

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE**

**IN THE MATTER OF THE APPLICATION OF)
CHESAPEAKE UTILITIES CORPORATION)
FOR APPROVAL OF NATURAL GAS) PSC DOCKET NO. 12-292
EXPANSION SERVICE OFFERINGS)
(FILED JUNE 25, 2012))**

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**

The Delaware Public Service Commission will conduct an evidentiary hearing to consider a Proposed Settlement Agreement in the above-captioned matter (as further explained below) at the following time and location:

<u>Date and Time</u>	<u>Location</u>
Tuesday, November 5, 2013 1:00 p.m.	Public Service Commission Hearing Room 861 Silver Lake Boulevard, Suite 100 Dover, DE 19904

On June 25, 2012, pursuant to 26 *Del. C.* §201, §301, and §304, Chesapeake Utilities Corporation (“Chesapeake”) filed with the Delaware Public Service Commission (“the Commission”) an application proposing several new natural gas expansion service offerings designed to expand the availability of natural gas service to residents, communities, and businesses throughout its service territory, and specifically in areas of southeastern Sussex County, Delaware, where natural gas service is not widely available. In its application, Chesapeake, among other things, requested approval of a proposed Infrastructure Expansion Service Rate that, according to Chesapeake, would allow it to extend its distribution system further than it would otherwise be able to and by lowering the amount of the up-front payment required from new customers within certain areas of southeastern Sussex County.

At its meeting on July 3, 2012, the Commission suspended the proposed changes and determined to open a proceeding to investigate the application. On July 24, 2013, after several months of workshops and discussions with the parties to this matter, Chesapeake filed supplemental direct testimony outlining a

revised proposal (“Revised Proposal”) in which it modified several aspects of its filed Application. Chesapeake’s Revised Proposal can be viewed on the Commission’s website at: <http://dep.sc.delaware.gov/dockets/12-292%20CUC%20Supp%20Test.pdf>.

On September 12, 2013, a Hearing Examiner of the Commission conducted an evening public comment session at Cape Henlopen High School in Lewes, Delaware where the Company summarized its Revised Proposal and answered questions from the public. Members of the public were also invited to comment on the Revised Proposal and those comments were transcribed. Following the public comment session, on September 27, 2013, certain parties to the proceeding reached a Proposed Settlement Agreement reflecting the terms outlined in the Revised Proposal. The parties who have not signed the Proposed Settlement Agreement have indicated that they will not oppose the Commission’s approval of the Proposed Settlement Agreement. A copy of the Proposed Settlement Agreement can be viewed on the Commission’s website at: <http://dep.sc.delaware.gov/dockets/12-292%20Settlement.pdf>.

Under the Proposed Settlement Agreement, the proposed Infrastructure Expansion Service Rate would only apply to customers within the designated expansion area in southeastern Sussex County and would be collected through the monthly customer charge. The effect on the monthly charges is outlined below showing the current customer charge for each classification (*i.e.*, RS-1, RS-2, GS, MVS, LVS and HLFS), which will remain unchanged, and the proposed charge for each of the expansion classifications (*i.e.*, ERS-1, ERS-2, EGS and EMVS):

Rate Schedule	Current Monthly Customer Charge	Proposed Monthly Customer Charge
RS-1	\$10.50	\$10.50
RS-2	\$13.00	\$13.00
GS	\$26.00	\$26.00
MVS	\$65.00	\$65.00
LVS	\$125.00	\$125.00
HLFS	\$75.00	\$75.00
ERS-1	n/a	\$16.50
ERS-2	n/a	\$31.75
EGS	n/a	\$56.00
EMVS	n/a	\$158.75

RS-1 and RS-2 are the two existing customer classifications for residential customers. If approved by the Commission, residential, general service, and medium volume customers within the designated expansion

area would pay the monthly customer charge set forth in proposed Rate Schedules ERS-1, ERS-2, EGS, and EMVS respectively.

Under the Proposed Settlement Agreement, the designated expansion area is defined as the area east of Chesapeake's district regulator station located on Route 9 in Lewes, Delaware that is connected to Chesapeake's distribution main *and* any area that is connected to Chesapeake's distribution main behind the three (3) Eastern Shore Natural Gas transmission pipeline City Gates located in Dagsboro, Frankford, and Selbyville, Delaware. Attachment JRT-C to Chesapeake's supplemental direct testimony, at the link provided above, includes a map of the geographical region of southeastern Sussex County, Delaware, designated as the expansion area.

Also contained in the Proposed Settlement Agreement are proposed changes to the economic test the Company currently uses in order to determine what customer contribution, advance, or financial arrangement, if any, will be required in order for the Company to extend its gas lines to a customer. The proposed changes will eliminate the current exception to the application of the economic test to mainline extensions of less than 100 feet in length and revise the parameters of the economic test, which, according to the Company, will allow for more extensions to take place in the expansion area without requiring a customer contribution. For the details regarding the changes to the line extension policy, please see Chesapeake's supplemental direct testimony, at pages 5 – 7, at the link provided above.

The purpose of the November 5, 2013 evidentiary hearing is to allow the parties in the case to formally introduce evidence into the record regarding the justness and reasonableness of the Proposed Settlement Agreement. The Commission will make its decision on the Proposed Settlement Agreement based on the record evidence presented at the evidentiary hearing. Only those parties to the case and those entities or individuals who have been granted intervenor status will be allowed to present evidence, cross-examine witnesses, or otherwise participate in the evidentiary hearing. Members of the public are welcome to attend the evidentiary hearing as observers only. Anyone planning to attend the hearings should consult the Commission's website prior to the evidentiary hearing date for cancellations or changes in the date, time, or place of the event.

You are invited to review Chesapeake's application and supporting documents to determine how your interests may be affected. You may review documents posted on the Commission's website at <http://dep.sc.delaware.gov/default.shtml>. If you would like to review documents at the Commission's offices, please contact Monica Hall at monica.hall@state.de.us to arrange a time for your review. You may also review copies of Chesapeake's Application and supporting documents at the office of the Division of the Public Advocate located at the Carvel State Office Building, 4th Floor, 820 North French Street, Wilmington, Delaware 19801. Please call (302) 577-5077 to arrange for a time to review the documents at that location.

If you wish to request copies of documents in this matter, please submit a Freedom of Information Act Request Form. This form may be found at <http://smu.portal.delaware.gov/cgi-bin/mail.php?foia-request&subj=DOS>. There is also a link to the Freedom of Information Act Request Form on the Commission's website, <http://dep.sc.delaware.gov/default.shtml>. The Commission will respond to your request in accordance with the Delaware Freedom of Information Act, 29 *Del. C. ch.* 100.

If you have a disability and wish to participate or to review the materials in this matter, please contact the Commission to discuss any auxiliary aids or services you might need to help you. You may contact the Commission in person, by writing, by telephone (including text telephone), by Internet e-mail, or other means.

If you have questions about this matter, you may call the Commission at 1-800-282-8574 (toll-free in Delaware) or (302) 736-7500 (voice and text telephone). You may also send questions regarding this matter by Internet e-mail addressed to psc@state.de.us.