

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 ) PSC DOCKET NO. 16-0123  
CALLED TOWN OF LAUREL FRANCHISE FEE )  
RIDER ("TLFF") )  
(FILED JANUARY 29, 2016) )

ORDER NO. 8867

AND NOW, this 22<sup>nd</sup> day of March, 2016, the Public Service Commission (the "Commission") determines and orders the following:

WHEREAS, on January 29, 2016, Chesapeake Utilities Corporation ("Chesapeake") filed with the Commission an application ("Application") seeking approval of a new gas service tariff schedule called the "Town of Laurel Franchise Fee Rider" (or "TLFF"). The TLFF contains a proposed surcharge (the "TLFF Surcharge") of \$0.0181 per 100 cubic feet ("Ccf") of delivered natural gas and will be assessed against all of the natural gas customers of Chesapeake who reside within the limits of the Town of Laurel (the "Town"). Chesapeake's proposed revised rate schedule tariff leafs are attached as Exhibit "A" (redlined version) and Exhibit "B" (clean version); and

WHEREAS, the proposed TLFF Surcharge is based on a franchise agreement between Chesapeake and the Town which requires Chesapeake to pay a franchise fee of \$0.0181 per Ccf of natural gas for Chesapeake's use of the Town's public roads and rights-of-way to provide natural gas services. The franchise agreement also authorizes Chesapeake, subject to any necessary

federal or state approvals, to collect a franchise fee from its customers residing within the Town by way of a surcharge on the customer's bill; and

**WHEREAS**, Chesapeake requested that the Commission schedule this matter to consider the proposed TLFF Surcharge and tariff changes so that such surcharge and tariff changes could be effective for bills rendered on and after April 1, 2016; and

**WHEREAS**, pursuant to PSC Order No. 8852 (February 23, 2016), the Commission directed Chesapeake to publish notices in the Delaware State News and The News Journal regarding the proposed TLFF Surcharge and tariff revisions and directed that such notices announce that the Commission would afford interested persons the opportunity to file, on or before March 15, 2016, objections or written comments to the proposed TLFF Surcharge and tariff changes; and

**WHEREAS**, no person or entity filed any objections or written comments in this docket; and

**WHEREAS**, PSC Order No. 8852 also stated that if no meritorious objections or written comments raising significant issues were received, the Commission may approve the proposed TLFF Surcharge and tariff changes without further notice or proceedings; and

**WHEREAS**, the Commission has previously approved similar surcharges for Chesapeake's Town of Frederica customers;<sup>1</sup> Town of

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<sup>1</sup> See Order No. 8697 (January 6, 2015).

Selbyville customers;<sup>2</sup> Town of Dagsboro customers;<sup>3</sup> City of Lewes customers;<sup>4</sup> City of Seaford customers;<sup>5</sup> Town of Milton customers;<sup>6</sup> Town of Georgetown customers;<sup>7</sup> Town of Millsboro customers;<sup>8</sup> and City of Milford customers,<sup>9</sup> with all such surcharges arising from similar franchise fees imposed by those jurisdictions;<sup>10</sup> and

**WHEREAS**, having reviewed the record evidence in this proceeding, the Commission concludes that it is appropriate, in this circumstance, for the TLFF Surcharge to be passed through to Chesapeake's customers who reside within the Town's jurisdiction, provided, however, that Chesapeake may not treat the TLFF Surcharge as a general expense of the company;

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

1. The Commission hereby approves Chesapeake's TLFF Surcharge and related tariff changes which are set forth on the attached Exhibit "A" (redlined version) and Exhibit "B" (clean version). Such TLFF Surcharge shall be calculated at \$0.0181 per Ccf of natural gas delivered to all firm and interruptible delivery service customers of Chesapeake within the limits of the Town (excluding those customers from whom Chesapeake is

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<sup>2</sup> See PSC Order No. 8195 (August 7, 2012).

<sup>3</sup> See PSC Order No. 8070 (November 8, 2011).

<sup>4</sup> See PSC Order No. 8071 (November 8, 2011).

<sup>5</sup> See PSC Order No. 7519 (January 29, 2009).

<sup>6</sup> See PSC Order No. 7520 (January 29, 2009).

<sup>7</sup> See PSC Order No. 7118 (January 23, 2007).

<sup>8</sup> See PSC Order No. 7119 (January 23, 2007).

<sup>9</sup> See PSC Order No. 6360 (Feb. 10, 2004).

<sup>10</sup> The 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. See PSC Order No. 6266 (September 9, 2003).

prohibited by law from collecting said fees) and shall be effective for bills rendered on or after April 1, 2016. Within five business days of the date of this Order, Chesapeake shall file with the Commission revised tariff leaves to reflect the approval of the TLFF Surcharge.

2. By approving this surcharge in this docket, the Commission makes no conclusion whether, and to what extent, towns and municipalities may impose franchise fees. The Commission continues to reserve the power to revisit the appropriate ratemaking treatment arising from this and other municipal franchise fees imposed on Chesapeake and other regulated public utilities.

3. Chesapeake shall identify such TLFF Surcharge as a separate line item on its billings to its customers within the Town. Chesapeake may not treat this TLFF Surcharge as a general expense of the company and may not impose in any way such surcharge on the other ratepayers of Chesapeake who do not reside within the jurisdiction of the Town.

4. 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:**

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Chair

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Commissioner

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Commissioner

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Commissioner

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Commissioner

ATTEST:

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Secretary

EXHIBIT "A"

CHESAPEAKE UTILITIES CORPORATION'S  
RATE SCHEDULE FOR THE TOWN OF LAUREL  
FRANCHISE FEE RIDER (REDLINED VERSION)

CHESAPEAKE UTILITIES CORPORATION  
DELAWARE DIVISION

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Issue Date: ~~January 29, 2016~~ ~~October 31, 2014~~

Effective Date: For Bills Rendered On And After ~~April 1, 2016~~ February 1, 2015

Authorization: ~~Order No. 8697 in PSC Docket No. 14-0495 dated January 6, 2015~~

RATE SCHEDULE "TLFF"

TOWN OF LAUREL FRANCHISE FEE RIDER

PURPOSE

The purpose of this rider is to recover the Town of Laurel franchise fee, from all customers within the limits of the Town of Laurel in accordance with the Franchise Agreement between the Company and the Town of Laurel. This franchise fee will be in effect until January 6, 2031.

APPLICABILITY

The Town of Laurel Franchise Fee Rider will be applicable to all firm and interruptible Delivery Service customers within the limits of the Town of Laurel, excluding those customers from whom the Company is prohibited by law from collecting said surcharge.

RATE

The rate applicable to all Delivery Service throughput is \$0.0181 per Ccf.

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Issue Date: January 29, 2016

Effective Date: For Bills Rendered On And After April 1, 2016

Authorization:

EXHIBIT "B"

CHESAPEAKE UTILITIES CORPORATION'S  
RATE SCHEDULE FOR THE TOWN OF LAUREL  
FRANCHISE FEE RIDER (CLEAN VERSION)

CHESAPEAKE UTILITIES CORPORATION  
DELAWARE DIVISION

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