

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition by the Florida  
Division of Chesapeake Utilities  
Corporation for Authority to  
Increase Transportation Cost  
Recovery Factor.

010103-644

PETITION TO INCREASE TRANSPORTATION COST RECOVERY FACTOR

The Florida Division of Chesapeake Utilities Corporation (Petitioner or Company), by and through its undersigned counsel, petitions the Commission to approve this petition and the accompanying proposed tariff sheets and to grant the Petitioner the authority to increase its approved transportation cost recovery factor applicable to certain customers electing to switch from sales to transportation service, in order to facilitate recovery of certain purchased gas costs incurred by the Petitioner in providing service to those customers prior to January 1, 2001, and in support hereof, states the following.

1. The name and address of the Petitioner is:

Chesapeake Utilities Corporation  
Florida Division  
P.O. Box 960  
Winter Haven, FL 33882-0960

2. The name and address, and telephone and fax numbers, of the person authorized to receive all notices, pleadings, correspondence and other communications with respect to this petition, are:

Wayne L. Schiefelbein  
P.O. Box 15856  
Tallahassee, FL 32317-5856  
(850) 422-1013  
(850) 531-0011 (facsimile)

Attorney for the Florida Division of Chesapeake Utilities Corporation

3. In September, 2000, during the ordinary course of the purchased gas cost recovery proceedings, the Petitioner submitted its projections of the quantity and cost of terms of sales gas for the balance of calendar

DOCUMENT NUMBER-DATE

01179 JAN 25 00

FPSC-RECORDS/REPORTING

year 2000. This data consisted of seven months' actual usage (January through July, 2000) and five months' projected usage (August through December, 2000).

4. On the basis of that data, the Commission, by Order No. PSC-00-2383-FOF-GU, issued on December 12, 2000, authorized the Petitioner to recover a \$917,674 under-recovery of purchased gas costs projected through the end of December, 2000, through a levelized purchased gas cost recovery factor, designed to recover said under-recovery and the Petitioner's projected purchased gas costs for calendar year 2001. The approved levelized purchased gas cost recovery factor (cap) for the Petitioner was set at \$0.74358 per therm for the period January through December, 2001. Subsumed within this factor was a calculation of \$0.04803 per therm designed to recover said \$ 917,674 under-recovery from the Petitioner's gas sales customers.
  
5. By Order No. PSC-00-2263-FOF-GU, issued on November 28, 2000, as the final order in Petitioner's recent rate case, the Commission approved the Petitioner's unbundled transportation service tariff, which, pursuant to Rule 25-7.0335, Florida Administrative Code, allows any non-residential customer to transport gas from any qualified marketer or supplier on the Petitioner's distribution system. Individual transportation service, for customers with annual usage of 100,000 therms or more, was ordered effective for all meter readings taken on or after December 7, 2000. The effective date for aggregated transportation service, under which individual nonresidential customers would qualify for transportation service by aggregating their annual usage in pools no smaller than 100,000 therms, is March 1, 2001. The Commission further indicated its approval of the concept of a transportation cost recovery mechanism to recover non-recurring costs related to transportation service. However, the Commission declined to approve the Petitioner's proposed transportation cost recovery methodology, finding that such non-recurring costs should be recovered from all nonresidential customers (except for special contract customers), not just from transportation-only customers. The Commission directed that the specifics regarding how the costs would be recovered from the rate classes, and the level of costs to be recovered, should be addressed in a subsequent proceeding.
  
6. The projections of purchased gas costs and volumes submitted by the Petitioner in September, 2000, in the purchased gas cost recovery proceedings, did not anticipate the conversion from sales to transportation service that would result from the availability of unbundled transportation service to all non-residential customers. As a

result of such conversions, actual sales gas volumes will certainly be substantially lower in calendar year 2001 than indicated in those projections. It was therefore apparent that, absent regulatory action, any customer converting from sales service during 2000 to transportation service during 2001 would escape liability for that customer's share of the un-recovered purchased gas costs accumulated through the end of calendar year 2000. This would have created an unfair and disproportionate burden, as the un-recovered purchased gas costs of 2000 incurred in serving the general body of ratepayers would be recovered over a smaller therm base, creating a higher rate per therm for residential customers, to whom transportation service is not available, and to nonresidential sales customers electing to remain as sales customers.

