

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for approval of  
transportation cost recovery  
factors by Florida Division of  
Chesapeake Utilities  
Corporation.

DOCKET NO. 011579-GU  
ORDER NO. PSC-02-0110-TRF-GU  
ISSUED: January 24, 2002

The following Commissioners participated in the disposition of  
this matter:

LILA A. JABER, Chairman  
J. TERRY DEASON  
BRAULIO L. BAEZ  
MICHAEL A. PALECKI  
RUDOLPH "RUDY" BRADLEY

ORDER GRANTING PETITION FOR APPROVAL OF TRANSPORTATION COST  
RECOVERY FACTORS BY FLORIDA DIVISION OF CHESAPEAKE UTILITIES  
CORPORATION

By Order No. PSC-00-2263-FOF-GU, issued November 28, 2000, in  
Docket No. 000108-GU, which relates to the Florida Division of  
Chesapeake Utilities Corporation's (Chesapeake or Company) most  
recent rate case, this Commission recognized that Chesapeake's  
proposed transportation cost recovery methodology would be  
appropriate for the recovery of non-recurring costs related to  
transportation services, stating that:

We approve the concept of a recovery clause, but the  
specifics regarding how the cost should be recovered from  
the rate classes and the level of costs to be recovered  
should be addressed in a subsequent proceeding.

Since December 2000, the Company has incurred incremental non-  
recurring costs related to providing transportation service.  
Chesapeake projects that it will incur additional expenses related  
to the transition of customers from sales service to various  
transportation services. As of October 2001, transportation  
volumes have increased to over 96% of the total throughput and are  
expected to reach approximately 98% by year-end.

We have jurisdiction pursuant to Sections 366.04, 366.05, and  
366.06, Florida Statutes.

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FPSC-COMMISSION CLERK

On November 14, 2001, Chesapeake filed a petition seeking approval of its transportation cost recovery factors. The Company is seeking recovery of \$164,922 in incremental expenses incurred from December 7, 2000, through October 31, 2001. These expenses have been recorded in a deferred debit account, pending Commission approval for their recovery. The projected incremental expenses of \$175,000 are expected to be incurred from November 1, 2001, through December 31, 2002, resulting in a total of \$339,922 to be recovered through the Transportation Cost Recovery (TCR) mechanism.

The Company proposes to recover its actual and projected expenses over a two-year period. As proposed, any over or under recovery would be trued-up at the end of the recovery period.

The Company proposes the following cost recover factors (cents per therm) for non-residential customers only, under the TRC Clause:

GS-1/TS-1 Rate Schedule	\$0.02936
GS-2/TS-2 Rate Schedule	\$0.01569
GS-3/TS-3 Rate Schedule	\$0.01260
GS-4/TS-4 Rate Schedule	\$0.01009
GS-5/TS-5 Rate Schedule	\$0.00886
GS-6/TS-6 Rate Schedule	\$0.00704
GS-7/TS-7 Rate Schedule	\$0.00444
GS-8/TS-8 Rate Schedule	\$0.00374
GS-9/TS-9 Rate Schedule	\$0.00325

The Company used its annualized budget data for 2002 for the number of bills and therms and spread the annualized costs to the different rate schedules. This is the same methodology used in the Natural Gas Conservation Cost Recovery Clause to determine the specific factor for each rate schedule.

These proposed factors would not be applied to residential customers, as they are not eligible for transportation services at this time, nor are the proposed factors applicable to non-residential customers whose rates are set in response to market pressures, including the Contract Sales Service and Contract Transportation Service riders, Off-System Sales Service, Flexible Gas Service, and the Special Contract customers. The Company has included, and will continue to include, the cost of providing transportation service within its Cost of Service studies for these rate schedules.

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We find that Chesapeake's proposed Transportation Cost Recovery factors are reasonable and they shall be approved. The tariff shall become effective January 8, 2002, the date of the Commission's vote on this matter.

Based on the foregoing it is

ORDERED by the Florida Public Service Commission that the Florida Division of Chesapeake Utilities Corporation's Petition for Approval of Transportation Cost Recovery Factors, as stated above, is granted. It is further

ORDERED that the tariff shall become effective January 8, 2002. It is further

ORDERED that if a protest is filed within 21 days of the issuance date of this Order, the tariff shall remain in effect with any charges collected held subject to refund pending resolution of the protest. It is further

ORDERED that if no timely protest is filed, this docket shall be closed upon the issuance of a Consummating Order.

By ORDER of the Florida Public Service Commission this 24th day of January, 2002.

BLANCA S. BAYÓ, Director  
Division of the Commission Clerk  
and Administrative Services

By: Kay Flynn  
Kay Flynn, Chief  
Bureau of Records and Hearing  
Services

( S E A L )

LHD

NOTICE OF FURTHER PROCEEDINGS

The Florida Public Service Commission is required by Section 120.569(1), 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.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

The Commission's decision on this tariff is interim in nature and will become final, unless a person whose substantial interests are affected by the proposed action files a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on February 14, 2002.

In the absence of such a petition, this Order shall become final and effective upon the issuance of a Consummating Order.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.