU		
1	DOCKET NUMBER			06/30/91			06/30/91	12/31/01		
2	HISTORICAL DATA OR TEST YEAR									
3	PROJECTED TEST YEAR									
4	RATE INCREASE - PERMANENT			1,315,496			760,066	1,626,569	1,048,481	134.15%
5	RATE INCREASE - INTERIM			404,455			328,301	830,330	502,029	152.62%
6	JURISDICTIONAL RATE BASE BEFORE RATE RELIEF			12,790,281			11,635,330	21,321,700	9,686,370	83.25%
7	JURISDICTIONAL NET OPERATING INCOME BEFORE RATE RELIEF			568,024			1,155,388	807,219	(348,169)	-30.13%
8	RATE OF RETURN BEFORE RATE RELIEF			4.44%			5.82%	3.79%	-2.04%	-35.00%
9	SYSTEM CAPITALIZATION			12,790,281			11,635,330	21,321,700	9,686,370	83.25%
10	OVERALL RATE OF RETURN			10.73%			9.83%	8.89%	-1.04%	-10.47%
11	COST OF LONG-TERM DEBT			9.28%			10.18%	7.63%	-2.55%	-25.05%
12	COST OF PREFERRED STOCK			N/A			N/A	N/A	N/A	N/A
13	COST OF SHORT-TERM DEBT			11.08%			11.08%	6.03%	-5.05%	-45.56%
14	COST OF CUSTOMER DEPOSITS			8.48%			8.48%	6.44%	-2.04%	-24.06%
15	COST OF COMMON EQUITY			13.80%			13.00%	12.00%	-1.00%	-7.69%
16	NUMBER OF CUSTOMERS - AVERAGE			8,141			7,304	11,781	4,477	81.30%
17	DATE NEW PERMANENT RATES EFFECTIVE									

(A) AS DETERMINED BY THE "FILE AND SUSPEND" PROVISIONS OF SECTION 366.06 (4), FLORIDA STATUTES.

* IF COMPANY'S LAST RATE CASE INCLUDED A HISTORIC AND ATTRITION YEAR, COMPLETE COLUMNS (1) - (3) AND COLUMNS (5) - (7) UNDER THE HEADING "LAST RATE CASE". IF THE COMPANY'S LAST RATE CASE WAS BASED ON A PROJECTED TEST YEAR, COMPLETE COLUMNS (4) AND (8) UNDER THE HEADING "LAST RATE CASE".

** IF THE COMPANY'S LAST RATE CASE INCLUDED A HISTORIC AND ATTRITION YEAR, THIS CALCULATION WILL BE THE DIFFERENCE BETWEEN COLUMN (9) AND COLUMN (7). IF THE COMPANY'S LAST RATE CASE WAS BASED ON A PROJECTED TEST YEAR, THIS CALCULATION WILL BE THE DIFFERENCE BETWEEN COLUMN (9) AND COLUMN (8).

SUPPORTING SCHEDULES: F-7, G-1 p.1, G-2 p.1, G-3 p.1, G-6

RECAP SCHEDULES:

ATTACHMENT D

002

SCHEDULE A-2

EXECUTIVE SUMMARY

PAGE 1 OF 1

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: PROVIDE A SCHEDULE SHOWING AN ANALYSIS
OF PERMANENT RATE INCREASE REQUESTED

TYPE OF DATA SHOWN
PROJECTED TY LAST CASE: 08/30/91
PROJECTED TY CURRENT CASE: 12/31/01

COMPANY: FLORIDA DIVISION OF CHESAPEAKE UTILITIES CORP.