7. Accordingly, by petition filed on December 8, 2000, the Petitioner proposed a transitional transportation cost recovery mechanism. The Petitioner proposed a surcharge calculated by dividing the aforesaid \$917,674 purchased gas cost under-recovery projected at the end of calendar year 2000 by the 19,107,365 therms of sales service gas originally projected for 2001. This resulted in a true-up charge of \$0.04803 per therm to be applied to customers moving from sales service during 2000 to transportation service during 2001. This surcharge is identical to the implicit component of the approved levelized purchased gas cost recovery factor designed to recover the \$917,674 under-recovery from sales service customers. The Petitioner submitted that this was consistent with the Commission's indication in the final rate case order that non-recurring transitional costs associated with the unbundling of transportation service should be recovered from all non-residential customers, except for special contract customers, not just from the transportation-only customers.
8. On January 16, 2001, the Commission voted to approve the Petitioner's proposed transportation cost recovery methodology, and a transportation cost recovery factor of \$0.04803 per therm, effective on the date of the vote and to be applied to gas volumes distributed by Petitioner to customers moving from sales service during 2000 to transportation service during 2001. Issuance of an Order memorializing that decision is anticipated on or about February 6, 2001.
9. The projections of purchased gas costs and volumes submitted by the Petitioner in September, 2000, in the purchased gas cost recovery proceedings, which form the basis for the calculation of the approved transportation cost recovery factor, did not anticipate the meteoric rise of natural gas prices during the current winter season.

10. By petition filed on January 12, 2001, in the ongoing purchased gas cost recovery proceedings, the Petitioner has requested a mid-course correction in its levelized purchased gas cost recovery factor (cap), from the current \$0.74358 per therm, to \$1.2221 per therm. Commission consideration and approval of this petition, and similar petitions of several other Commission-regulated local distribution companies, is anticipated at the February 6, 2001, agenda conference, effective for service on or after the date of the Commission's vote.
11. Within the past week, the Petitioner has received invoices from its suppliers for gas delivered through December, 2000. Given the severity of the price increases incurred by the Petitioner for natural gas, it appears that Petitioner's actual under-recovery in purchased gas costs for calendar year 2000 will be \$2,232,214, about **two-and-a-half times** that projected in September 2000, in the purchased gas cost recovery proceedings. The attached Schedules E-1R, E-2, and E-4 show that actual under-recovery.
12. It is therefore necessary and appropriate to increase the authorized transportation cost recovery factor. Absent Commission action, any customer who converts from receiving sales service during 2000 to receiving transportation service during 2001 would escape liability for a substantial portion of that customer's share of the un-recovered actual purchased gas costs accumulated through the end of calendar year 2000. This would create an unfair and disproportionate burden on residential customers, to whom transportation service is not available, and on nonresidential sales customers electing to remain as sales customers, for un-recovered purchased gas costs incurred in 2000 in serving the general body of ratepayers.
13. The Petitioner proposes to increase the transportation cost recovery factor, from \$0.04803 per therm, to \$0.11682 per therm. The proposed factor was calculated by dividing the actual under-recovery of \$2,232,214, by the estimated therm sales of 19,107,365 in calendar year 2001. Such estimated therm sales were previously accepted for purposes of establishing the pro rata share of un-recovered purchased gas costs in calendar year 2000 to be recovered, first, through the approved levelized purchased gas cost recovery factor, and, second, through the currently approved transportation cost recovery factor, and have also been used by Petitioner in calculating its pending request for mid-course correction of the levelized purchased gas cost recovery factor.

14. Submitted concurrently with the instant petition are proposed revised tariff sheets which set forth the increased transportation cost recovery factor proposed herein.
15. The Petitioner requests that the Commission's approval be made effective as of the date of its vote. In the event that any person files a valid objection to a tariff order approving the increased charge, the Petitioner requests that it be authorized to collect the proposed charge on a temporary basis, subject to refund, to preserve the Petitioner's ability to retain such revenue to the extent that the charge is sustained by subsequent Commission action.

