

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

IN THE MATTER OF THE APPLICATION OF)
CHESAPEAKE UTILITIES CORPORATION)
FOR APPROVAL OF A NEW RATE SCHEDULE)
CALLED TOWN OF SELBYVILLE FRANCHISE) PSC DOCKET NO. 12-276T
FEE RIDER ("SBFF") TO BE EFFECTIVE)
AUGUST 20, 2012)
(FILED JUNE 18, 2012))

ORDER NO. 8195

AND NOW, this 7th day of August, 2012:

WHEREAS, on June 18, 2012, Chesapeake Utilities Corporation ("Chesapeake" or the "Company") filed with the Commission ("the Commission") an application seeking approval for a new rate schedule called Town of Selbyville Franchise Fee Rider ("SBFF") surcharge to be assessed against its gas customers within the Town of Selbyville and its proposed revised tariff leafs which are attached as **Exhibit "A"**; and

WHEREAS, the proposed SBFF surcharge of \$0.0181 per Ccf of delivered gas is meant to mirror the volumetric franchise fee imposed upon the Company by the Town of Selbyville under a fifteen-year franchise agreement adopted by the Town of Selbyville on June 11, 2012; and

WHEREAS, the Company has requested that the Commission consider the tariff changes implementing the SBFF surcharge so that such changes and the surcharge will be effective no later than August 20, 2012; and

WHEREAS, in Order No. 8173 dated July 3, 2012, the Commission agreed to consider Chesapeake's application at its regularly scheduled meeting on Tuesday, August 7, 2012; and

WHEREAS, the Commission, pursuant to Order No. 8173, directed that notices of this proposed surcharge 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 at its regularly scheduled meeting on August 7, 2012, and that interested persons could intervene or file comments on or before July 27, 2012; 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 August 7, 2012; 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 proposed tariff revisions and surcharge of \$0.0181 per Ccf for customers located in the Town of Selbyville; 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 Selbyville 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 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;¹ 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:**

¹The 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)).

1. That the June 18, 2012 application of Chesapeake Utilities Corporation ("Chesapeake") to revise its tariff in order to implement a "Town of Selbyville Franchise Fee Rider" surcharge, calculated at \$0.0181 per Ccf of gas delivered to all firm and interruptible Delivery Service customers of Chesapeake within the limits of the Town of Selbyville (excluding those customers from whom Chesapeake is prohibited by law from collecting said fees), is hereby approved. The revised tariff leafs submitted by Chesapeake in its application of June 18, 2012, and which are attached as Exhibit "A", are approved, to be effective on August 20, 2012.

2. Chesapeake shall identify as a separate line item on its billings to its customers within the Town of Selbyville such "Town of Selbyville Franchise Fee Rider" surcharge. Chesapeake may not treat this "Town of Selbyville Franchise Fee" surcharge as a 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 Selbyville.

3. That 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/ Dallas Winslow
Chair

Commissioner

/s/ Joann T. Conaway
Commissioner

/s/ Jeffrey J. Clark
Commissioner

/s/ Jaymes B. Lester
Commissioner

ATTEST:

/s/ Alisa Carrow Bentley
Secretary

Exhibit "A"