

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF DELAWARE

IN THE MATTER OF THE TARIFF FILING )  
OF CHESAPEAKE UTILITIES CORPORATION )  
FOR APPROVAL OF A NEW RATE SCHEDULE ) PSC DOCKET NO. 14-0495  
"TFFF" CALLED TOWN OF FREDERICA )  
FRANCHISE FEE RIDER )  
(FILED OCTOBER 31, 2014) )

ORDER NO. 8697

AND NOW, this 6<sup>th</sup> day of January, 2015, the Public Service Commission (the "Commission") determines and orders the following:

WHEREAS, on October 31, 2014, Chesapeake Utilities Corporation ("Chesapeake" or the "Company") filed with the Commission an application seeking approval for a new rate schedule called Town of Frederica Franchise Fee Rider ("TFFF") relating to a proposed surcharge to be assessed against the Company's gas customers within the Town of Frederica. Chesapeake's proposed revised tariff leafs are attached as Exhibit "A"; and

WHEREAS, the proposed TFFF surcharge of \$0.010 per Ccf of delivered gas is meant to mirror the volumetric franchise fee imposed upon the Company by the Town of Frederica under a franchise agreement adopted by the Town of Frederica on July 17, 2013; and

WHEREAS, the Company has requested that the Commission consider the tariff changes implementing the TFFF surcharge so

that such changes and the surcharge will be effective no later than January 1, 2015;<sup>1</sup> and

**WHEREAS**, in Order No. 8677 dated December 4, 2014, the Commission agreed to consider Chesapeake's application at its regularly-scheduled meeting to be held on Tuesday, January 6, 2015; and

**WHEREAS**, the Commission, pursuant to Order No. 8677, directed that notices of this proposed surcharge and tariff revisions be published in the Delaware State News and The News Journal newspapers, that such notices announce that the Commission would conduct a hearing on this proposed surcharge and proposed tariff revisions at its regularly-scheduled meeting on January 6, 2015, and that interested persons could intervene or file comments on or before December 31, 2014; and

**WHEREAS**, no person or entity sought to intervene in this proceeding, and no person or entity filed comments; and

**WHEREAS**, the Commission held the announced public hearing on the Company's application at its regularly-scheduled meeting on January 6, 2015; and

**WHEREAS**, the Company presented to the Commission its arguments and exhibits in support of the application, and the Commission Staff recommended that the Commission approve such

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<sup>1</sup> After filing the application, Staff and the Company realized that to satisfy public notice requirements, this matter could not be before the Commission prior to January 1, 2015. As a result, for billing purposes, the requested effective date for implementing the tariff changes and the TFFF surcharge has been changed to February 1, 2015.

proposed tariff revisions and a proposed surcharge of \$0.010 per Ccf for customers located in the Town of Frederica; and

**WHEREAS**, the Commission has heard the arguments of the Company and the Commission Staff, reviewed the application and the attached exhibit showing the proposed revised tariff leafs, and has determined that it is appropriate, in this circumstance, for the volumetric franchise fee imposed by the Town of Frederica to be passed through to the customers within the Town's jurisdiction and for this franchise fee not to be treated as a general expense of the Company and thereby possibly paid by all the Company's ratepayers; and

**WHEREAS**, the Commission has previously approved similar surcharges for the Company's Town of Selbyville customers (PSC Order No. 8195 (August 7, 2012)); Town of Dagsboro customers (PSC Order No. 8070 (Nov. 8, 2011)); City of Lewes customers (PSC Order No. 8071 (Nov. 8, 2011)); City of Seaford customers (PSC Order No. 7519 (Jan. 29, 2009)); Town of Milton customers (PSC Order No. 7520 (Jan. 29, 2009)); Town of Georgetown customers (PSC Order No. 7118 (Jan. 23, 2007)); Town of Millsboro customers (PSC Order No. 7119 (Jan. 23, 2007)); City of Milford customers (PSC Order No. 6360 (Feb. 10, 2004)) and Town of Smyrna customers (PSC Order No. 4671 (Dec. 17, 1997)), with all such surcharges

arising from similar franchise fees imposed by those jurisdictions;<sup>2</sup> and

**WHEREAS**, by approving this surcharge in this area, the Commission makes no conclusion whether, and to what extent, towns and municipalities may impose franchise fees, and the Commission continues to reserve the power to revisit the appropriate ratemaking treatment arising from this and other municipal franchise fees imposed on this Company and other regulated public utilities;

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

1. The October 31, 2014 application of Chesapeake to revise its tariff in order to implement a TFFF surcharge, calculated at \$0.010 per Ccf of gas delivered to all firm and interruptible Delivery Service customers of Chesapeake within the limits of the Town of Frederica (excluding those customers from whom Chesapeake is prohibited by law from collecting said fees), is hereby approved and shall be effective for bills rendered on or after February 1, 2015. Chesapeake is directed to file revised tariffs with the Commission within five (5) business days of the date of this Order.

2. Chesapeake shall identify as a separate line item on its billings to its customers within the Town of Frederica such TFFF surcharge. Chesapeake may not treat this TFFF surcharge as a

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<sup>2</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 (PSC Order No. 6266 (Sept. 9, 2003)).

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 of Frederica.

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:**

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Chair

/s/ Joann T. Conaway  
Commissioner

/s/ Jaymes B. Lester  
Commissioner

/s/ Jeffrey J. Clark  
Commissioner

/s/ Harold B. Gray  
Commissioner

ATTEST:

/s/ Donna Nickerson  
Acting Secretary

CHESAPEAKE UTILITIES CORPORATION  
DELAWARE DIVISION

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Issue Date: October 31, 2014

Effective Date: For Bills Rendered On And After January 1, 2015

Authorization:

**RATE SCHEDULE "TFFF"**

**TOWN OF FREDERICA FRANCHISE FEE RIDER**

**PURPOSE**

The purpose of this rider is to recover the Town of Frederica franchise fee, from all customers within the limits of the Town of Frederica in accordance with the Franchise Agreement between the Company and the Town of Frederica.

**APPLICABILITY**

The Town of Frederica Franchise Fee Rider will be applicable to all firm and interruptible Delivery Service customers within the limits of the Town of Frederica, 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 \$0.010 per Ccf.

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Issue Date: ~~June 18, 2012~~ October 31, 2014

Effective Date: ~~For Bills Rendered On And After, August 20, 2012~~ January 1, 2015

Authorization: ~~Order No. 8195 in PSC Docket No. 12-276T dated August 7, 2012~~

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