Based on the foregoing, the Florida Division of Chesapeake Utilities Corporation requests that the Commission approve this petition and the accompanying proposed revised tariff sheets, and grant Petitioner the authority to increase its approved transportation cost recovery factor, and that such approval be made effective on the date of the Commission's vote, so that in the event of any valid objection to the tariff order being filed, the Petitioner would collect its proposed charge subject to refund pending the Commission's final disposition of this matter.



Wayne L. Schiefelbein  
Attorney at Law  
Florida Bar No. 265407  
P.O. Box 15856  
Tallahassee, FL 32317-5856  
(850) 422-1013  
(850) 531-0011 (facsimile)

Attorney for the Florida Division of  
Chesapeake Utilities Corporation

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was furnished on this 25<sup>th</sup> day of January, 2001, by hand-delivery to Robert V. Elias, Esq., Florida Public Service Commission, 2540 Shumard Oak Blvd., Tallahassee, FL 32399-0850, and by U.S. Mail to:

Norman H. Horton, Esq.  
Messer Caparelo & Self  
P.O. Box 1876  
Tallahassee, FL 32302-1876

Richard D. Melson, Esq.  
Hopping Green Sams & Smith  
P.O. Box 6526  
Tallahassee, FL 32314

Stephen C. Burgess, Esq.  
Deputy Public Counsel  
111 W. Madison St., Suite 812  
Tallahassee, FL 32399-1400


Lee L. Willis, Esq.  
James D. Beasley, Esq.  
Ausley & McMullen  
P.O. Box 391  
Tallahassee, FL 32302

Colette M. Powers  
Indiantown Gas Company  
P.O. Box 8  
Indiantown, FL 34956-0008

David M. Nicholson, Esq.  
Ellen W. Anderton, Esq.  
TECO Energy, Inc.  
P.O. Box 111  
Tampa, FL 33601-0111

Stuart L. Shoaf  
St. Joe Natural Gas Co., Inc.  
P.O. Box 549  
Port St. Joe, FL 32457-0549

Ansley Watson, Jr., Esq.  
MacFarlane Ferguson  
P.O. Box 1531  
Tampa, FL 33601-1531

  
Wayne L. Schiefelbein

CALCULATION OF TRUE-UP AMOUNT  
PROJECTED PERIOD

	PRIOR PERIOD: (1) EIGHT MONTHS ACTUAL PLUS FOUR MONTHS REVISED ESTIMATE	APRIL 99 - DEC 99 (2) ACTUAL	(3) (2)-(1) DIFFERENCE	CURRENT PERIOD: (4) EIGHT MONTHS ACTUAL PLUS FOUR MONTHS REVISED ESTIMATE	(5) (3)+(4) TOTAL TRUE-UP
1 TOTAL THERM SALES \$ GAS REVENUES	9,226,315	7,733,164	(1,493,151)	9,619,366	8,126,215
2 TRUE-UP PROVISION FOR THIS PERIOD OVER (UNDER) COLLECTION	93,189	67,283	(25,906)	(2,204,083)	(2,228,869)
3 INTEREST PROVISION FOR THIS PERIOD	1,392	895	(507)	(50,550)	(51,057)
3A ADJUSTMENT FOR PGA AUDIT 6-18-99	0	0	0	7,221	7,221
3B ADJUSTMENT TO ELIMINATE CARRYOVER FROM A PRIOR PERIOD	302	0	(302)	41,913	41,911
4 END OF PERIOD TOTAL NET TRUE-UP	94,883	68,168	(26,715)	(2,205,499)	(2,232,214)

NOTE: EIGHT MONTHS ACTUAL FOUR MONTHS REVISED ESTIMATE DATA OBTAINED FROM SCHEDULE (E-2).  
 + = OVERRECOVERY  
 (-) = UNDERRECOVERY

COLUMN (1) DATA OBTAINED FROM SCHEDULE (E-2)  
 COLUMN (2) DATA OBTAINED FROM SCHEDULE (A-2)  
 LINE 4 COLUMN (3) SAME AS LINE 7 SCHEDULE (A-7)  
 LINE 4 COLUMN (1) SAME AS LINE 8 SCHEDULE (A-7)  
 LINE 2 COLUMN (4) SAME AS LINE 7 SCHEDULE (E-2)  
 LINE 3 COLUMN (4) SAME AS LINE 8 SCHEDULE (E-2)

