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Suite 1200  
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[www.akerman.com](http://www.akerman.com)  
850 224 9634 *tel* 850 222 0103 *fax*

August 15, 2008

**VIA Electronic Filing**

Ms. Ann Cole  
Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

**Re: Petition of the Florida Division of Chesapeake Utilities Corporation for Permanent Waiver of the Requirements of Rules 25-7.084(2) and Rule 25-7.085(4) and (5), Florida Administrative Code**

Dear Ms. Cole:

Attached for electronic filing, please find the Petition for Permanent Waiver of the Requirements of Rules 25-7.084(2) and 25-7.085(4) and (5), Florida Administrative Code, filed on behalf of the Florida Division of Chesapeake Utilities Corporation.

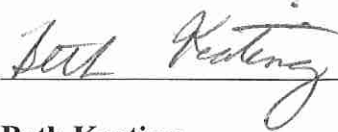
If you have any questions whatsoever, please do not hesitate to contact me. Thank you

Ms. Ann Cole  
August 15, 2008  
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for your assistance with this filing.

Sincerely,



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**Beth Keating**  
**AKERMAN SENTERFITT**  
106 East College Avenue, Suite 1200  
Tallahassee, FL 32302-1877  
Phone: (850) 224-9634  
Fax: (850) 222-0103

Enclosures

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of the Florida Division of Chesapeake ) DOCKET NO:  
Utilities Corporation for Permanent Waiver of the )  
Requirements of Rules 25-7.084(2) and Rule 25- ) FILED: August 15, 2008  
7.085(4) and (5), Florida Administrative )  
Code )

PETITION FOR PERMANENT OF WAIVER OF THE REQUIREMENTS  
OF RULES 25-7.084(2) AND 25-7.085(4) AND (5) BY THE FLORIDA  
DIVISION OF CHESAPEAKE UTILITIES CORPORATION

Pursuant to Section 120.542, Florida Statutes, the Florida Division of Chesapeake Utilities Corporation ("Chesapeake" or "Company") hereby petitions the Florida Public Service Commission for a rule waiver to allow the Company and its consumers to fully recognize the accuracy and efficiency benefits of automatic metering reading (AMR) equipment, which the Company is proceeding to install throughout its system. Chesapeake seeks a limited waiver of the requirements of these rules only to the extent that the rules require monthly meter readings taken from the meter set at the consumer premises. In support of this Petition, the Company states:

**Background**

1. The Petitioner, the Florida Division of Chesapeake Utilities Corporation, owns and operates natural gas distribution systems in Florida and is a "public utility" subject to the regulatory jurisdiction of the Florida Public Service Commission in accordance with Chapter 366, Florida Statutes.

2. The principal Florida offices of the Petitioner are located at:

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

3. The names and contact information for the persons authorized to receive notices, communications, and pleadings regarding this Petition are:

Beth Keating Akerman Senterfitt 106 East College Avenue, Suite 1200 Tallahassee, FL 32301 (850) 224-9634 (telephone) (850) 222-0103 (fax)	Thomas A. Geoffroy Vice President Chesapeake Utilities Corporation 1015 6 <sup>th</sup> Street NW Winter Haven, FL 33881
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4. Pursuant to Section 120.542, Florida Statutes, Chesapeake seeks this waiver of Rule 25-7.084(2), as well as a limited waiver (if necessary) of Rule 25-7.085(4) and (5), Florida Administrative Code, to the extent that these rules require the Company to read, on a monthly basis, a mechanical counter on a meter physically located at a consumer's premises and to provide specific information on the consumer's bill regarding information taken from the reading of the meter at the consumer's premises. The Company also seeks a limited waiver to the extent that Rule 25-7.085(4) could be interpreted to require that a meter at the customer's physical address be read for billing purposes at least every six months.<sup>1</sup> To further clarify, Chesapeake is not seeking a waiver of any Rules regarding regular meter inspections for safety purposes or meter testing for accuracy purposes.

#### **Chesapeake's AMR Program**

5. Over the past eighteen months, Chesapeake has investigated several remote meter reading technologies to gain a better understanding of the costs and benefits associated with each

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<sup>1</sup> To be clear, Chesapeake does **not** intend to use estimated billing, as further explained herein, but to the extent these Rules appear to impose requirements regarding regular readings of the meter located at the consumer's physical address for billing purposes, Chesapeake asks that the Rules be waived.



system. Chesapeake visited several utilities throughout the country to review AMR and other technologies in operational situations. These site visits were instrumental in selecting the AMR technology. Chesapeake selected the ACLARA (formerly Hexagram) STAR AMR System. The STAR AMR system utilizes a pulse sensor (Meter Transmitter Unit - MTU) installed on each consumer meter that reads measurement data and transmits the data by radio signal to a Data Collection Unit (DCU). Multiple DCUs are installed in a grid throughout a utility's service area to receive transmitted data from the MTUs. Each day the DCUs transmit the meter data to a central computer for processing.

6. In late 2007, Chesapeake initiated a three-month pilot program to ensure the AMR technology would be reliable and accurate within its specific service areas. During the pilot program the Company installed approximately 350 MTUs and 5 DCUs in two separate service areas. Chesapeake continued to obtain on-site visual meter reads to compare to the electronic AMR reads in order to verify the accuracy of the AMR system. There were no differences between the physical and AMR reads. Chesapeake's pilot program validated the operational feasibility, cost projections and improved data collection capability of the AMR technology.

7. Chesapeake is currently preparing to installing automatic meter reading equipment throughout its system. The technologically advanced AMR equipment selected by Chesapeake will allow the Company to remotely read consumers' meters and utilize the measurement data for billing purposes. The installation of remote read capability throughout the Chesapeake system will result in several tangible benefits to consumers, Shippers and the Company. When fully implemented, the AMR project will enable Chesapeake to avoid the unnecessary cost of personnel regularly traveling to each consumer's physical address to read the

meter, which will benefit the Company and its ratepayers. The new AMR equipment will allow the Company to more closely monitor usage and, consequently, increase the ability to detect gas losses due to leaks or theft. One of the primary benefits of the AMR system is the ability to provide daily consumer measurement data to the third party gas marketers (Shippers) providing gas supply service to Chesapeake's consumers, especially the residential consumers in the Transitional Transportation Service Program. At the completion of the initial phase of AMR installation, Shippers will have on-line access to daily measurement data for consumers in the Shipper's gas supply pool. This data will enable Shippers to reduce monthly imbalance resolution costs and pipeline Operation Order (Alert Day) penalties to the benefit of Chesapeake consumers. Ultimately, the AMR system would support web based access of consumption history and related usage statistics by all Chesapeake consumers.

8. Upon installation of the AMR equipment, all readings for purposes of billing consumers would be taken from the electronic data transmitted by the AMR equipment. If this Petition is approved, there would be no monthly visit to the consumer premises to read the meter for billing purposes. The Company would, however, still comply with all safety rules regarding meter installation and meter inspections, and would also continue to maintain sufficient records for purposes of confirming meter accuracy and resolving consumer complaints.

#### **Basis for Waiver/Compliance with Underlying Statute**

9. The purpose of the underlying statutes, Sections 366.05(1) and 366.06(1), Florida Statutes, can be met through the use of the AMR equipment, which will allow the Company to retrieve accurate usage data for billing purposes, but will avoid the unnecessary cost of traveling to the consumer's premises. Thus, in accordance with Section 366.05(1), the new AMR equipment will "promote the convenience and welfare of the public and secure adequate service

or facilities for those reasonably entitled thereto. . . . " In addition, AMR equipment transmits accurate, reliable meter readings thus fulfilling the intent of Section 366.06(1), that consumers be charged "fair, just, and reasonable rates" for service actually received by the consumer. If Chesapeake were required to continue to comply in full with Rules 25-7.084 and 25-7.085, Florida Administrative Code, neither the Company nor its consumers would ever fully receive all the benefits associated with the installation of the AMR equipment, which would constitute a substantial hardship for the Company and its ratepayers.

10. From a historical perspective, the Commission addressed electronic metering equipment in Docket No. 950815-GU, wherein the Commission approved changes to Rules 25-7.084 and 25-7.085, Florida Administrative Code. The rule changes were a result of the initiation of gas transportation service by Florida distribution companies following the unbundling of interstate pipelines after the issuance of FERC Order No. 636. The scheduling and delivery of gas on the interstate pipeline systems operated on a FERC mandated twenty-four hour "Gas Day" which ended at 3:00 p.m. CCT, each day. The "Gas Month" ended at 3:00 p.m. on the first day of each month. Local gas distribution companies (LDCs) providing transportation service to consumers found it necessary to, as closely as possible, match the timing of its monthly meter readings to the end of the interstate pipeline "Gas Month". This process was required to assess the over or under delivery of consumer-owned gas to the LDC on the interstate pipeline compared to the consumer's actual monthly consumption. In addition, transporting consumers desired to receive daily meter reads for the purpose of mitigating imbalance and operational order costs. The Commission recognized that it was far more efficient to allow companies to reflect consumption data received electronically on consumers' bills, as opposed to requiring companies to have meter readers stationed at transportation consumers' meters at the



end of a Gas Day or Gas Month. Therefore, the Commission allowed the consumption data on consumers' bills to be taken from the electronic reading. The Commission also amended Rule 25-7.084, Florida Administrative Code, to require companies to continue to read the mechanical counters on meters in order to assure accuracy.

11. AMR and similar electronic meter reading technologies have substantially improved over the 13 years since the Commission last visited these rules, and are widely used throughout the natural gas industry, as well as other utility industries. AMR equipment is reliable and accurate, and installation provides significant efficiency and cost saving benefits to the companies that use this type of equipment and their consumers. As such, any concerns that the Commission may have had 13 years ago about the accuracy of predecessor meter reading technology should not bear on the Commission's decision regarding this Petition by Chesapeake.

WHEREFORE, the Florida Division of Chesapeake Utilities Corporation hereby respectfully requests that the Commission:

1. Grant the Florida Division of Chesapeake Utilities Corporation a permanent waiver of Rule 25-7.084(2), Florida Administrative Code, and a limited waiver of Rule 25-7.085(4) and (5), Florida Administrative Code, to the extent that these Rules can be construed to require the Company to read the mechanical counters on meters located at a consumer's premises for billing purposes and to the extent that they require data obtained from the reading of the mechanical counter at the consumer's premises to be reflected on the consumer's bills; and



2. Grant such other relief as the Commission may deem appropriate.

Respectfully submitted, this 15<sup>th</sup> day of August, 2008.

Florida Division of Chesapeake Utilities Corporation



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Beth Keating, Esquire  
Akerman Senterfitt  
106 East College Avenue, Suite 1200  
P.O. Box 1877 (32302)  
Tallahassee, Florida 32301  
(850) 521-8002  
beth.keating@akerman.com

*Attorneys for the Florida Division of Chesapeake Utilities  
Corporation*