

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION OF)
CHESAPEAKE UTILITIES CORPORATION FOR)
APPROVAL OF A CHANGE IN ITS GAS SALES) PSC DOCKET NO. 05-315F
SERVICE RATES ("GSR") TO BE EFFECTIVE)
NOVEMBER 1, 2005)
(OPENED AUGUST 31, 2005))

ORDER NO. 6738

AND NOW, to-wit, this 11th day of October, 2005, Chesapeake Utilities Corporation ("Chesapeake" or the "Company") having, on October 3, 2005, filed with the Commission an application for a proposed change in its Gas Sales Service Rates ("GSR") to become effective for service rendered on and after November 1, 2005;

AND, the Commission having determined, pursuant to *26 Del. C. §§ 303(b), 304, and 306(a)(2)*, to permit the proposed rate changes to become effective for usage on and after November 1, 2005, on a temporary basis, subject to refund, pending the completion of full evidentiary hearings concerning the lawfulness, justness, and reasonableness of the proposed rate increase; now, therefore,

IT IS HEREBY ORDERED:

1. That, pursuant to *26 Del. C. §§ 304 and 306*, by the affirmative vote of not less than three Commissioners, the tariff filing by Chesapeake Utilities Corporation on October 3, 2005, proposing to increase its Gas Sales Service Rate for customers taking service under rate schedules RS, GS, MVS, and LVS to \$1.596 per Ccf; to increase its Gas Sales Service Rate for customers taking service under rate schedules GLR, GLO, GCR, and GCO to \$1.421 per Ccf; to increase its Gas Sales

Service Rate for customers taking service under rate schedules HLFS and SFS to \$1.552 per Ccf; to decrease the firm balancing rate to \$.038 per Ccf for transportation customers served under rate schedule LVS; and to decrease the firm balancing rates to \$.017 per Ccf for transportation customers served under rate schedules HLFS and SFS, is permitted on a temporary basis only, subject to refund, to be effective for usage on and after November 1, 2005, subject to full evidentiary hearings and a final decision by the Commission.

2. That William F. O'Brien is designated as Hearing Examiner for this docket pursuant to the terms and provisions of *26 Del. C. § 502* and *29 Del. C. ch. 101*. Hearing Examiner O'Brien shall conduct such public evidentiary hearing(s) as may be necessary to develop a full and complete record concerning this matter and shall thereafter report to the Commission his proposed findings and recommendations based on the evidence presented. Pursuant to Rule 21 of the Commission's Rules of Practice and Procedure, Hearing Examiner O'Brien is specifically delegated the authority to grant or deny petitions to intervene. In addition, Hearing Examiner O'Brien is authorized to determine, under *26 Del. C. § 102A*, the appropriate form of public notice for any proceeding in this matter. Francis J. Murphy, Esquire, is designated Rate Counsel for this matter. The Applicant is hereby advised that the cost of this proceeding will, under the provisions of *26 Del. C. § 114(b)(1)*, be charged to the utility.

3. That Chesapeake Utilities Corporation shall give public notice of the filing of this application and of the Commission action thereon by publishing notice in the form attached hereto as Exhibit "A" in the legal classified sections of The News Journal and the Delaware State News newspapers in two-column format outlined in black on the following dates:

Monday, October 17, 2005 (The News Journal)

Tuesday, October 18, 2005 (Delaware State News)

Proof of such publication shall be provided to the Commission as soon as possible but not later than the commencement of the evidentiary hearings concerning this matter.

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:

/s/ Arnetta McRae
Chair

Vice Chair

/s/ Joann T. Conaway
Commissioner

/s/ Jaymes B. Lester
Commissioner

/s/ Dallas Winslow
Commissioner

ATTEST:

/s/ Norma J. Sherwood
Acting Secretary

E X H I B I T "A"

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PUBLIC NOTICE

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

Pursuant to 26 Del. C. §§ 303(b) and 304, Chesapeake Utilities Corporation ("Chesapeake" or "the Company") has filed with the Delaware Public Service Commission ("the Commission") an application proposing to change its current Gas Sales Service Rates in the following manner: (1) to increase the rate from \$1.135 per Ccf to \$1.596 per Ccf for customers served under rate schedules RS, GS, MVS, and LVS; (2) to increase the rate from \$0.947 per Ccf to \$1.421 per Ccf for customers served under rate schedules GLR, GLO, GCR, and GCO; (3) to increase the rate from \$1.077 per Ccf to \$1.552 per Ccf for customers served under rate schedules HLFS and SFS; (4) to decrease the firm balancing rate from \$.041 per Ccf to \$.038 per Ccf for transportation customers served under rate schedule LVS; and (5) to decrease the firm balancing rates from \$.021 per Ccf to \$.017 per Ccf for transportation customers served under rate schedules HLFS and SFS. The above increase in the Residential Service ("RS") surcharge will mean that the monthly winter bill of a typical residential heating consumer, using 120 Ccf of gas per month, will increase by approximately \$55 or 30%. The average residential

heating customer, using 740 Ccf per year, will experience an increase of approximately \$28 or 27.7% in gas charges on a monthly basis.

At its meeting on October 11, 2005, the Commission determined to allow the proposed changes to take effect on November 1, 2005, on a temporary basis, subject to refund, pending public evidentiary hearings that will be conducted upon later public notice. The Commission's actions in this matter will be based upon the evidence presented at such hearing(s).

Any person or group who wishes to formally participate as a party to this Docket (PSC Docket No. 05-315F), must, in accordance with Rule 21 of the Commission's Rules of Practice and Procedure, petition the Commission for and be granted leave to intervene in the proceedings in this docket. To be timely, all such petitions must be filed with the Delaware Public Service Commission at 861 Silver Lake Boulevard, Cannon Building, Suite 100, Dover, Delaware 19904 on or before Monday, November 7, 2005. Petitions received thereafter will not be considered except for good cause shown.

Copies of Chesapeake's application and the testimony and exhibits the Company has filed in this docket are available for public inspection at the Commission's office at the address set out above during normal business hours.

Any individual with disabilities who wishes to participate in these proceedings, or to review these tariff revisions, 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, by telephone (including Telecommunications Relay Service or text telephone), or otherwise. The Commission's toll-free telephone number in Delaware is (800) 282-8574. Persons with questions concerning this

application may also contact the Commission by either Text Telephone ("TT") or by regular telephone at (302) 739-4247. Inquiries can also be sent by Internet e-mail addressed to funmi.jegade@state.de.us