

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 AUGUST 31, 2011))

ORDER NO. 8189

AND NOW, this 17th day of July 2012:

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, by Order No. 8042 dated September 20, 2011, the Commission determined, pursuant to 26 Del. C. §§304 and 306, that the proposed GSR modifications to the Company's tariffs 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; and

WHEREAS, Section XVI of the Company's tariff requires that if, during a GSR year, an under collection in the GSR exceeds a 6% threshold, Chesapeake must apply for revised GSR rates; and

WHEREAS, Chesapeake represents that as a result of warmer-than-normal weather conditions experienced during this heating season, actual gas sales volumes were approximately 660,000 Mcfs less than the level expected in the GSR; and

WHEREAS, Chesapeake states it will be filing its next annual GSR on or before September 1, 2012, and that any projected under collection balance will be incorporated into the calculations to support that filing; and

WHEREAS, Chesapeake has informed Staff and the Division of the Public Advocate ("Public Advocate") that the June 2012 under collection exceeds the 6% threshold amount set forth in Section XVI of the Company's tariff and is currently at 8.04%, or approximately \$2.5 million; and

WHEREAS, on July 2, 2012, Chesapeake filed a letter application with the Commission (the "Letter Application") requesting a waiver of

Section XVI of its tariff which requires the Company to request an interim GSR rate; and

WHEREAS, Staff and the Public Advocate have reviewed the Letter Application and recommend that the Company's requested waiver be granted; and

WHEREAS, having reviewed the Letter Application and considered the proffered reasons for the requested waiver, as well as the Staff's and the Public Advocate's recommendations regarding the requested waiver, the Commission concludes that the requested waiver should be granted for the reasons set forth in the Letter Application;

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

1. That Chesapeake Utilities Corporation's request for a waiver of the provisions of Section XVI of its tariff is **GRANTED**.
2. 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/ Dallas Winslow
Chair

/s/ Joann T. Conaway
Commissioner

/s/ Jaymes B. Lester
Commissioner

/s/ Jeffrey J. Clark
Commissioner

Commissioner

ATTEST:

/s/ Alisa Carrow Bentley
Secretary