(2,232,214)  
 19,107,365  
 equals (\$0.11882) PER THERM  
 TRUE-UP SURCHARGE

	ACTUAL												TOTAL PERIOD		
	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC			
<b>TRUE-UP CALCULATION</b>															
1 PURCHASED GAS COST	742,092	610,368	548,213	582,247	634,283	1,092,890	600,280	493,640	550,750	792,685	1,098,704	1,587,295	9,571,447		
2 TRANSPORTATION COST	229,757	224,313	251,084	224,482	120,279	175,441	144,180	148,601	111,216	185,802	247,166	255,153	2,325,814		
3 TOTAL	971,849	834,701	799,307	806,729	954,562	1,268,331	802,420	642,241	661,966	978,587	1,316,670	1,842,448	11,897,261		
4 FUEL REVENUES	731,705	835,353	731,915	892,586	886,332	1,090,555	807,870	838,944	614,593	925,585	1,013,904	1,022,382	9,619,386		
5 TRUE-UP COLLECTED OR (REFUNDED)	6,151	6,151	6,151	6,151	6,151	6,151	6,151	6,151	6,151	6,151	6,151	6,151	73,812		
6 FUEL REVENUE APPLICABLE TO PERIOD	743,856	841,504	738,026	898,719	704,483	1,096,706	894,021	845,095	620,744	931,736	1,019,735	1,028,533	9,893,178		
(LINE 4 (+) OR (-) LINE 5)	(237,893)	(2,187)	(81,281)	(136,020)	(250,079)	(209,465)	(108,389)	2,464	(41,222)	(46,861)	(287,119)	(813,815)	(2,204,083)		
7 TRUE-UP PROVISION - THIS PERIOD	(338)	(954)	(1,188)	(1,732)	(2,868)	(4,293)	(5,195)	(5,504)	(5,867)	(5,974)	(6,828)	(8,944)	(50,550)		
8 INTEREST PROVISION-THIS PERIOD (21)	5,315	(183,169)	(202,487)	(271,087)	(416,980)	(676,115)	(894,027)	(1,015,772)	(1,024,873)	(1,078,013)	(1,096,079)	(1,405,167)	(1,405,167)		
9 BEGINNING OF PERIOD TRUE-UP AND INTEREST	(6,151)	(6,151)	(6,151)	(6,151)	(6,151)	(6,151)	(6,151)	(6,151)	(6,151)	(6,151)	(6,151)	(6,151)	(73,812)		
10 TRUE-UP COLLECTED OR (REFUNDED) (REVERSE OF LINE 5)	0	0	0	0	0	0	0	0	0	0	0	0	41,813		
11 FLEX RATE REFUND \ OTHER ADJUSTMENT (if applicable) (746-9-10-10)	(193,169)	(202,487)	(271,087)	(418,980)	(676,115)	(988,027)	(1,015,772)	(1,024,873)	(1,078,013)	(1,095,075)	(1,405,167)	(2,235,217)	(2,235,217)		
11 TOTAL ESTIMATE/ACTUAL TRUE-UP															
<b>INTEREST PROVISION</b>															
12 BEGINNING TRUE-UP AND INTEREST PROVISION (9)	51,315	(183,169)	(202,487)	(271,087)	(416,980)	(676,115)	(894,027)	(1,015,772)	(1,024,873)	(1,078,013)	(1,096,079)	(1,405,167)	51,315		
13 ENDING TRUE-UP BEFORE INTEREST (12-7-5)	(192,829)	(201,513)	(289,889)	(415,236)	(673,220)	(981,731)	(1,010,577)	(1,019,489)	(1,072,346)	(1,131,015)	(1,398,341)	(2,225,233)	(2,225,233)		
14 TOTAL (12-13)	(141,514)	(204,678)	(472,369)	(686,365)	(1,089,399)	(1,567,847)	(1,808,603)	(2,035,241)	(2,097,319)	(2,209,029)	(2,483,417)	(3,630,401)	(2,175,285)		
15 AVERAGE (60% OF 14)	(70,757)	(102,339)	(236,183)	(342,153)	(544,700)	(783,923)	(853,302)	(1,017,621)	(1,048,659)	(1,104,514)	(1,246,708)	(1,815,200)	(1,087,633)		
16 INTEREST RATE - FIRST DAY OF MONTH	5.800%	5.800%	5.800%	5.800%	5.800%	5.800%	5.800%	5.800%	5.800%	5.800%	5.800%	5.800%	5.800%		
17 INTEREST RATE - FIRST DAY OF SUBSEQUENT MONTH	5.800%	5.800%	5.800%	5.800%	5.800%	5.800%	5.800%	5.800%	5.800%	5.800%	5.800%	5.800%	5.800%		
18 TOTAL (18+17)	11,400%	11,600%	11,600%	11,600%	12,250%	13,150%	13,000%	12,960%	12,870%	12,860%	13,140%	13,200%	13,200%		
19 AVERAGE (60% OF 18)	5,700%	5,800%	5,800%	5,800%	6,125%	6,575%	6,500%	6,480%	6,435%	6,430%	6,570%	6,600%	6,600%		
20 MONTHLY AVERAGE (18+12 Months)	0,475%	0,483%	0,482%	0,482%	0,531%	0,546%	0,541%	0,541%	0,540%	0,541%	0,548%	0,550%	0,550%		
21 INTEREST PROVISION (15X20)	(338)	(954)	(1,188)	(1,732)	(2,868)	(4,293)	(5,195)	(5,504)	(5,867)	(5,974)	(6,828)	(8,944)	(50,550)		



