

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION OF)
CHESAPEAKE UTILITIES CORPORATION)
FOR A GENERAL INCREASE IN ITS)
NATURAL GAS RATES AND FOR APPROVAL) PSC DOCKET NO. 15-1734
OF CERTAIN OTHER CHANGES TO ITS)
NATURAL GAS TARIFF)
(FILED DECEMBER 21, 2015))

ORDER NO. 8921

AND NOW, this 26th day of July, 2016, the Delaware Public Service Commission ("Commission") determines and orders the following:

WHEREAS, on December 21, 2015, Chesapeake Utilities Corporation ("Chesapeake") filed an application (the "Application") with the Commission seeking approval of: (1) an increase in its natural gas delivery service rates of \$4,741,823, which is 9.96% of its total operating revenues; (2) new proposed service offerings; (3) a revenue normalization adjustment for residential and smaller commercial customers; (4) deferred accounting treatment for certain expenses;¹ and (5) miscellaneous changes to its natural gas tariff as described in the Application; and

WHEREAS, pursuant to its authority under 26 *Del. C.* §306(a) (1), the Commission reviewed the Application and determined in PSC Order No. 8848 (January 19, 2016) that the proposed rate and tariff changes should be suspended pending full and complete evidentiary hearings into their just and reasonableness; and

¹ The Commission has required a utility to seek approval to defer costs for recovery in a subsequent base rate case. This does not guarantee that the utility will recover the deferred costs. See PSC Order No. 8589 (Aug. 5, 2014) at ¶¶118, 119; PSC Order No. 7838 (Sept. 21, 2010).

WHEREAS, by PSC Order No. 8848, the Commission authorized the Company, pursuant to 26 Del. C. §306(c)², to implement interim rates intended to produce an annual increase in intrastate operating revenues of \$2.5 million effective with usage on and after February 19, 2016, with proration and subject to refund, and waived the requirement of 26 Del. C. §306(b) of a bond with surety with respect to the interim rates, conditioned on Chesapeake's representation that it will abide by any Commission refund order; and

WHEREAS, as of July 21, 2016, seven (7) months have elapsed from the date of the filing of the Company's Application; and

WHEREAS, on July 13, 2016, Chesapeake submitted a Petition with proposed tariff sheets (the "Petition") seeking to implement a revised interim rate increase of \$4,741,823,³ as permitted by 26 Del. C. §306(b); and

WHEREAS, Chesapeake requests the Commission to waive the statutory requirement of a bond with surety pursuant to 26 Del. C. §306(b), stating that it has financing arrangements in place with Prudential Investment Management and five other financial institutions for a total of up to \$300 million, and thus has sufficient financial resources to provide a refund, if so ordered by the Commission; and

² 26 Del. C. §306(c) provides, in pertinent part, that notwithstanding 26 Del. C. §§306(a) and (b), 60 days after the filing of a petition for a proposed change to any rate, a public utility may put a rate into effect under bond as authorized in 26 Del. C. §306(b), provided that the increase does not constitute an increase in excess of 15 percent of the public utility's annual gross intrastate operating revenues or \$2,500,000 annually, whichever is less.

³ \$4,741,823 is cumulative of the \$2,500,000 put into effect on February 19, 2016 in accordance with PSC Order No. 8848. By the Petition, Chesapeake seeks to put an additional \$2,241,823 into effect.

WHEREAS, the proposed rates set forth in the Petition will result in total additional revenue to Chesapeake of less than or equal to 15% of its annual gross intrastate operating revenues, thus not exceeding the 15% ceiling set forth in 26 *Del. C.* §306(b); and

WHEREAS, Commission Staff has reviewed the Petition and recommends that the Commission approve the Company's request; and

WHEREAS, the Commission having reviewed the Petition to implement an interim rate increase and the supporting information demonstrating that the proposed increase is within the limits established by 26 *Del. C.* §306(b) and otherwise complies therewith for the collection of rates;

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

1. That the Commission finds, pursuant to 26 *Del. C.* §306(b), that Chesapeake Utilities Corporation has the statutory right, after the expiration of seven (7) months from the filing of its rate increase application, to place into effect an interim rate increase, subject to refund, so long as said rates will not produce an increase in excess of 15% of the Company's annual gross intrastate operating revenues.

2. That the proposed temporary rates set forth in the tariff sheets filed by Chesapeake Utilities Corporation in its Petition are reasonably designed to produce, on an annual basis, revenues equal to or less than 15% of the gross annual intrastate operating revenues of Chesapeake Utilities Corporation and, consistent with the provisions of 26 *Del. C.* §306(b), may therefore be effective for usage on and after August 1, 2016, with proration and subject to refund.

3. That the Company's request to waive the requirement of 26 Del. C. §306(b) of a bond with surety with respect to the interim rates is granted, conditioned on Chesapeake's representation that it will abide by any Commission refund order.

4. That the Commission reserves the jurisdiction and authority to enter such further Orders in this matter as may be deemed necessary or proper.

BY ORDER OF THE COMMISSION:

Chair

Commissioner

Commissioner

Commissioner

Commissioner

ATTEST:

Secretary