

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

IN THE MATTER OF THE APPLICATION OF)
CHESAPEAKE UTILITIES CORPORATION)
FOR APPROVAL OF AN INDIVIDUAL) DOCKET NO. 09-545T
CONTRACT RATE)
(FILED DECEMBER 17, 2009))

ORDER NO. 7728

AND NOW, this 7th day of January, 2010:

WHEREAS, by Order No. 7665 dated October 6, 2009, the Delaware Public Service Commission (the "Commission") opened Docket No. 09-398F to consider the application of Chesapeake Utilities Corporation ("Chesapeake" or the "Company") for a change in its Gas Sales Service ("GSR") rates effective November 1, 2009; and

WHEREAS, on December 17, 2009, the Company filed an application (the "Application") for approval of a special negotiated contract rate with a potential large industrial customer whose identity the Company claims is confidential (the "Customer"); and

WHEREAS, according to the Application, the Company will provide the Customer with transportation, balancing and gas delivery services to the Customer's Delaware facilities, and the Customer will become the largest customer on the Company's distribution system; and

WHEREAS, the Company represents that the Customer's proposed expansion of its Delaware facilities would create at least 25 additional jobs and "will far exceed" the threshold of \$2 million in capital expenditures as set forth in 26 Del. C. §303(d)(1)b for authorization of an individual rate; and

WHEREAS, the Company further represents that in order for it to provide the contracted service to the Customer, it will be required to obtain additional firm transportation capacity on the Eastern Shore Natural Gas Company transmission line; and

WHEREAS, the Company states that, among other benefits of the proposed agreement, the addition of the Customer will provide a greater base over which to spread fixed costs, minimize the impact of any changes in base rates, and provide a credit to the Company's gas costs through the balancing credit; and

WHEREAS, Staff and the Division of the Public Advocate are currently examining the Company's level of supply and capacity in Docket No. 09-398F; and

WHEREAS, the Commission believes that the level of incremental supply and capacity necessary to serve the potential new Customer will have an effect on the level of supply and capacity required by the Company to meet the Customer's demand over and above the level of supply and capacity for which the Company has already contracted, and therefore is closely related to and intertwined with the examination of the Company's overall supply and capacity levels;

NOW, THEREFORE, IT IS HEREBY ORDERED BY THE AFFIRMATIVE VOTE OF NO FEWER THAN THREE COMMISSIONERS:

1. That this docket is opened to consider the Company's Application.

2. That the Commission shall consider the Company's request for approval of the negotiated contract rate for the potential new Customer at its regularly-scheduled meeting.

3. That the effect, if any, of the incremental supply and capacity entitlements that may or will be required to provide service to the potential new Customer in the event the Commission approves the Company's request shall be considered and examined in Docket No. 09-398F.

4. That the Commission reserves the jurisdiction and authority to enter such further Orders 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

/s/ Jeffrey J. Clark
Commissioner

ATTEST:

/s/ Alisa Carrow Bentley
Secretary