

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

IN THE MATTER OF THE TARIFF FILING BY)
CHESAPEAKE UTILITIES CORPORATION FOR)
THE RENEWAL OF RATE SCHEDULE "TSFF") PSC DOCKET NO. 04-466
CALLED TOWN OF SMYRNA FRANCHISE FEE)
RIDER (FILED DECEMBER 14, 2004))

ORDER NO. 6550

AND NOW, to-wit, this 11th day of January, 2005;

WHEREAS, in PSC Order No. 4671 (Dec. 17, 1997), the Commission approved Chesapeake Utilities Corporation's ("Chesapeake" or the "Company") application to charge all customers within the Town of Smyrna a surcharge of \$.0181 per ccf representing a fee that the Town of Smyrna imposed on the Company under a five-year franchise agreement dated October 6, 1997, and that rate was effective January 1, 1998; and

WHEREAS, the franchise agreement ended on December 31, 2002 and Chesapeake stopped billing the Town of Smyrna customers the surcharge while the Company and the Town of Smyrna negotiated a new franchise agreement; and

WHEREAS, on December 14, 2004, Chesapeake filed with the Delaware Public Service Commission an application seeking approval to reinstate the franchise fee of \$.0181 per ccf to all customers within the Town of Smyrna pursuant to a new franchise agreement dated May 5, 2004; and

WHEREAS, the Company has requested the Commission to reinstate the tariff rate no later than February 14, 2005; and

WHEREAS, the Commission having determined at its regular meeting on January 11, 2005, to conduct a public evidentiary hearing directly before the Commission at its regularly scheduled meeting on Tuesday, February 8,

2005 and to require the Company to publish notice of the filing as required herein; now, therefore,

IT IS ORDERED:

1. An evidentiary hearing will be conducted at the Commission's regularly scheduled meeting on February 8, 2005 at 1:00 PM in the Commission's office located at 861 Silver Lake Boulevard, Cannon Building, Suite 100, Dover, Delaware 19904.

2. The Company shall publish notice on or before January 13, 2005 in the Delaware State News and The News Journal newspapers, and on January 19, 2005 in the Smyrna-Clayton Sun Times newspaper with a twenty (20) day comment period for all interested parties to file comments and/or applications to intervene with the Commission. The form of such notice to be sent and published is attached as Exhibit "A". Proof of publication shall be filed with the Commission on or before the 8th day of February, 2005.

3. 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:

/s/ Arnetta McRae
Chair

/s/ Joshua M. Twilley
Vice Chair

/s/ Joann T. Conaway
Commissioner

PSC Docket No. 04-466, Order No. 6550 Cont'd.

/s/ Jaymes B. Lester
Commissioner

Commissioner

ATTEST:

/s/ Norma J. Sherwood
Acting Secretary

E X H I B I T "A"

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P U B L I C N O T I C E

TO: ALL NATURAL GAS CUSTOMERS OF CHESAPEAKE UTILITIES CORPORATION AND OTHER INTERESTED PERSONS

On or about December 14, 2004, Chesapeake Utilities Corporation ("Chesapeake" or the "Company") filed with the Public Service Commission (the "Commission") an application requesting permission to reinstate a charge to all customers within the Town of Smyrna called "Town of Smyrna Franchise Fee Rider" representing a franchise fee imposed by the Town of Smyrna upon Chesapeake as a condition precedent to the use of the Town of Smyrna's public roads and rights-of-way by Chesapeake and the continued right to provide natural gas service to the Town's residents. Chesapeake is required to pay to the Town of Smyrna a franchise fee in the amount of \$.0181 per 100 cubic feet (ccf) of gas delivered to customers through the Company's distribution system within the limits of the Town of Smyrna. Under the terms of a new franchise agreement, which expires on December 31, 2014, the Company is authorized, subject to any necessary approvals from any state or federal regulatory body having jurisdiction over the Company, to collect said franchise fee from the Company's customers within the Town of Smyrna, including customers obtained through

any future annexations of territory by the Town of Smyrna, by way of a surcharge on the customer's bill.

The Company has requested that the rate be approved with an effective date of February 14, 2005. The Commission has directed the Company to publish notice of this filing so as to provide for a twenty (20) day comment period to allow interested parties, if they desire, to file written comments or to intervene in this docket.

At its regularly scheduled meeting on February 8, 2005, the Commission will conduct, pursuant to 26 Del. C. Ch. 1 and 29 Del. C. ch. 101, a public evidentiary hearing commencing at 1:00 PM in the Commission's office located at 861 Silver Lake Boulevard, Cannon Building, Suite 100, Dover, Delaware 19904. The Commission will render a decision based upon the evidence received at this hearing, or in its discretion, may assign the matter to a Hearing Examiner for further proceedings should it deem such action necessary.

Any person or group who wishes to formally participate as a party to this Docket (PSC Docket No. 04-466) must, in accordance with Commission Rule 11, petition the Commission for and be granted leave to intervene. To be timely, all such petitions must be filed with the Delaware Public Service Commission on or before February 3, 2005. Petitions received thereafter will not be considered except for good cause shown. Any person or group that wishes to file comments concerning this application shall do so on or before February 3, 2005. Copies of any Petition to Intervene or any such comments shall be filed with the Commission at its Dover address set forth above. A copy of any Petition or comments shall also be served, by mail or other form of delivery, on Jeffrey R. Tietbohl, Controller - Natural Gas, Chesapeake Utilities Corporation, 350

South Queen Street, Dover, Delaware 19904. Any comments shall indicate the interest of the commenting person, recitation of the nature of the person's objections or comments, recitation of any facts, which the person deems in dispute, and recitation of the future procedures the person deems appropriate for this docket.

Copies of the Application and the proposed revised tariff sheets filed by the Company in this docket are available for public inspection at the Commission's Dover office at the address set forth above.

Any individual with disabilities who wishes to participate in these proceedings, or to review these tariff filings, should contact the Commission to discuss any auxiliary aids or services needed to facilitate such review or participation. Such contact may be in person, by writing, telephonically, or otherwise. The Commission's toll-free telephone number is (800) 282-8574. Persons with questions concerning this application may contact the Commission by either Text Telephone (TT) or by regular telephone at (302) 739-4247 or by e-mail to mary.paskey@state.de.us.