

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application by Florida
Division of 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 2000.

DOCKET NO. 991631-GU
ORDER NO. PSC-99-2477-FOF-GU
ISSUED: December 17, 1999

The following Commissioners participated in the disposition of
this matter:

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

ORDER GRANTING FLORIDA DIVISION OF CHESAPEAKE UTILITIES
CORPORATION AUTHORIZATION TO ISSUE COMMON STOCK, PREFERRED STOCK
AND SECURED AND/OR UNSECURED DEBT AND TO EXCEED LIMITATION PLACED
ON SHORT-TERM BORROWINGS IN 2000

BY THE COMMISSION:

I. Petition for Authorization

On October 20, 1999, the Florida Division of Chesapeake
Utilities Corporation (Chesapeake) filed an application to issue
common stock, preferred stock and secured and/or unsecured debt and
to exceed the limitation placed on short-term borrowings in 2000.
Chesapeake's application was noticed in the November 5, 1999,
Florida Administrative Weekly and voted upon at the November 30,
1999, Agenda Conference.

Chesapeake filed its application pursuant to Section
366.04(1), Florida Statutes, and Chapter 25-8, Florida
Administrative Code. Chesapeake requested authority:

to issue up to \$6,000,000 shares of Chesapeake common
stock; up to \$1,000,000 shares of Chesapeake preferred
stock; and, up to \$80,000,000 in secured and/or unsecured
debt and to obtain authorization 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.

DOCUMENT NUMBER-DATE

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FPC-RECORDS/REPORTING

II. Types and Purposes of Securities Chesapeake Seeks to Issue

- A. Common Stock for Retirement Savings Plan, Performance Incentive Plan, Automatic Dividend Reinvestment and Stock Purchase Plan and Conversion of the Company's Convertible Debentures

Specifically, Chesapeake requests that it be authorized to issue up to 949,347 shares of common stock during 2000 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. Chesapeake proposed the shares be broken down as follows:

Number of Shares	Purpose
105,638	Issuance pursuant to the Company's Retirement Savings Plan
372,071	Issuance under the terms of the Company's Performance Incentive Plan
249,827	Issuance pursuant to the Company's Automatic Dividend Reinvestment and Stock Purchase Plan
221,811	Issuance under the terms of the Company's outstanding 8 1/4% Convertible Debentures

- B. Secured and/or Unsecured Debt for General Corporate Purposes

Chesapeake also requests that it be authorized to issue up to \$40,000,000 in secured and/or unsecured debt during 2000 for general corporate purposes including, but not limited to, working capital, retirement of short-term debt, retirement of long-term debt and capital improvements. In addition, Chesapeake expects to continue its historically aggressive acquisition program. For this purpose, Chesapeake requests authorization to issue up to 5,050,653 shares of common stock and up to \$40,000,000 in secured and/or unsecured debt for possible acquisitions. Chesapeake asserts that because of the nature of typical cash for stock acquisitions, the

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\$40,000,000 in secured and/or unsecured debt may be initially issued through a bridge loan in the form of notes held by banks or some similar form of short-term obligations.

C. Exceeding the Limitation Placed on Short-term Borrowings by Section 366.04, Florida Statutes.

Chesapeake requests authorization to exceed the limitation placed on short-term borrowings by Section 366.04, Florida Statutes, in order to structure cash for stock acquisitions as discussed in B above. Chesapeake seeks to issue short-term obligations in an amount not to exceed \$40,000,000 during 2000. This bridge financing would subsequently be refinanced as 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 an equivalent average life.

D. Preferred Stock for Possible Acquisitions, Financing Transactions, and Other General Corporate Purposes

Chesapeake is also requesting authority to issue up to 1,000,000 shares of Chesapeake preferred stock for possible acquisitions, financing transactions, and other general corporate purposes, including potential distribution under the Company's Shareholder Rights Agreement adopted by the Board of Directors on August 20, 1999.

III. Lawful Object and Purpose of Issuings

Chesapeake maintains that the common stock, preferred stock, and long-term debt authorized for issuance 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 Chesapeake's Convertible Debentures, financing of the Company's acquisition program and for other corporate purposes including, but not limited to the following: working capital; retirement of short-term debt; retirement of long-term debt; capital improvements; and, potential distribution under the Shareholder Rights Agreement. Chesapeake contends that this is for a lawful object within the corporate purposes of Chesapeake and compatible with the public interest and is reasonably necessary or appropriate for such purposes.

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IV. Conclusion

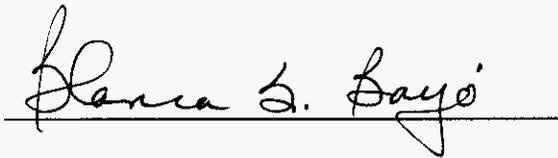
We believe that Chesapeake's request demonstrates that the utility has complied with the requirements of Section 366.04, Florida Statutes, and Chapter 28-5, Florida Administrative Code. Chesapeake's application to issue and sell securities, therefore, is granted.

Based upon the foregoing, it is therefore

ORDERED by the Florida Public Service Commission that the Application by Florida Division of 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 2000 is granted as discussed herein. It is further

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 17th day of December, 1999.



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

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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, 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.