

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) PSC DOCKET NO. 11-384F
GAS SALES SERVICE RATES ("GSR"))
TO BE EFFECTIVE NOVEMBER 1, 2011)
(FILED SEPTEMBER 1, 2011))

ORDER NO. 8042

AND NOW, this 20th day of September, 2011:

WHEREAS, on September 1, 2011 Chesapeake Utilities Corporation ("Chesapeake" or "the Company") filed with the Delaware Public Service Commission (the "Commission") the above-captioned application (the "Application") seeking approval to change its Gas Sales Service Rates ("GSR") effective on November 1, 2011, as follows: (1) decrease the Company's current GSR rate from \$1.035 per Ccf to \$1.027 per Ccf for customers served under rate schedules RS-1, RS-2, GS, MVS and LVS; (2) decrease the Company's current GSR rate from \$0.668 per Ccf to \$0.592 per Ccf for customers served under rate schedules GLR and GLO; (3) decrease the Company's current GSR rate from \$0.863 per Ccf to \$0.830 per Ccf for customers served under rate schedule HLFS; (4) increase the Company's firm balancing rate for transportation customers served under rate schedule LVS from \$0.054 per Ccf to \$0.063 per Ccf; (5) increase the Company's firm balancing rate for transportation customers served under rate schedule HLFS from \$0.010 per Ccf to \$0.021 per Ccf; and (6) maintain the Company's interruptible balancing rate for transportation customers served under rate schedule ITS at \$0.001 per Ccf; and

WHEREAS, the Commission has determined, pursuant to 26 *Del. C.* §§304 and 306, that the proposed GSR changes should be permitted to become effective for usage on and after November 1, 2011, subject to refund, pending the Commission's further review and final decision;

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

1. That pursuant to 26 *Del. C.* §§303(b), §§304 and 306, the following proposed changes to the Gas Sales Service rates, firm balancing rates and interruptible balancing rate of Chesapeake Utilities Corporation, and the accompanying proposed tariff revisions set forth in the Application, are permitted to become effective for natural gas usage on or after November 1, 2011, subject to refund pending the Commission's final decision:

Rate Schedule	Present Rate	Proposed Rate
RS-1, RS-2, GS, MVS, LVS	\$1.035 per Ccf	\$1.027 per Ccf
GLR, GLO	\$0.668 per Ccf	\$0.592 per Ccf
HLFS	\$0.863 per Ccf	\$0.830 per Ccf

Rate Schedule	Present Firm Balancing Rate	Proposed Firm Balancing Rate
LVS	\$0.054 per Ccf	\$0.063 per Ccf
HLFS	\$0.010 per Ccf	\$0.021 per Ccf

Rate Schedule	Present Interruptible Balancing Rate	Proposed Interruptible Balancing Rate
ITS	\$0.001 per Ccf	\$0.001 per Ccf

2. That Mark Lawrence is designated as the Hearing Examiner for this docket pursuant to 26 *Del. C.* §502 and 29 *Del. C.* ch. 101. Hearing Examiner Lawrence shall schedule and conduct such public evidentiary hearings as may be necessary or appropriate to develop a full and complete record concerning this matter. Hearing Examiner Lawrence shall thereafter report to the Commission his proposed

findings and recommendations based on the evidence presented. Pursuant to Rule 21 of the Rules of Practice and Procedure (26 Del. Admin. Code ch. 1001, §2.9), Hearing Examiner Lawrence is delegated the authority to grant or deny petitions to intervene. In addition, Hearing Examiner Lawrence is delegated the authority under 26 Del. C. §102A to determine the content, form, and manner of any further notice in this matter and to grant applications of counsel for admission *pro hac vice*.

3. That Chesapeake Utilities Corporation shall give public notice of the filing of this application with the proposed rate changes and this action by the Commission, by publishing notice in the form attached hereto as Exhibit "A" in two-column format, outlined in black, in the legal classified section of The News Journal newspaper on **Tuesday, September 27, 2011** and the Delaware State News newspaper on **Wednesday, September 28, 2011**. Chesapeake Utilities Corporation shall submit proof of such publication as soon as possible, but no later than the commencement of the evidentiary hearings concerning this matter.