	ACTUAL												TOTAL
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	
<b>COST OF GAS PURCHASED</b>													
1 COMMODITY (Pipeline)	8,455	8,887	7,887	6,903	6,488	6,660	5,162	4,406	3,278	3,976	4,736	7,370	71,866
2 NO NOTICE SERVICE	5,103	3,782	1,829	1,770	1,829	1,770	1,829	1,829	1,770	1,829	1,770	1,829	28,133
3 SWING SERVICE	148,174	25,296	0	0	186,095	28,181	0	23,011	0	0	0	0	868,465
4 COMMODITY (Other)	595,918	654,082	648,313	582,247	648,185	1,084,459	688,280	471,029	560,980	782,886	889,082	1,307,539	8,683,832
5 DEMAND	228,189	213,684	241,585	216,119	111,985	165,131	137,189	142,514	106,188	180,088	240,981	244,740	2,225,986
6 OTHER	0	0	(100)	0	0	0	0	(200)	(200)	(200)	(100)	(100)	(900)
<b>LESS ENR/USE CONTRACT</b>													
7 COMMODITY (Pipeline)	0	0	0	0	0	0	0	0	0	0	0	0	0
8 DEMAND	0	0	0	0	0	0	0	0	0	0	0	0	0
9	0	0	0	0	0	0	0	0	0	0	0	0	0
10	0	0	0	0	0	0	0	0	0	0	0	0	0
11 TOTAL COST (1+2+3+4+5+6)-(7+8+9+10)	981,849	843,701	789,307	806,736	964,962	1,266,171	802,420	642,641	661,886	878,887	1,316,670	1,842,448	11,807,261
12 NET UNBILLED	0	0	0	0	0	0	0	0	0	0	0	0	0
13 COMPANY USE	0	0	0	0	0	0	0	0	0	0	0	0	0
14 TOTAL THERM SALES	737,706	836,363	731,875	802,688	868,332	1,000,665	802,688	639,644	614,883	826,885	1,013,804	1,822,382	9,819,268
<b>THERM PURCHASED</b>													
15 COMMODITY (Pipeline)	2,536,160	2,126,230	2,361,310	2,109,630	1,923,880	1,980,100	1,568,080	1,528,800	1,237,760	1,054,390	1,528,980	2,166,140	22,086,480
16 NO NOTICE SERVICE	864,800	637,710	310,000	300,000	310,000	300,000	310,000	310,000	300,000	310,000	300,000	310,000	4,788,480
17 SWING SERVICE	242,840	40,640	0	0	248,640	28,700	0	23,480	0	0	0	0	1,078,280
18 COMMODITY (Other)	2,474,663	2,406,872	2,228,377	2,123,904	1,898,266	2,404,436	1,485,316	1,143,662	738,280	1,065,366	1,758,048	2,107,877	21,791,827
19 DEMAND	2,371,810	2,828,080	3,417,440	3,278,100	1,716,840	2,084,100	2,386,330	2,512,180	1,878,800	3,513,800	4,224,500	4,246,970	34,467,830
20 OTHER	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>LESS ENR/USE CONTRACT</b>													
21 COMMODITY (Pipeline)	0	0	0	0	0	0	0	0	0	0	0	0	0
22 DEMAND	0	0	0	0	0	0	0	0	0	0	0	0	0
23	0	0	0	0	0	0	0	0	0	0	0	0	0
