

RUDEN
MCCLOSKEY
SMITH
SCHUSTER &
RUSSELL, P.A.
ATTORNEYS AT LAW

ORIGINAL

215 SOUTH MONROE STREET
SUITE 815
TALLAHASSEE, FLORIDA 32301

TELEPHONE (850) 681-9027
FAX (850) 224-2032

E-MAIL: WLS@RUDEN.COM

October 12, 1998

Blanca S. Bayo, Director
Division of Records & Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

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Re: Docket No. 980003-GU
Purchased Gas Adjustment (PGA)

Dear Ms. Bayo:

Enclosed on behalf of Chesapeake Utilities Corporation for filing in the above docket are an original and fifteen copies of the following:

1. Petition for Approval of Chesapeake Utilities Corporation's Purchased Gas Adjustment Factor; 11317-98
2. Direct Testimony of Anne V. Wood; 11318-98
3. Exhibit AVW-2: Purchased Gas Projection Filing (January 1999-December 1999); and
4. our Certificate of Service.

ACK _____
AFA _____
APP _____
CAF _____
CIV _____
CTS _____
ENT _____
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SEC _____
WAS _____
OTH WLS/ka

Please acknowledge receipt of the foregoing by stamping the enclosed extra copy of this letter and returning same to my attention.

Thank you for your assistance.

Sincerely,



Wayne L. Schiefelbein

Enclosures

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In Re: Purchased Gas True-Up)
_____)

DOCKET NO 980003-GU

PETITION FOR APPROVAL OF
CHESAPEAKE UTILITIES CORPORATION'S
PURCHASED GAS ADJUSTMENT FACTOR

Chesapeake Utilities Corporation ("the Company"), pursuant to the requirements of this docket, petitions the Commission for approval of the Company's levelized purchased gas adjustment factor ("PGA") to be charged for gas consumption during the period January 1, 1999 to December 31, 1999. In support hereof, the Company states:

1. The exact name of the Company and the address of its principal business office is:

Chesapeake Utilities Corporation
Florida Division
1015 6th Street N. W.
Winter Haven, Florida 33882-0960

2. The names and addresses of the persons authorized to receive notices and communications in respect to this docket is:

Wayne L. Schiefelbein, Esquire
Ruden, McClosky, Smith, Schuster, & Russell, P.A.
215 S. Monroe St., Suite 815
Tallahassee, Florida 32301

Ms. Anne V. Wood
Chesapeake Utilities Corporation
Florida Division
P. O. Box 960
Winter Haven, Florida 33882-0960

DOCUMENT NUMBER - DATE

11317 OCT 12 8

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3. Pursuant to the requirements of this docket, Chesapeake Utilities Corporation has prefiled the PGA true-up forms supplied by the Electric and Gas Department for the April 1997 - March 1998 period in a manner consistent with the Department's instructions

4. As indicated in the prefiled true-up forms, Chesapeake Utilities Corporation has experienced an underrecovery of \$576,530 for the April 1997 - March 1998 period. In the February 1998 hearings in this docket, an estimated underrecovery of \$442,997 for the April 1997 - March 1998 period was approved for calculation of the true-up factor for April 1998 - March 1999. Therefore, a final true-up amount of \$133,533 (underrecovery) will be included in the current calculation of the January 1999 - December 1999 true-up factor.

5. For the period of April 1998 to December 1998, Chesapeake Utilities Corporation projects an overrecovery of \$60,458 resulting in a total underrecovery of \$73,075 to collect in the January 1999 - December 1999 period. The Company projects therm sales of 29,744,536 for the January 1999 - December 1999 period. Therefore, the cumulative true-up factor to be applied to gas bills for this period is .246 cents per therm surcharge.

6. As indicated on the attached schedules E-1 through E-5, the Company projects total gas costs for the January 1999 - December 1999 period to be \$10,594,302. As stated previously, the Company projects therm sales of 29,744,536 resulting in a weighted average cost of gas (WACOG) of 35.618 cents per therm for the twelve-month period. Since the Company historically experiences higher gas costs during the winter months, the Company requests that its projected firm winter average cost of gas for the months of January 1999 through March 1999 and October 1999 through December 1999 be approved as the maximum PGA factor to be charged during the period of January 1999 through December 1999.

7. Allocation of the total gas costs to firm and interruptible customers results in a firm

winter WACOG of 41.668 cents per therm, including the true-up factor and taxes, for the January 1999 - December 1999 period. The Company projects the interruptible winter WACOG including the true-up factor and taxes, to be 35.302 cents per therm for the January 1999 - December 1999 period.

WHEREFORE, for the purpose of establishing the maximum rate to be charged for all gas sales during the period January 1999 - December 1999, Chesapeake Utilities Corporation petitions the Commission to approve a factor of 41.668 cents per therm.

DATED this 12th day of October, 1998.

Respectfully submitted,
CHESAPEAKE UTILITIES CORPORATION
FLORIDA DIVISION

By Anne V. Wood
Anne V. Wood
Accounting and Rates Manager