

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE**

IN THE MATTER OF THE APPLICATION OF)
CHESAPEAKE UTILITIES CORPORATION)
FOR APPROVAL OF A CHANGE IN ITS) PSC DOCKET NO. 06-355
ENVIRONMENTAL RIDER RATE TO BE)
EFFECTIVE DECEMBER 1, 2006)
(FILED NOVEMBER 1, 2006))

ORDER NO. 7076

AND NOW, to-wit, this 21st day of November, A.D. 2006;

WHEREAS, in PSC Order No. 4104 (Dec. 19, 1995) entered in PSC Docket No. 95-73, the Commission authorized an annually adjusted surcharge mechanism to allow Chesapeake Utilities Corporation ("Chesapeake") to recover the expenses it has or will incur for remediation of environmental damage liabilities; and

WHEREAS, on November 1, 2006, Chesapeake made application to the Commission for approval of a decrease in the Environmental Rider ("ER") rate (resulting in a credit to customers) to be effective on December 1, 2006, with such rate to continue until changed by further Order of the Commission; and

WHEREAS, the Commission having determined, pursuant to 26 Del. C. §§ 304 and 306(a)(2), to permit the proposed ER rate to become effective on and after December 1, 2006, on a temporary basis, subject to refund, pending the completion of full evidentiary hearings (scheduled for the January 23, 2007 Commission meeting) concerning the lawfulness, justness, and reasonableness of the proposed rate decrease and a final decision of the Commission; now, therefore,

IT IS ORDERED:

1. That, pursuant to 26 Del. C. §§ 304 and 306(a)(2), by the affirmative vote of not less than three (3) Commissioners, the tariff filing made by Chesapeake Utilities Corporation on November 1, 2006, establishing a new Environmental Rider credit of \$0.0022 per CCF (a decrease of \$0.004 per CCF from the prior rate of \$0.0018 per CCF) is hereby approved and permitted on a temporary basis only, subject to full and prompt refund, and effective for service rendered on and after December 1, 2006, and pending a final decision of the Commission.

2. That William F. O'Brien is designated as Hearing Examiner for this docket for the purpose of granting or denying petitions seeking leave to intervene in this matter, under Rule 21 of the Commission's Rules of Practice and Procedure.

3. That Chesapeake Utilities Corporation is hereby advised that the cost of this proceeding will, under the provisions of 26 Del. C. § 114(b)(1), be charged to the utility.

4. That Chesapeake Utilities Corporation shall give public notice of the filing of this application and of the scheduled evidentiary hearing by publishing notice in the form attached hereto as Exhibit "A" in two-column format, outlined in black, in the legal classified sections of The News Journal and Delaware State News newspapers on or about November 29, 2006. Proof of such publication shall be filed with the Commission on or before the date of the evidentiary hearing(s) in this matter.

5. That the Commission reserves the jurisdiction and authority to enter such further Orders in this matter as may be deemed necessary or proper.

BY ORDER OF THE COMMISSION:

/s/ Arnetta McRae
Chair

/s/ Joann T. Conaway
Commissioner

/s/ Jeffrey J. Clark
Commissioner

/s/ Dallas Winslow
Commissioner

/s/ Jaymes B. Lester
Commissioner

ATTEST:

/s/ Karen J. Nickerson
Secretary

E X H I B I T "A"

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P U B L I C N O T I C E

**TO: ALL NATURAL GAS CUSTOMERS OF CHESAPEAKE UTILITIES
CORPORATION AND ANY OTHER INTERESTED PERSONS**

Pursuant to the environmental remediation recovery mechanism approved by the Delaware Public Service Commission ("the Commission") in PSC Order No. 4104 (Dec. 19, 1995) in PSC Docket No. 95-73, Chesapeake Utilities Corporation ("Chesapeake") has filed an application proposing to decrease the Environmental Rider ("ER") rate from a positive surcharge of \$0.0018 per CCF to a credit of \$0.0022 per CCF. Such new ER rate would be effective for services provided on and after December 1, 2006. According to Chesapeake, the new ER rate results in a decrease of 0.2 percent or a \$0.48 decrease in gas billings for an average monthly winter residential heating customer.

At its meeting on November 21, 2006, the Commission permitted the proposed ER decrease to take effect on December 1, 2006, on a temporary basis, pending a public evidentiary hearing and a final decision of the Commission. The Commission's action in this matter will be based upon evidence presented at such hearing, which will be conducted by the Commission on January 23, 2007 at 1:00 PM at 861

Silver Lake Boulevard, Cannon Building, Suite 100, Dover, Delaware 19904.

Any person or group who wishes to formally participate as a party to this Docket (PSC Docket No. 06-355) must, in accordance with Rule 21 of the Commission's Rules of Practice and Procedure, petition the Commission for, and be granted, leave to intervene. To be timely, all such petitions must be filed with the Delaware Public Service Commission on or before December 20, 2006. Petitions received thereafter will not be considered except for good cause shown. Ten copies of any Petition to Intervene shall be filed with the Commission at the above address. A copy of any Petition shall also be served, by mail or other form of delivery, on Jennifer A. Clausius, Manager of Pricing and Regulation, Chesapeake Utilities Corporation, 350 South Queen Street, Dover, Delaware 19904. Copies of the Application, the proposed revised tariff sheets, and supporting materials filed by the Company in this docket are available for public inspection at the Commission's Dover office at the address set forth above.

Any individual with disabilities, who wishes to participate in these proceedings, or to review these filings, should contact the Commission to discuss any auxiliary aids or services needed to facilitate such review or participation. Such contact may be in person, by writing, by telephone (including Telecommunications Relay Service), or otherwise. The Commission's toll-free telephone number in Delaware is (800) 282-8574. Persons with questions concerning this application may contact the Commission by either Text Telephone or by regular telephone at (302) 739-4333. Questions may also be addressed to the Commission Staff by Internet e-mail to david.bloom@state.de.us.