

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 GAS SALES) PSC DOCKET NO. 07-246F
SERVICE RATES ("GSR") TO BE EFFECTIVE)
NOVEMBER 1, 2007)
(FILED SEPTEMBER 10, 2007))

ORDER NO. 7302

AND NOW, to-wit, this 2nd day of October, 2007, Chesapeake Utilities Corporation ("Chesapeake" or "the Company") having, on September 10, 2007, filed with the Commission an application for proposed changes in its Gas Sales Service Rates ("GSR") to become effective for gas service rendered on and after November 1, 2007;

AND, by letter dated September 19, 2007, the Company indicated that due to staffing vacancies it seeks a nine-day extension of time to file its GSR application, which is due on September 1 of each year (pursuant to 26 Del. C. § 304 and its Tariff), which extension was supported by Commission Staff;

AND, the Commission having determined, pursuant to 26 Del. C. §§ 303, 304, and 306, to permit the proposed rate changes to become effective, but subject to refund, for gas service usage on and after November 1, 2007 (with proration) pending further review and a final decision by the Commission; now, therefore,

IT IS HEREBY ORDERED:

1. That the request filed by Chesapeake Utilities Corporation on September 19, 2007, seeking to extend the time for it to file its application to adjust its Gas Sales Services Rates for the 2007-08

effective period, is granted. Under 26 Del. C. § 304(a), the sixty-day notice period is waived and the application filed on September 10, 2007, is accepted for rates effective November 1, 2007.

2. That, pursuant to 26 Del. C. §§ 304 and 306, by the affirmative vote of not fewer than three Commissioners, the tariff revisions proposed by Chesapeake Utilities Corporation in its application filed on September 10, 2007, that would: (a) decrease its Gas Sales Service Rate for customers taking service under rate schedules RS, GS, MVS, and LVS from \$1.340 per Ccf to \$1.115 per Ccf ; (b) decrease its Gas Sales Service Rate for customers taking service under rate schedules GLR, GLO, GCR, and GCO from \$1.125 per Ccf to \$0.881 per Ccf; (c) decrease its Gas Sales Service Rate for customers taking service under rate schedules HLFS and SFS from \$1.280 per Ccf to \$1.044 per Ccf; (d) increase the firm balancing rate from \$0.039 per Ccf to \$0.049 per Ccf for transportation customers served under rate schedule LVS; and (e) increase the firm balancing rate from \$0.017 per Ccf to \$0.022 per Ccf for transportation customers served under rate schedules HLFS and SFS, are permitted to go into effect for gas service usage on and after November 1, 2007 (with proration), pending evidentiary hearings and a final decision by the Commission. Such rates shall be subject to refund depending on such final decision.

3. That Ruth Ann Price is designated as the Hearing Examiner for this docket pursuant to 26 Del. C. § 502 and 29 Del. C. ch. 101. Hearing Examiner Price shall conduct such public evidentiary hearings as may be necessary or appropriate to develop a full and complete record concerning this matter. Hearing Examiner Price shall thereafter report to the Commission her proposed findings and recommendations based on the evidence presented. Pursuant to Rule 21 of the Commission's Rules of

Practice and Procedure, Hearing Examiner Price is specifically delegated the authority to grant or deny petitions to intervene. In addition, Hearing Examiner Price is authorized to determine, under 26 Del. C. § 102A, the appropriate form and manner of public notice for any further proceeding in this matter. Francis J. Murphy, Esquire, is designated as Rate Counsel for this matter.

4. 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.

5. That Chesapeake Utilities Corporation shall provide public notices of the filing of this application and of this Commission action thereon by publishing notice in the form attached hereto as Exhibit "A" in the legal classified sections of The News Journal and the Delaware State News newspapers in two-column format, outlined in black, on the following dates: Wednesday, October 10, 2007 (The News Journal) and Thursday, October 11, 2007 (Delaware State News). Proof of such publication shall be provided to the Commission as soon as possible but not later than the commencement of the evidentiary hearings concerning this matter.

6. 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

PSC Docket No. 07-246F, Order No. 7302 Cont'd.

/s/ Joann T. Conaway
Commissioner

/s/ Jaymes B. Lester
Commissioner

/s/ Jeffrey J. Clark
Commissioner

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

**OF CHANGES TO THE GAS SALES SERVICE RATES
FOR CHESAPEAKE UTILITIES CORPORATION**

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

Pursuant to 26 Del. C. §§ 303(b) and 304, Chesapeake Utilities Corporation ("Chesapeake" or "the Company") has filed with the Public Service Commission (the "Commission") an application proposing to change its current Gas Sales Service Rates ("GSR") in the following manner: (1) to decrease its Gas Sales Service Rate for customers taking service under rate schedules RS, GS, MVS, and LVS from \$1.340 per Ccf to \$1.115 per Ccf; (2) to decrease its Gas Sales Service Rate for customers taking service under rate schedules GLR, GLO, GCR, and GCO from \$1.125 per Ccf to \$0.881 per Ccf; (3) to decrease its Gas Sales Service Rate for customers taking service under rate schedules HLFS and SFS from \$1.280 per Ccf to \$1.044 per Ccf; (4) to increase the firm balancing rate from \$0.039 per Ccf to \$0.049 per Ccf for transportation customers served under rate schedule LVS; and (5) to increase the firm balancing rate from \$0.017 per Ccf to \$0.022 per Ccf for transportation customers served under rate schedules HLFS and SFS. The above decrease in the Residential Service ("RS") surcharge will mean that the monthly winter bill of a

residential heating consumer, using 120 Ccf of gas per month, will decrease by approximately \$27 per month or 13 percent, as compared to rates effective November 1, 2006.

Chesapeake has also adopted a Natural Gas Supply Procurement Plan, which includes provisions related to a Natural Gas Hedging Program. In July of 2007, Chesapeake implemented the Hedging Program, which is presently limited to physical (as opposed to financial) hedging activities.

At its meeting on October 2, 2007, the Commission determined to allow the proposed GSR rate changes to take effect on November 1, 2007, pending further review and a final decision by the Commission. Such rates will be subject to refund depending on the Commission's final decision. The Commission's final action on this application will be based upon the evidence presented at duly-noticed evidentiary hearings to be held at a later date.

Any person, group, or entity who wishes to formally participate as a party to this Docket (PSC Docket No. 07-246F), must, in accordance with Rule 21 of the Commission's Rules of Practice and Procedure, petition the Commission for leave to intervene in the proceedings in this docket. Such petitions (an Original and ten copies) must be filed with the Commission at 861 Silver Lake Boulevard, Cannon Building, Suite 100, Dover, Delaware 19904 (Attn: PSC Dckt. No. 07-246F) on or before November 5, 2007. Petitions received thereafter will not be considered except for good cause.

Copies of Chesapeake's application and the testimony and exhibits the Company has filed in this docket are available for public inspection at the Commission's office at the address set out above during normal business hours.

Any individual with a disability who wishes to participate in these proceedings, or to review the material submitted, should contact the Commission to discuss any aids or services needed. The Commission Staff is also available to provide more information. The Commission's toll-free telephone number within Delaware is 1-800-282-8574. The Commission can also be reached at (302) 736-7500 (including text telephone Communications). Inquiries can also be sent to the Commission by Internet e-mail addressed to "funmi.jegade@state.de.us."