

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. 16-0642
CALLED CITY OF HARRINGTON)
FRANCHISE FEE RIDER ("CHFF"))
(FILED MAY 16, 2016))

ORDER NO. 8905

AND NOW, this 12th day of July, 2016, the Public Service Commission (the "Commission") determines and orders the following:

WHEREAS, on May 16, 2016, Chesapeake Utilities Corporation ("Chesapeake") filed with the Commission an application ("Application") seeking approval of a new gas service tariff schedule called the "City of Harrington Franchise Fee Rider" (or "CHFF"). The CHFF is a proposed 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 City of Harrington (the "City"). Chesapeake's proposed revised rate schedule tariff leafs are attached as Exhibit "A" (redlined version) and Exhibit "B" (clean version); and

WHEREAS, the proposed CHFF is based on a franchise agreement between Chesapeake and the City which requires Chesapeake to pay a franchise fee of \$0.0181 per Ccf of natural gas for Chesapeake's use of the City'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 City by way of a surcharge on the customer's bill; and

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

WHEREAS, pursuant to PSC Order No. 8892 (June 7, 2016), the Commission directed Chesapeake to publish, by June 22, 2016, notices in the Delaware State News and The News Journal regarding the proposed CHFF Surcharge and tariff revisions and directed that such notices announce that the Commission would afford interested persons the opportunity to file, on or before July 11, 2016, objections or written comments to the proposed CHFF Surcharge and tariff changes; and

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

WHEREAS, PSC Order No. 8892 also stated that if no meritorious objections or written comments raising significant issues were received, the Commission may approve the proposed CHFF 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;¹ Town of Selbyville customers;² Town of Dagsboro customers;³ City of Lewes customers;⁴ City of Seaford customers;⁵ Town of Milton customers;⁶ Town of Georgetown customers;⁷ Town of Millsboro customers;⁸ and City of Milford customers,⁹ with all such surcharges arising from similar franchise fees imposed by those jurisdictions;¹⁰ and

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

NOW, THEREFORE, IT IS ORDERED BY THE AFFIRMATIVE VOTE OF NOT FEWER THAN THREE COMMISSIONERS:

1. The Commission hereby approves Chesapeake's CHFF Surcharge and related tariff changes which are set forth on the attached Exhibit "A" (redlined version) and Exhibit "B" (clean version). Such CHFF Surcharge shall be calculated at \$0.0181 per Ccf of natural gas delivered to all firm and interruptible

¹ See Order No. 8697 (January 6, 2015).

² See PSC Order No. 8195 (August 7, 2012).

³ See PSC Order No. 8070 (November 8, 2011).

⁴ See PSC Order No. 8071 (November 8, 2011).

⁵ See PSC Order No. 7519 (January 29, 2009).

⁶ See PSC Order No. 7520 (January 29, 2009).

⁷ See PSC Order No. 7118 (January 23, 2007).

⁸ See PSC Order No. 7119 (January 23, 2007).

⁹ See PSC Order No. 6360 (Feb. 10, 2004).

¹⁰ 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).

delivery service customers of Chesapeake within the limits of the City (excluding those customers from whom Chesapeake is prohibited by law from collecting said fees) and shall be effective for bills rendered on or after August 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 CHFF 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 CHFF Surcharge as a separate line item on its billings to its customers within the City. Chesapeake may not treat this CHFF 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 City.

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:

Chair

Commissioner

Commissioner

Commissioner

Commissioner

ATTEST:

Secretary

EXHIBIT "A"

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

CHESAPEAKE UTILITIES CORPORATION
DELAWARE DIVISION

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Issue Date: ~~May 16, 2016~~ January 29, 2016

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

Authorization: ~~Order No. 8867 in PSC Docket No. 16-0123 dated March 22, 2016~~

RATE SCHEDULE "CHFF"

CITY OF HARRINGTON FRANCHISE FEE RIDER

PURPOSE

The purpose of this rider is to recover the City of Harrington franchise fee, from all customers within the limits of the City of Harrington in accordance with the Franchise Agreement between the Company and the City of Harrington. This franchise fee will be in effect until May 12, 2031.

APPLICABILITY

The City of Harrington Franchise Fee Rider will be applicable to all firm and interruptible Delivery Service customers within the limits of the City of Harrington, 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.

Issue Date: May 16, 2016

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

Authorization:

EXHIBIT "B"

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

CHESAPEAKE UTILITIES CORPORATION
DELAWARE DIVISION

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