24 TOTAL PURCHASES (1+17+18+20)-(21+22)	2,717,403	2,446,512	2,228,377	2,123,904	2,116,905	2,434,136	1,486,316	1,167,032	738,280	1,065,366	1,916,156	2,440,787	22,866,157
25 NET UNBILLED	0	0	0	0	0	0	0	0	0	0	0	0	0
26 COMPANY USE	0	0	0	0	0	0	0	0	0	0	0	0	0
27 TOTAL THERM SALES	2,123,954	2,201,186	1,831,176	1,864,281	1,832,381	2,278,317	1,491,771	1,356,886	1,332,884	1,430,885	1,998,635	1,880,628	20,819,215
<b>CENT PER THERM</b>													
28 COMMODITY (Pipeline)	(1/16)	0.333	0.324	0.313	0.337	0.336	0.329	0.282	0.286	0.377	0.310	0.342	0.328
29 NO NOTICE SERVICE	(2/16)	0.590	0.590	0.590	0.590	0.590	0.590	0.590	0.590	0.590	0.590	0.590	0.590
30 SWING SERVICE	(3/17)	60.184	82.244	0.000	0.000	74.443	84.918	98.003	0.000	0.000	126.864	84.116	82.653
31 COMMODITY (Other)	(4/18)	24.082	24.683	24.628	27.414	34.748	44.272	41.180	74.828	76.129	49.433	62.023	38.849
32 DEMAND	(6/19)	9.637	7.961	7.088	6.663	6.516	5.701	5.673	5.851	6.128	6.697	6.783	6.480
33 OTHER	(6/20)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>LESS ENR/USE CONTRACT</b>													
34 COMMODITY (Pipeline)	(7/21)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
35 DEMAND	(8/22)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
36	(8/23)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
37 TOTAL COST	(11/24)	36.132	34.486	36.802	37.884	48.092	62.017	55.086	89.686	92.728	68.724	75.648	52.028
38 NET UNBILLED	(12/25)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
39 COMPANY USE	(13/26)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
40 TOTAL THERM SALES	(11/27)	46.236	38.329	41.380	48.473	62.094	66.678	49.685	49.685	68.381	84.041	116.873	57.145
41 TRUE-UP	(E-2)	-0.313	-0.313	-0.313	-0.313	-0.313	-0.313	-0.313	-0.313	-0.313	-0.313	-0.313	-0.313
42 TOTAL COST OF GAS	(40+41)	46.823	38.016	41.077	48.160	61.781	63.477	48.086	49.382	68.078	83.728	116.560	56.832
43 REVENUE TAX FACTOR	(42x43)	1.009030	1.006030	1.009030	1.006030	1.009030	1.006030	1.009030	1.006030	1.009030	1.006030	1.009030	1.006030
44 PGA FACTOR ADJUSTED FOR TAXES		46.164	38.207	41.283	48.403	62.042	65.040	48.286	49.801	69.421	84.149	116.845	57.118
45 PGA FACTOR ROUNDED TO NEAREST .001		46.164	38.207	41.283	48.403	62.042	65.040	48.286	49.801	69.421	84.149	116.845	57.118
<b>WINTER AVG</b>													56.843
<b>SUMMER AVG</b>													57.118