4. That Chesapeake Utilities Corporation is hereby put on notice that it will be charged the costs incurred in connection with this proceeding under the provisions of 26 Del. C. §114(b)(1).

5. 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:

/s/ Arnetta McRae

Chair

/s/ Joann T. Conaway

Commissioner

/s/ Jaymes B. Lester

Commissioner

/s/ Dallas Winslow

Commissioner

/s/ Jeffrey J. Clark

Commissioner

ATTEST:

/s/ Alisa Carrow Bentley

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

A Hearing Examiner of the Delaware Public Service Commission will conduct a public comment hearing concerning the above-captioned matter (as further explained below) at the following time and location:

<u>Date</u>	<u>Location</u>
Thursday, December 1, 2011 7:00 p.m.	Delaware Public Service Commission Hearing Room 861 Silver Lake Blvd., Suite 100 Dover, DE 19904

Chesapeake Utilities Corporation's Gas Cost Rate Application

Pursuant to 26 Del. C. §§303(b), 304 and 306, Chesapeake Utilities Corporation ("Chesapeake" or "the Company") has filed an application with the Delaware Public Service Commission (the "Commission") seeking to change its Gas Sales Service ("GSR") Rates as follows:

Rate Schedule	Present Rate	Proposed Rate
RS-1, RS-2, GS, MVS, LVS	\$1.035 per Ccf	\$1.027 per Ccf
GLR, GLO	\$0.668 per Ccf	\$0.592 per Ccf
HLFS	\$0.863 per Ccf	\$0.830 per Ccf

Compared to the rates currently in effect, an average RS-2 customer using 700 Ccf per year will experience an annual decrease of approximately 1%, or \$0.50 per month. During the winter heating season, a typical RS-2 customer using 120 Ccf per winter month will experience a decrease of approximately 1%, or \$1.00 per winter month.

The Company has also proposed the following changes to its firm and interruptible transportation balancing rates:

Rate Schedule	Present Firm Balancing Rate	Proposed Firm Balancing Rate
LVS	\$0.054 per Ccf	\$0.063 per Ccf
HLFS	\$0.010 per Ccf	\$0.021 per Ccf

Rate Schedule	Present Interruptible Balancing Rate	Proposed Interruptible Balancing Rate
ITS	\$0.001 per Ccf	\$0.001 per Ccf

The Commission has permitted the proposed GSR and other rates to become effective with usage on and after November 1, 2011, subject to refund after evidentiary hearings and any other proceedings that may be necessary.

The Commission will conduct an evidentiary hearing, to be scheduled at a later date, concerning this application. The Commission's final decision will be based on the evidence presented at such hearing.

Any person, group or entity desiring to participate formally as a party in this docket, with the right to submit evidence and to be represented by counsel, must petition the Commission for and be

granted leave to intervene in the proceedings in accordance with Rule 21 of the Commission's Rules of Practice and Procedure (26 Del. Admin. Code ch. 1001, §2.9). To be timely, all such petitions must be filed with the Commission at 861 Silver Lake Boulevard, Cannon Building, Suite 100, Dover, Delaware 19904 (Attn: PSC Dkt. No. 11-384F) on or before **Wednesday, November 2, 2011**. Petitions received thereafter will not be considered except for good cause shown.

Copies of the Company's application and its testimony and schedules are available for public inspection during normal business hours at the Commission's Dover office at the address set out above. The materials may also be reviewed by appointment at the offices of the Division of the Public Advocate, Fourth Floor, Carvel State Office Building, 820 North French Street, Wilmington, Delaware. Please call (302) 577-5077 to schedule an appointment.

Any individual with a disability desiring to participate in these proceedings or to review the filings should contact the Commission to discuss any aids or services that might be needed. The Commission Staff can also provide more information about this matter. The Commission's toll-free telephone number within Delaware is 1-800-282-8574. The Commission may be reached at (302) 736-7500 (including text telephone communications). Inquiries may be sent to the Commission by Internet e-mail addressed to "funmi.jegede@state.de.us."