

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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COMMISSION
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In re: Application by Chesapeake Utilities)
Corporation for Authorization to Issue Common)
Stock, Preferred Stock and Secured and/or)
Unsecured Debt and to Exceed Limitation)
Placed on Short-Term Borrowings in 2004)

Docket No. 030942-GU

**APPLICATION BY CHESAPEAKE UTILITIES CORPORATION FOR MODIFICATION OF
AUTHORITY TO ISSUE SHARES OF COMMON STOCK FOR THE DIVIDEND
REINVESTMENT AND DIRECT STOCK PURCHASE PLAN DURING THE TWELVE MONTHS
ENDED DECEMBER 31, 2004**

Chesapeake Utilities Corporation (Chesapeake, the Company or Applicant) respectfully files this Application, pursuant to Section 366.04 (1), Florida Statutes, seeking a modification in its authority to increase by 750,000, the number of shares of common stock authorized and reserved for issuance under its amended Dividend Reinvestment and Direct Stock Purchase Plan (the "Plan") during the twelve months ended December 31, 2004.

Currently, Chesapeake sponsors a Dividend Reinvestment and Stock Purchase Plan, pursuant to which stockholders of the Company have an opportunity to reinvest cash dividends on, and to make optional cash purchases of shares of Chesapeake stock. On May 23, 1989, the Delaware Public Service Commission issued Order No. 3071 approving the issuance of up to 200,000 new shares of Chesapeake common stock for the purpose of administering the Plan. A copy of this Order has been previously filed with the FPSC as Exhibit J of the Application for Approval of Issuance and Sale of Securities by Chesapeake Utilities Corporation, Docket No. 931112-GU, dated November 17, 1993, and is hereby incorporated by reference. On December 20, 1995, the Delaware Public Service Commission issued Order No. 4097 approving the issuance of an additional 300,000 new shares of Chesapeake common stock for the purpose of administering the Plan. A copy of this Order has been previously filed with the FPSC as Exhibit

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E of the Application for Approval of Issuance and Sale of Securities by Chesapeake Utilities Corporation, Docket No. 961194-GU, dated October 1, 1996, and is hereby incorporated by reference. Please note that the abovementioned Orders by the Delaware Public Service Commission are both “open ended” in the sense that there is no time limit by which the approved securities need to be issued.

On August 5, 2004, Chesapeake’s Board of Directors approved 750,000 additional shares of common stock to be authorized and reserved for issuance under the Plan, as well as several amendments to the terms of the Plan. The amended Plan will (i) allow for direct stock purchases by persons who at the time of purchase are not shareholders of the Company, (ii) establish \$1,000 as the minimum investment amount for direct stock purchases by persons who are not shareholders of the Company, (iii) fix at \$100 and \$60,000, respectively, the minimum monthly and maximum annual optional cash investment limits for participating shareholders, (iv) allow for direct debiting of shareholder-designated bank accounts for purchases, and (v) add a provision to the Plan whereby the Company, with the prior approval of the Board of Directors or under guidelines adopted by the Board of Directors, may on a case-by-case basis waive the maximum annual optional cash investment limit and accept investments in excess of that amount.

1. Name and principal business offices of Applicant:

(a) Chesapeake Utilities Corporation
P.O. Box 615
909 Silver Lake Boulevard
Dover, Delaware 19904

(b) Chesapeake Utilities Corporation
Florida Division
1501 First Street South
Winter Haven, Florida 33881

This is a temporary address, during post-hurricane reconstruction of the former building located at 1015 6th Street N.W., Winter Haven, Florida 33881. At this time it is undetermined about the status of the completion of the renovations to the 1015 6th Street N.W. location.

and

- (c) Chesapeake Utilities Corporation
Florida Division
1639 West Gulf to Lake Highway
Lecanto, Florida 33461

2. Incorporated:

Chesapeake Utilities Corporation - Incorporated under the Laws of the State of Delaware on November 12, 1947 and qualified to do business in Florida, Maryland, and Pennsylvania.

3. Person authorized to receive notices and communications in this respect:

Wayne L. Schiefelbein
Rose, Sundstrom & Bentley, LLP
2548 Blairstone Pines Drive
Tallahassee, Florida 32301
Phone No.: (850) 877-6555
Fax No.: (850) 656-4029

Attorneys for Chesapeake Utilities Corporation

4. Major Changes in Financial Position:

There have been no major changes in Chesapeake's financial position since the filing of its application in this docket on October 27, 2003 for the 2004 fiscal year. To date, the common stock, preferred stock, debt and short-term borrowing requirements of the Company have been met pursuant to the conditions and limitations authorized by the FPSC in Order No. PSC-03-1216-FOF-GU.

5. Proposed transaction(s):

Chesapeake is requesting authority to issue up to 750,000 additional shares of common stock for administering the Company's amended Dividend Reinvestment and Direct Stock Purchase Plan.

6. Purpose for which Approval is requested:

To the extent that approval of the FPSC is required, in this Application Chesapeake seeks the authority to issue 750,000 shares of Chesapeake common stock. Pursuant to the Company's amended Dividend Reinvestment and Direct Stock Purchase Plan (the "Plan"), Chesapeake is requesting authority to issue up to 750,000 shares of Company stock for administering the Plan.

