

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

**IN THE MATTER OF THE APPLICATION OF)
CHESAPEAKE UTILITIES CORPORATION)
FOR APPROVAL OF A NEW RATE SCHEDULE)
CALLED TOWN OF LAUREL FRANCHISE FEE)
RIDER ("TLFF"))
(FILED JANUARY 29, 2016))**

PSC DOCKET NO. 16-0123

**DIRECT TESTIMONY OF
JOSHUA BOWMAN
ON BEHALF OF THE STAFF OF THE
DELAWARE PUBLIC SERVICE COMMISSION**

MARCH 14, 2016

1 **Q. Please state your name and business address.**

2 A. My name is Joshua Bowman, and my business address is 861 Silver Lake Boulevard,
3 Cannon Building, Suite 100, Dover, Delaware 19904.

4 **Q. By whom are you employed and in what capacity?**

5 A. I am employed by the Delaware Public Service Commission (the "Commission") as a
6 Public Utility Analyst.

7 **Q. How long have you been employed by the Delaware Public Service Commission?**

8 A. I have been employed by the Commission since June of 2015.

9 **Q. What is your educational background?**

10 A. I received a Bachelor of Arts Degree in Mathematics from the University of Delaware in
11 2009 and a Master of Business Administration from Wilmington University in 2014.

12 **Q. Briefly describe your duties and responsibilities with the Commission.**

13 A. Apart from being an analyst for this proceeding, I serve as a team member or case
14 manager for various Commission dockets which include rate case applications, water
15 Certificate of Public Convenience and Necessity applications, Distribution System
16 Improvement Charge applications, merger and / or transfer of control applications, and
17 other various tariff change requests. I also examine and monitor the monthly, quarterly,
18 and annual financial reports of Artesian Wastewater Management, Inc. and Tidewater
19 Environmental Services, Inc. I prepare reports and schedules in other proceedings,

1 make written recommendations to the Commission, and perform other related tasks as
2 assigned.

3 **Q. What is the purpose of your testimony in this proceeding?**

4 A. I was assigned as an analyst to review Chesapeake Utilities Corporation – Delaware
5 Division’s (“Chesapeake” or the “Company”) application seeking approval to charge all
6 of its respective natural gas customers within the Town of Laurel (the “Town”) a Town
7 of Laurel Franchise Fee Rider (“TLFF”) surcharge paid by Chesapeake to the Town
8 pursuant to a franchise agreement. The purpose of my testimony will be to summarize
9 the application and provide the Commission with a recommendation regarding its
10 treatment.

11 **Q. Please provide a brief summary of the Company’s Application.**

12 A. Chesapeake filed its application on January 29, 2016 requesting approval to charge all
13 customers within Laurel a franchise fee imposed by the Town for providing Chesapeake
14 with the use of public roads and rights-of-way in order to provide natural gas service to
15 the Town’s residents. This fee reflects the same amount that the Company proposes to
16 collect from the Town’s customers in this application, which will then be remitted to the
17 Town on a quarterly basis.

18 On December 7, 2015, at a meeting of the Mayor and Town Council of Laurel, a majority
19 elected to adopt a franchise agreement and subsequently executed the franchise
20 agreement with Chesapeake on January 6, 2016. Under the terms of the franchise
21 agreement, which is in effect until January 6, 2031 and subject to Commission approval,

1 the Company is authorized to collect the franchise fee from the Company's customers
2 within the Town through a surcharge on the customer's bill. Chesapeake is required to
3 pay the Town a franchise fee in the amount of \$0.0181 per 100 cubic feet (Ccf) of gas
4 delivered to customers through the Company's distribution system within the limits of
5 Laurel.

6 To provide a bit of context in terms of financial impact for the average residential
7 customer, it is known that a majority of the Town's customers take service under the
8 Residential Service – 2 ("RS-2") customer class using approximately 570 Ccf of natural
9 gas annually as identified in Exhibit "A". In this scenario, a RS-2 customer using an
10 average of 570 Ccf annually could expect a monthly surcharge of \$0.86.¹

11 **Q. What were your findings regarding your review of the application and exhibits?**

12 A. I concluded that during my review of the application and the proposed tariff revisions
13 submitted by Chesapeake that this application was similar to other applications that the
14 Commission has previously approved with similar surcharges. Some of the most
15 recently approved applications include the Town of Smyrna², the Town of Frederica³,
16 the Town of Selbyville⁴, and the Town of Dagsboro⁵.

17 **Q. Does Staff have a recommendation to the Commission for the treatment of this**
18 **Application?**

¹ 570 / 12 = 47.5 Ccf per month = 47.5 x \$0.0181 = \$0.86 projected franchise fee payment per month
² See PSC Docket No. 15-0950, Order No. 8745 dated June 2, 2015.
³ See PSC Docket No. 14-0495, Order No. 8697 dated January 6, 2015.
⁴ See PSC Docket No. 12-276T, Order No. 8195 dated August 7, 2012.
⁵ See PSC Docket No. 11-400T, Order No. 8070 dated November 8, 2011.

1 A. Yes. Staff respectfully recommends that the Commission approve Chesapeake's
2 application to charge all of its respective natural gas customers within the Town of
3 Laurel the franchise fee paid by Chesapeake to the Town pursuant to the franchise
4 agreement subject to the conditions that (i) that the TLFF surcharge shall be effective on
5 or after April 1, 2016; and (ii) that Chesapeake shall file revised tariffs with the
6 Commission within five (5) business days of the final date of the Commission's Order.

7 **Q. Do you have any additional matters to address?**

8 A. Yes. I would like to note that no person or entity sought to intervene in this proceeding
9 and no written filed comments were received.

10 **Q. Does this conclude your testimony in this proceeding?**

11 A. Yes.