(3) TRANSPORTATION COST RECOVERY CLAUSE (TCR):

Applicable:

To each of the Company's rate schedules referenced below in this section.

In order to recover the transition costs associated with the under-recovered purchased gas costs for calendar year 2000, the following method will be used for all non-residential customers for the period of February, 2001 through December 2001, except those receiving service under the Flexible Gas Service rate schedule or a Special Contract.

For all non-residential customers, except for those customers transporting at less than 100% of total gas requirements in 2000, and the exceptions noted above, the charge per therm is as shown in the table below.

For all customers transporting at less than 100% of total gas requirements in 2000, each customer's actual Sales gas usage for 2000 will be multiplied by the charge specified below to determine the amount to be recovered on an annual basis in 2001. This amount will be divided by twelve and will be charged to the customer monthly through December 2001.

Customers who transported at 100% of their total gas requirements in 2000 and new customers added to the system in 2001 under a transportation service rate schedule will not be subject to this charge.

The Transportation Cost Recovery factor for the period February 2001 to December 2001 for each service rate schedule is as follows:

<u>Rate Schedule</u>	<u>Service Classification</u>	<u>Charge</u>
TS-1 - Commercial	< 500 therms	\$0.11682
TS-2 - Commercial	>500 up to 3,000 therms	\$0.11682
TS-3 - Commercial	>3,000 up to 10,000 therms	\$0.11682
TS-4 - Commercial	>10,000 up to 25,000 therms	\$0.11682
TS-5 - Commercial	>25,000 up to 50,000 therms	\$0.11682
TS-6 - Comm/Ind	>50,000 up to 100,000 therms	\$0.11682
TS-7 - Comm/Ind	>100,000 up to 500,000 therms	\$0.11682
TS-8 - Industrial	>500,000 up to 1,000,000 therms	\$0.11682
TS-9 - Industrial	>1,000,000 therms	\$0.11682

(4) GENERAL SALES SERVICE RATE ADJUSTMENT:  
Applicable:

To the Rate per Month provision in each of the Company's General Sales Service Rate Schedules.

The non-gas energy charge for General Sales Service gas supplied after September 30, 1990 is subject to adjustment in accordance with the following provisions for prior shortfalls or surpluses in the Company's revenues resulting from sales under the CSS and CTS riders.

Issued by: John R. Schimkaitis, President  
Chesapeake Utilities Corporation

Effective:

(3) TRANSPORTATION COST RECOVERY CLAUSE (TCR):

Applicable:

To each of the Company's rate schedules referenced below in this section.

In order to recover the transition costs associated with the under-recovered purchased gas costs for calendar year 2000, the following method will be used for all non-residential customers for the period of ~~February~~ January, 2001 through December 2001, except those receiving service under the Flexible Gas Service rate schedule or a Special Contract.

For all non-residential customers, except for those customers transporting at less than 100% of total gas requirements in 2000, and the exceptions noted above, the charge per therm is as shown in the table below.

For all customers transporting at less than 100% of total gas requirements in 2000, each customer's actual Sales gas usage for 2000 will be multiplied by the charge specified below to determine the amount to be recovered on an annual basis in 2001. This amount will be divided by twelve and will be charged to the customer monthly through December 2001.

Customers who transported at 100% of their total gas requirements in 2000 and new customers added to the system in 2001 under a transportation service rate schedule will not be subject to this charge.

The Transportation Cost Recovery factor for the period ~~February~~ January 2001 to December 2001 for each service rate schedule is as follows:

<u>Rate Schedule</u>	<u>Service Classification</u>	<u>Charge</u>
TS-1 - Commercial	< 500 therms	\$0.0480311682
TS-2 - Commercial	>500 up to 3,000 therms	\$0.0480311682
TS-3 - Commercial	>3,000 up to 10,000 therms	\$0.0480311682
TS-4 - Commercial	>10,000 up to 25,000 therms	\$0.0480311682
TS-5 - Commercial	>25,000 up to 50,000 therms	\$0.0480311682
TS-6 - Comm/Ind	>50,000 up to 100,000 therms	\$0.0480311682
TS-7 - Comm/Ind	>100,000 up to 500,000 therms	\$0.0480311682
TS-8 - Industrial	>500,000 up to 1,000,000 therms	\$0.0480311682
TS-9 - Industrial	>1,000,000 therms	\$0.0480311682

(4) GENERAL SALES SERVICE RATE ADJUSTMENT:  
Applicable:

To the Rate per Month provision in each of the Company's General Sales Service Rate Schedules.

The non-gas energy charge for General Sales Service gas supplied after September 30, 1990 is subject to adjustment in accordance with the following provisions for prior shortfalls or surpluses in the Company's revenues resulting from sales under the CSS and CTS riders.

Issued by: John R. Schimkaitis, President  
Chesapeake Utilities Corporation

Effective: