

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition by Florida
Division of Chesapeake Utilities
Corporation for approval to
issue common stock and secured
and/or unsecured debt and to
exceed limitation placed on
short-term borrowings in 1999.

DOCKET NO. 981213-GU
ORDER NO. PSC-98-1678-FOF-GU
ISSUED: December 10, 1998

The following Commissioners participated in the disposition of
this matter:

JULIA L. JOHNSON, Chairman
J. TERRY DEASON
SUSAN F. CLARK
JOE GARCIA
E. LEON JACOBS, JR.

ORDER GRANTING THE FLORIDA DIVISION OF CHESAPEAKE UTILITIES
CORPORATION THE AUTHORITY TO ISSUE COMMON STOCK AND SECURED
AND/OR UNSECURED DEBT AND TO EXCEED LIMITATION PLACED ON SHORT-
TERM BORROWINGS IN 1999

BY THE COMMISSION:

On September 23, 1998, the Florida Division of Chesapeake
Utilities Corporation (Chesapeake) submitted a petition to issue
common stock and secured and/or unsecured debt and to exceed
limitation placed on short-term borrowings pursuant to Section
366.04, Florida Statutes, and Chapter 25-8, Florida Administrative
Code, during the calendar year 1999. Notice of this petition and
pending Commission action upon it were published in the Florida
Administrative Weekly of October 23, 1998. An amended notice was
published in the November 6, 1998, Florida Administrative Weekly.

Chesapeake's application seeks authority during calendar year
1999:

to issue up to 5,000,000 shares of Chesapeake common
stock and \$70,000,000 in secured an/or unsecured debt and
to exceed the limitation placed on short-term borrowings
by Section 366.04, Florida Statues, so as to issue short-
term obligations in an amount not to exceed \$40,000,000.
(Petition at 1)

DOCUMENT NUMBER-DATE

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PSC-RECORDS/REPORTING

Chesapeake proposes to issue up to 731,034 new shares of its common stock for the purpose of administering Chesapeake's Retirement Savings Plan, Performance Incentive Plan, Automatic Dividend Reinvestment and Stock Purchase Plan and conversion of the Company's Convertible Debentures. The share breakdown for each specific purpose is as follows:

Number of Shares	Purpose
45,082	Reserved for issuance pursuant to the Company's Retirement Savings Plan
173,771	Reserved for issuance under the terms of the Company's Performance Incentive Plan
285,726	Reserved for issuance pursuant to the Company's Automatic Dividend Reinvestment and Stock Purchase Plan
226,455	Reserved for issuance under the terms of the Company's outstanding 8 1/4% Convertible Debentures

For 1999, Chesapeake seeks approval to issue up to \$30,000,000 in secured and/or unsecured long-term debt with an estimated rate of interest of up to 250 basis points above U.S. Treasury rates (or extrapolated U.S. treasury rates) with equivalent average life. Proceeds from this debt issuance would be used for general corporate purposes including, but not limited to, working capital, retirement of short-term debt, retirement of long-term debt and capital improvements. We approved the issuance and sale of \$30,000,000 in secured and/or unsecured long-term debt for Chesapeake during 1998 in Order No. PSC-98-1538-FOF-GU, issued December 8, 1997, in Docket No. 971397-GU.

In addition, Chesapeake intends to issue up to 4,268,966 shares of common stock and \$40,000,000 in secured and/or unsecured long-term debt with an estimated rate of interest of up to 250 basis points above U.S. Treasury rates (or extrapolated U.S.

Treasury rates) with equivalent average life. This stock and debt would be used to finance Chesapeake's ongoing acquisition program of related businesses. Chesapeake states that it intends to continue to search for growth opportunities through acquisitions which fit its long-range plan to achieve the proper mix of business activities. Financing of acquisitions will depend upon the nature and extent of potential acquisitions as well as current market and economic conditions. We approved the issuance and sale of 4,176,704 shares of common stock and \$40,000,000 in unsecured long-term debt for Chesapeake during 1998 in Order No. PSC-98-1538-FOF-GU, issued December 8, 1997, in Docket No. 971397-GU.

Chesapeake asserts that the common stock and long-term debt issued will be used for the purpose of administering Chesapeake's Retirement Savings Plan, Performance Incentive Plan, Automatic Dividend Reinvestment and Stock Purchase Plan, conversion of the Company's Convertible Debentures, financing of the Company's acquisition program and for other corporate purposes including, but not limited to, working capital, retirement of short-term debt, retirement of long-term debt and capital improvements. This is for a lawful object within the corporate purposes of Chesapeake and compatible with the public interest. It is also reasonably necessary or appropriate for such purposes.

Having reviewed the application, it appears that Chesapeake has complied with the requirements of Section 366.04, Florida Statutes and Chapter 25-8, Florida Administrative Code in applying for the authority to issue and sell securities. The application is hereby granted.

Based upon the foregoing, it is therefore

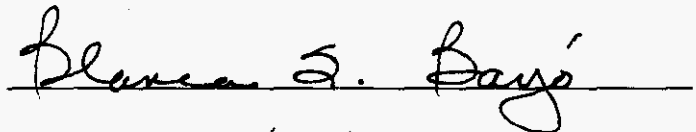
ORDERED by the Florida Public Service Commission that the Florida Division of Chesapeake Utilities Corporation's petition to issue up to 5,000,000 shares of Chesapeake common stock and \$70,000,000 in secured an/or unsecured debt and to exceed the limitation placed on short-term borrowings by Section 366.04, Florida Statutes, so as to issue short-term obligations in an amount not to exceed \$40,000,000, during calendar year 1999, as discussed within the body of this order, is approved. It is further

ORDERED that Chesapeake file a consummation report in accordance with Rule 25-8.009, Florida Administrative Code, within 90 days after the end of any fiscal year in which it issues securities. It is further

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ORDERED that this docket shall remain open to monitor the issuance and/or sale of these securities until April 15, 2000, at which time it shall be closed.

By ORDER of the Florida Public Service Commission this 10th day of December, 1998.



BLANCA S. BAYÓ, Director
Division of Records and Reporting

(S E A L)

GAJ

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

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.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water and/or wastewater utility by filing a notice of appeal with the Director,

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Division of Records and reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.