

ORIGINAL

MEMORANDUM

TO: Ms. Blanco Bayo  
PSC Clerk

020277-GU

FROM: Deana Russ, *Deana*  
Assistant to Wayne L. Schiefelbein  
Of Counsel

RE: Chesapeake Utilities Corporation  
Our File No. 37019

DATE: April 9, 2003

On behalf of the Florida Division of Chesapeake Utilities Corporation, enclosed for filing are an original and 15 copies of a Petition of the Florida Division of Chesapeake Utilities Corporation for Authorization of Final Disposition of Purchased Gas Adjustment. I have also included one copy to be date stamped and returned to me.

**PLEASE OPEN A DOCKET IN THIS MATTER.**

If you have any questions, please feel free to call.

WLS/dcr  
Enclosures

- AUS \_\_\_\_\_
- CAF \_\_\_\_\_
- CMP \_\_\_\_\_
- COM \_\_\_\_\_
- CTR \_\_\_\_\_
- ECR \_\_\_\_\_
- GCL \_\_\_\_\_
- OPC \_\_\_\_\_
- MMS \_\_\_\_\_
- SEC   I
- OTH \_\_\_\_\_

DOCUMENT NUMBER-DATE  
03330 APR -98  
FPSC-COMMISSION CLERK

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Petition of the Florida Division of  
Chesapeake Utilities Corporation for  
Authorization of Final Disposition of  
Purchased Gas Adjustment.

020277-614

**SUMMARY STATUS REPORT ON MERCHANT FUNCTION EXIT  
AND REQUEST FOR EXTENSION OF TIME**

The Florida Division of Chesapeake Utilities Corporation (the Company), by and through its undersigned counsel, hereby provides a summary status report of its activities required to exit the merchant gas function, and requests an extension of time within which to file a petition addressing the final disposition of its purchased gas adjustment (PGA) balance, pending the resolution of a recently discovered measurement error on the Florida Gas Transmission (FGT) pipeline, and in support states as follows:

1. The name and address of the petitioner are:

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

2. The name, address, and telephone and fax numbers of the person authorized to receive notices and communications with respect to this docket are:

Wayne L. Schiefelbein  
Of Counsel  
Rose, Sundstrom and Bentley, LLP  
2548 Blirstone Pines Drive  
Tallahassee, FL 32301  
(850) 877-6555  
(850) 656-4029 (fax)

Attorneys for the Florida Division of  
Chesapeake Utilities Corporation

3. By Order No. PSC-02-1646-TRF-GU, issued on November 25, 2002, the Commission approved Phase One of the Company's

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proposal to convert all remaining sales customers to transitional transportation service (TTS) and allow the Company to exit the merchant function. The Commission's approval, effective on November 5, 2002, was made as an experimental and transitional pilot program pursuant to Section 366.075, Florida Statutes. The Commission further ordered the Company to address the appropriate disposition of any over or under-recovery in the PGA balance, in a subsequent filing, within ninety (90) days after its exit of the merchant function.

### **SUMMARY STATUS REPORT**

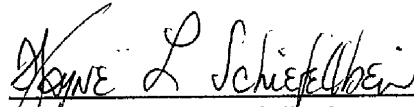
4. On November 5, 2002, the Company assigned all residential and non-transporting small commercial customers to Infinite Energy, Inc. (Infinite), the gas marketer selected to manage the TTS customer pool during Phase One. The Company, as a result of a Request for Proposals process, selected Infinite as the TTS Pool Manager. The Company executed a TTS Pool Manager Agreement with Infinite that defines the services to be provided to the TTS customer pool. Infinite, headquartered in Gainesville, Florida, is a major regional marketer serving over sixty thousand customers in the Southeastern United States.
  
5. The Company anticipated that a brief transitional period would be required to completely exit the merchant function. Certain merchant activities could be immediately terminated. Others would require a four to six month transition. For example, terminating the Company's fuel purchases and discontinuing the application of its PGA billing factor was achieved immediately following Commission approval of the TTS program. On the other hand, the full allocation of the Company's interstate pipeline capacity to the gas marketers serving its customers required more time to complete. Three items are in progress and are anticipated to be completed by the end of May: (i) allocate to shippers all of the interstate pipeline capacity quantities held under contract by the Company to provide reliable service to customers, including the Company's receipt and delivery points; (ii) establish the administrative and accounting procedures for the Company's OBA, and (iii) reconcile and book to the PGA known and appropriate pipeline charges or credits up to the activation of

the approved OBA mechanism. Two items remain to be implemented: (i) the activation of the Company's approved tariff Operational Balancing Account (OBA) mechanism to replace the PGA on a date certain, and (ii) subject to PSC approval, the final disposition of any over or under recovery in the PGA.

### **REQUEST FOR EXTENSION**

6. A recently discovered gas measurement problem may require that the proposed submittal date of the final PGA true-up be extended. At the end of its February 2003 billing month the Company identified a probable measurement problem at one of its interconnect points with FGT. Preliminary indications point to lightning damage to a transducer that appears to have affected the FGT orifice meter installed at the interconnection. Based on initial consultation with FGT technicians, the problem could extend back before the first of the year. It appears that the FGT meter was over-recording gas volumes delivered to the Company. The Company has validated its meter readings at its large customer facilities. In addition, a leak survey was conducted on the Company's distribution facilities served behind the FGT interconnection; no appreciable leaks were detected. The Company has requested that FGT conduct a test of its measurement equipment and determine the quantity of the apparent over-read. Although the full extent of the apparent FGT meter error is not known at this time, the total affected volume could exceed 300,000 dekatherms. Any refund received from FGT would be applied to the Company's PGA balance. At this time, the amount of any refund, and the date when the Company may receive such refund, are unknown.
7. The Commission has previously ordered the Company to file its formal proposal for the ultimate disposition of its PGA balance within ninety (90) days of its exit of the merchant function. The Company requests that this directive be modified, so that the Company file such proposal within the later of ninety (90) days after either the Company's completion of the activities identified as remaining to be completed in paragraph 5 hereinabove, or the resolution with FGT of the above-described measurement problem.

Respectfully submitted,

Handwritten signature of Wayne L. Schiefelbein in cursive script, positioned above a horizontal line.

Wayne L. Schiefelbein

Of Counsel

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