WITNESS: WILLIAMS

DOCKET NO.: 000108-GU

LINE NO.	DESCRIPTION	INCREASE IN GROSS REVENUE DOLLARS	% OF TOTAL
1	RESTORE ADJUSTED NET OPERATING INCOME TO PREVIOUSLY ALLOWED OVERALL RATE OF RETURN OF 9.93%	1,179,397	64.57%
2	REDUCTION IN REQUESTED OVERALL RATE OF RETURN OF 9.93% TO 8.89%	(372,178)	-20.36%
3	EFFECT OF PROJECTED TEST YEAR	<u>1,019,350</u>	<u>55.81%</u>
4	TOTAL PERMANENT RATE INCREASE REQUESTED	<u>1,826,569</u>	<u>100.00%</u>

SUPPORTING SCHEDULES: D-1 p.1, G-3 p.1, G-8

RECAP SCHEDULES:

ATTACHMENT

003

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: PROVIDE A SCHEDULE SHOWING AN ANALYSIS OF JURISDICTIONAL RATE BASE

TYPE OF DATA SHOWN:
 HISTORIC TY LAST CASE: 06/30/89
 PROJECTED TY LAST CASE: 06/30/91
 PROJECTED TY CURRENT CASE: 12/31/01

COMPANY: FLORIDA DIVISION OF CHESAPEAKE UTILITIES CORP.

DOCKET NO.: 000108-GU

WITNESS: WILLIAMS

LINE NO.	ITEM	RATE BASE DETERMINED BY COMMISSION IN LAST RATE CASE				RATE BASE REQUESTED BY COMPANY IN CURRENT RATE CASE		
		(1)* HISTORIC NA	(2)* ATTRITION NA	(3)* TOTAL	(4)* PROJECTED TEST YEAR 06/30/91	(5) PROJECTED TEST YEAR 12/31/01	(6)** DOLLAR DIFFERENCE	(7)** PERCENT DIFFERENCE
UTILITY PLANT								
1	PLANT IN SERVICE	\$0	\$0	\$0	\$14,234,239	\$31,848,455	\$17,614,216	123.75%
2	CONSTRUCTION WORK IN PROGRESS	0	0	0	305,169	0	(305,169)	-100.00%
3	UTILITY PLANT ACQUISITION ADJUSTMENT	0	0	0	832,831	0	(832,831)	-100.00%
4	GROSS UTILITY PLANT	0	0	0	15,172,239	31,848,455	16,676,216	109.91%
DEDUCTIONS								
5	ACCUMULATED DEPRECIATION	0	0	0	(2,326,731)	(10,612,162)	(8,285,451)	356.10%
6	ACCUMULATED AMORTIZATION	0	0	0	(276,878)	0	276,878	-100.00%
7	LIMITED TERM UTILITY PLANT	0	0	0	0	0	0	0.00%
8	ACQUISITION ADJUSTMENT	0	0	0	0	0	0	0.00%
9	CUSTOMER ADVANCES FOR CONSTRUCTION	0	0	0	(75,728)	(267,628)	(192,100)	253.67%
10	TOTAL DEDUCTIONS	0	0	0	(2,679,337)	(10,880,010)	(8,200,673)	306.07%
11	NET UTILITY PLANT	0	0	0	12,492,902	20,968,445	8,475,543	67.84%
12	ALLOWANCE FOR WORKING CAPITAL	0	0	0	297,379	353,256	55,677	18.79%
13	RATE BASE	\$0	\$0	\$0	\$12,790,281	\$21,321,700	\$8,531,419	66.70%

* IF THE COMPANY'S LAST RATE CASE INCLUDED A HISTORIC AND ATTRITION YEAR, COMPLETE COLUMNS (1) - (3). IF THE COMPANY'S LAST RATE CASE WAS BASED ON A PROJECTED TEST YEAR, COMPLETE COLUMN (4).

** IF THE COMPANY'S LAST RATE CASE INCLUDED A HISTORIC AND ATTRITION YEAR, THIS CALCULATION WILL BE THE DIFFERENCE BETWEEN COLUMN (5) AND COLUMN (3). IF THE COMPANY'S LAST RATE CASE WAS BASED ON A PROJECTED TEST YEAR, THIS CALCULATION WILL BE THE DIFFERENCE BETWEEN COLUMN (5) AND COLUMN (4).

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: PROVIDE A SCHEDULE SHOWING AN ANALYSIS OF JURISDICTIONAL NET OPERATING INCOME

TYPE OF DATA SHOWN:
 HISTORIC TY LAST CASE: 06/30/89
 PROJECTED TY LAST CASE: 06/30/91
 PROJECTED TY CURRENT CASE: 12/31/01

COMPANY: FLORIDA DIVISION OF CHESAPEAKE UTILITIES CORP.