7. Lawful object and purpose:

The Plan was developed in response to stockholder interest. Many other publicly owned corporations have a dividend investment plan in place, and Chesapeake believes that by continuing the Plan, the Corporation will maintain its attractiveness to existing and future shareholders. Net proceeds from the issuance will be added to Chesapeake's treasury and used for general corporate purposes. Chesapeake believes that this is a lawful object within the corporate purposes of Chesapeake and compatible with the public interest and is reasonably necessary or appropriate for such purposes.

8. Counsel:

The legality of the common stock, will be passed upon by William A. Denman, Esquire, Parkowski & Guerke, 116 West Water Street, Dover, Delaware 19904, who will rely on Wayne L. Schiefelbein, Esquire, Of Counsel, Rose, Sundstrom & Bentley, LLP, 2548 Blairstone Pines Drive, Tallahassee, Florida 32301, as to matters of Florida law.

9. Other Regulatory Agencies:

Under 26 Del. C Section 215 of the Delaware statutes, Chesapeake is regulated by the Delaware Public Service Commission and, therefore, must file a Prefiling Notice, a Notice, and an Application to obtain approval of the Delaware Commission before issuing new securities which mature more than one (1) year from the date of issuance. All necessary applications or registration statements have been or will be made as required and will be made a part of the final consummation report to the FPSC as required by Rule 25-8.009, Florida Administrative Code.

The address of the Delaware Commission is as follows:

Delaware Public Service Commission
861 Silver Lake Boulevard
Cannon Building
Dover, Delaware 19904
Attention: Bruce H. Burcat, Executive Director

10. Control or ownership:

Applicant is not owned by any other company nor is Applicant a member of any holding company system.

11. Constitutionality of Statute:

Chesapeake has taken the position that the statutory requirement of FPSC approval of the issuance and sale of securities by a public utility, under Section 366.04 (1), Florida Statutes, as applied to Chesapeake, a Delaware corporation engaged in interstate commerce, is unconstitutional, in that it creates an unreasonable burden on interstate commerce. Support for this position is set out in Chesapeake's Application for declaratory statement disclaiming jurisdiction, as filed in FPSC Docket No. 930705-GU.

By FPSC Order No. PSC-93-1548-FOF-GU, issued on October 21, 1993, the FPSC denied the Application for declaratory statement, while approving the alternative Application for approval of the issuance of up to 100,000 new shares of common stock for the purpose of administering a Retirement Savings Plan. The FPSC found that "the facial constitutionality of a statute cannot be decided in an administrative proceeding," and that since the stock issuance was approved, "the question of constitutionality appears to be academic at this time."

Chesapeake continues to maintain that the assertion of jurisdiction by the FPSC over its securities unconstitutionally burdens interstate commerce, particularly where the Public Service Commission of the State of Delaware has approved their issuance and sale, and/or where the securities do not create a lien or encumbrance on assets of Chesapeake's public utility operations in the State of Florida.

Florida law provides for severe penalties for any willful violation of a statute administered by the FPSC or any of its rules or orders. Secs. 350.127 (1) and 366.095, Florida Statutes. Accordingly, Chesapeake believes it must submit to FPSC jurisdiction over its securities if it is to avoid assessment of such penalties and to otherwise remain in good standing before the FPSC. It therefore files the instant Application, under protest, and without waiver of its position regarding the unconstitutionality of the statute.

PRAYER FOR RELIEF

Based on the foregoing, Chesapeake Utilities Corporation requests that the FPSC issue an Order authorizing the issuance of up to 750,000 shares of Company common stock for purposes of administering the amended Dividend Reinvestment and Direct Stock Purchase Plan. In the event that the FPSC does not consider the abovementioned request to be jurisdictional, Chesapeake Utilities Corporation respectfully requests that the FPSC issue an Order, acknowledging the instant filing.

Respectfully submitted,

Date: _____

10/29/04

Wayne L. Schiefelbein

Wayne L. Schiefelbein, Esquire
Of Counsel

Rose, Sundstrom & Bentley, LLP
2548 Blairstone Pines Drive
Tallahassee, Florida 32301
Phone No.: (850) 877-6555
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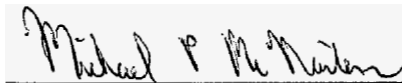
Attorneys for
Chesapeake Utilities Corporation

STATE OF DELAWARE *

*

COUNTY OF KENT * SS

BE IT REMEMBERED that on this 27th day of October, personally appeared before me, a Notary Public for the State of Delaware, Michael P. McMasters, who being by me duly sworn, did depose and say that he is Executive Vice President and CFO of Chesapeake Utilities Corporation, a Delaware corporation, and that insofar as the Application of Chesapeake Utilities Corporation states facts, and insofar as those facts are within his personal knowledge, they are true; and insofar as those facts that are not within his personal knowledge, he believes them to be true and that he has executed this Application on behalf of the Company and pursuant to the authorization of its Board of Directors.



Michael P. McMasters
Vice President & CFO

SWORN TO AND SUBSCRIBED before me the day and year first above written.



Notary Public
My Commission Expires: 2/19/08