

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

IN THE MATTER OF THE TARIFF FILING BY)
CHESAPEAKE UTILITIES CORPORATION FOR)
A NEW RATE SCHEDULE CALLED TOWN OF) PSC DOCKET NO. 06-364T
MILLSBORO FRANCHISE FEE RIDER)
("MBFF") (FILED NOVEMBER 9, 2006))

ORDER NO. 7119

AND NOW, to-wit, this 23rd day of January, 2007;

WHEREAS, on November 9, 2006, Chesapeake Utilities Corporation ("Chesapeake" or the "Company") filed with the Commission an application seeking approval to amend its Gas Services Tariff to implement on February 1, 2007, a "Town of Millsboro Franchise Fee Rider" ("Millsboro Fee rider"); and

WHEREAS, under the proposed Millsboro Fee rider, customers of Chesapeake, within the Town of Millsboro's (the "Town") municipal boundaries, would pay a surcharge of \$0.0181 per Ccf on delivered gas to mirror the volumetric franchise fee imposed upon the Company by the Town under a fifteen-year franchise agreement ordinance adopted by the Town on September 5, 2006; and

WHEREAS, the Commission, pursuant to PSC Order No. 7091 (Dec. 5, 2006), having directed that notices of this proposed surcharge be published in the Delaware State News and The News Journal newspapers, and that such notices announce that the Commission would conduct a hearing on this proposed surcharge at its regularly scheduled meeting on January 23, 2007, and that interested persons could intervene or file comments; and

WHEREAS, no person or entity sought to intervene and no person or entity filed comments; and

WHEREAS, the Commission held the announced public hearing on the Company's application at its regularly scheduled meeting on January 23, 2007; and

WHEREAS, the Commission having heard the presentations and reviewed the exhibits presented by both the Company and the Commission Staff, and considered Staff's recommendation that such proposed tariff revisions and surcharge of \$0.0181 per Ccf for customers located in the Town be approved; and

WHEREAS, the Commission determines that it is appropriate, in this circumstance, to have the volumetric franchise fee imposed by the Town to be passed through to the customers within the jurisdiction imposing such cost, and not be treated as a general expense possibly to be paid by all the Company's ratepayers; and

WHEREAS, the Commission has previously approved similar surcharges for the Company's Town of Smyrna customers (PSC Order No. 4671 (Dec. 17, 1997)) and the Company's City of Milford customers (PSC Order No. 6360 (Feb. 10, 2004)) arising from similar franchise fees imposed by those jurisdictions;¹ and

WHEREAS, by approving this surcharge in this area, the Commission makes no conclusion whether, and to what extent, towns and municipalities may impose franchise fees, and the Commission continues to reserve the power to revisit the appropriate ratemaking treatment arising from this

¹The Commission has also permitted Delmarva Power & Light Company to charge its customers in the City of Wilmington a surcharge rider to collect the public utility tax imposed by that City. PSC Order No. 6266 (Sept. 9, 2003).

and other municipal franchise fees imposed on this Company and other regulated public utilities; now, therefore;

IT IS ORDERED:

1. That, the application of Chesapeake Utilities Corporation on November 9, 2006, to revise its tariff in order to implement a "Town of Millsboro Franchise Fee Rider," calculated at \$0.0181 per Ccf of gas delivered to all firm and interruptible Delivery Service customers of Chesapeake Utilities Corporation within the limits of the Town of Millsboro, is hereby approved. The revised tariff sheets submitted by Chesapeake Utilities Corporation in its application of November 9, 2006 are approved, to be effective on February 1, 2007. Chesapeake Utilities Corporation shall separately identify on its initial billings to its customers within the Town of Millsboro such "Town of Millsboro Franchise Fee Rider" as a separate line item imposed as a result of the franchise fee imposed by the Town of Millsboro under a franchise agreement.

2. The Commission reserves the jurisdiction and authority to enter such other or 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/ Jaymes B. Lester
Commissioner

/s/ Dallas Winslow
Commissioner

PSC Docket No. 06-364T, Order No. 7119 Cont'd.

/s/ Jeffrey J. Clark
Commissioner

ATTEST:

/s/ Karen J. Nickerson
Secretary