DOCKET NO.: 000108-GU

WITNESS: WILLIAMS

LINE NO.	ITEM	NET OPERATING INCOME AS DETERMINED BY COMMISSION IN LAST RATE CASE				NOI REQUESTED BY COMPANY IN CURRENT CASE		
		(1)*	(2)*	(3)*	(4)*	(5)***	(6)**	(7)**
		HISTORIC N/A	ATTRITION N/A	TOTAL	PROJECTED TEST YEAR 06/30/91	PROJECTED TEST YEAR 12/31/01	DOLLAR DIFFERENCE	PERCENT DIFFERENCE
1	OPERATING REVENUES (A)	\$0	\$0	\$0	\$5,291,021	\$9,517,638	\$4,226,617	79.88%
	OPERATING REVENUE DEDUCTIONS:							
2	COST OF GAS				0	0		
3	OPERATING & MAINTENANCE EXPENSE	0	0	0	2,097,231	4,617,575	1,820,344	71.20%
4	DEPRECIATION EXPENSE	0	0	0	524,388	1,271,763	747,375	142.52%
5	AMORTIZATION EXPENSE	0	0	0	75,781	101,365	25,604	33.79%
6	TAXES OTHER THAN INCOME	0	0	0	422,893	1,155,218	732,325	173.17%
7	INCOME TAXES (FEDERAL & STATE)	0	0	0	396,172	(599,501)	(995,673)	-251.32%
8	DEFERRED TAXES (FEDERAL & STATE)	0	0	0	19,168	39,244	20,076	104.74%
9	INVESTMENT TAX CREDITS	0	0	0	0	(19,523)	(19,523)	N/A
10	TOTAL OPERATING REVENUE DEDUCTIONS	0	0	0	4,135,633	6,596,161	2,430,528	58.77%
11	NET OPERATING INCOME (B)	\$0	\$0	\$0	\$1,155,388	\$2,951,477	\$1,796,089	155.45%

(A) EXCLUDES FUEL REVENUE
 (B) BEFORE RATE RELIEF

* IF THE COMPANY'S LAST RATE CASE INCLUDED A HISTORIC AND ATTRITION YEAR, COMPLETE COLUMNS (1) - (3). IF THE COMPANY'S LAST RATE CASE WAS BASED ON A PROJECTED TEST YEAR, COMPLETE COLUMN (4).

** IF THE COMPANY'S LAST RATE CASE INCLUDED A HISTORIC AND ATTRITION YEAR, THIS CALCULATION WILL BE THE DIFFERENCE BETWEEN COLUMN (5) AND COLUMN (3). IF THE COMPANY'S LAST RATE CASE WAS BASED ON A PROJECTED TEST YEAR, THIS CALCULATION WILL BE THE DIFFERENCE BETWEEN COLUMN (5) AND COLUMN (4).

*** Excludes Fuel Revenues

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: PROVIDE A SCHEDULE SHOWING
OVERALL RATE OF RETURN COMPARISON

TYPE OF DATA SHOWN:

PROJECTED TY LAST CASE: 06/30/91

PROJECTED TY CURRENT CASE: 12/31/01

COMPANY: FLORIDA DIVISION OF CHESAPEAKE UTILITIES

WITNESS: WILLIAMS

DOCKET NO.: 000108-GU

PROJECTED TEST YEAR 12/31/01 (REQUESTED)

LINE NO.	ITEM	EMBEDDED WEIGHTED				EMBEDDED WEIGHTED			
		DOLLARS	RATIO	COST	COST	DOLLARS	RATIO	COST	COST
DOCKET NO. 891179-GU ORDER NO. 23166 <u>LAST RATE CASE (AUTHORIZED)</u>									
1	LONG-TERM DEBT -FIXED	\$2,219,746	19.08%	10.18%	1.94%	\$6,377,973	29.91%	7.52%	2.25%
2	LONG-TERM DEBT - VARIABLE	\$2,004,353	17.23%	8.29%	1.43%	\$0	0.00%	0.00%	0.00%
3	FLEX RATE LIABILITY	\$0	0.00%	0.00%	0.00%	\$46,880	0.22%	6.30%	0.01%
4	SHORT-TERM DEBT	\$455,716	3.92%	11.08%	0.43%	\$2,119,103	9.94%	6.03%	0.60%
5	CUSTOMER DEPOSITS	\$338,583	2.91%	8.48%	0.25%	\$789,257	3.70%	6.44%	0.24%
6	COMMON EQUITY	\$5,263,634	45.24%	13.00%	5.88%	\$10,289,296	48.26%	12.00%	5.79%
7	TAX CREDITS	\$484,098	4.16%	0.00%	0.00%	\$306,978	1.44%	0.00%	0.00%
8	DEFERRED TAXES	\$869,201	7.47%	0.00%	0.00%	\$1,392,213	6.53%	0.00%	0.00%
9	TOTAL CAPITALIZATION	<u>\$11,635,331</u>	<u>100.00%</u>		<u>9.93%</u>	<u>\$21,321,700</u>	<u>100.00%</u>		<u>8.99%</u>

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: PROVIDE A SUMMARY OF FINANCIAL INDICATORS AS SPECIFIED BELOW FOR THE HISTORIC DATA BASE YEAR OF THE LAST RATE CASE, HISTORIC DATA BASE YEAR FOR THIS CASE, AND THE YEAR IMMEDIATELY FOLLOWING THE PRESENT HISTORIC DATA BASE YEAR.

TYPE OF DATA SHOWN:
 TY YR LAST CASE: 06/30/91
 HIS. BASE YR DATA CURRENT: 12/31/99
 BASE YR + 1 CURRENT CASE: 12/31/00
 PROJECTED TY CURRENT CASE: 12/31/01
 WITNESS: WILLIAMS

DOCKET NO.: 000106-0U

LINE NO	INDICATORS	(1) DATA FROM HISTORIC BASE YR OR TY RELATED TO COMPANY'S PRIOR CASE	(2) DATA FROM HISTORIC BASE YEAR RELATED TO COMPANY'S CURRENT CASE	(3) YEAR AFTER CURRENT HISTORIC BASE YEAR WITHOUT ANY RATE INCREASE	(4) PROJECTED TEST YEAR WITHOUT ANY RATE INCREASE	(5) PROJECTED TEST YEAR INCLUDING REQUESTED RATE INCREASE
<u>INTEREST COVERAGE RATIOS:</u>						
1	INCLUDING AFUDC IN INCOME BEFORE INTEREST CHARGES	2.58	2.57	0.95	0.82	3.58
2	EXCLUDING AFUDC FROM INCOME BEFORE INTEREST CHARGES	2.58	2.57	0.95	0.82	3.58
<u>OTHER FINANCIAL RATIOS:</u>						
3	AFUDC AS A PERCENT OF INCOME AVAILABLE FOR COMMON	0.00%	0.00%	0.00%	0.00%	0.00%
4	PERCENT OF CONSTRUCTION FUNDS GENERATED INTERNALLY	46.62%	66.96%	21.60%	41.88%	64.38%
<u>PREFERRED DIVIDEND COVERAGE:</u>						
5	INCLUDING AFUDC	N/A	N/A	N/A	N/A	N/A
6	EXCLUDING AFUDC	N/A	N/A	N/A	N/A	N/A
<u>RATIO OF EARNINGS TO FIXED CHARGES***:</u>						
7	INCLUDING AFUDC	70.96%	89.54%	20.74%	39.68%	116.15%
8	EXCLUDING AFUDC	70.96%	89.54%	20.74%	39.68%	116.15%
*** ASSUMES DEPRECIATION & INTEREST IN CALCULATION						
<u>EARNINGS PER SHARE:</u>						
9	INCLUDING AFUDC	\$0.98	\$1.57	\$1.57	\$1.57	\$1.57
10	EXCLUDING AFUDC	\$0.98	\$1.57	\$1.57	\$1.57	\$1.57
11	DIVIDENDS PER SHARE	\$0.83	\$1.02	\$1.04	\$1.04	\$1.04

SUPPORTING SCHEDULES: D-11 p.1-3, G-3 p.9-11

RECAP SCHEDULES:

ATTACHMENT "D"