

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

IN THE MATTER OF THE APPLICATION)
OF CHESAPEAKE UTILITIES CORPORATION)
REGARDING ITS ACQUISITION AND) PSC DOCKET NO. 19-0529
CONVERSION OF PROPANE COMMUNITY)
GAS SYSTEMS)
(FILED AUGUST 20, 2019)

ORDER No. 9640

AND NOW, this 19th day of August 2020, the Delaware Public Service Commission (“the Commission”) determines and orders the following:

WHEREAS, on August 20, 2019, Chesapeake Utilities Corporation (“Chesapeake” or “Company”) filed an Application with the Commission seeking an Order to establish regulatory accounting treatment and a replacement value methodology for Chesapeake’s acquisition of propane gas systems (“CGSs”) from the Company’s affiliate, Sharp Energy, Inc. (“Sharp”) and the conversion of the Sharp-owned CGSs to natural gas service; and

WHEREAS, the Application also requested that the Commission waive the asymmetric pricing rule contained in the Company’s Code of Conduct, which would require the Company to record for ratemaking purposes only its affiliate’s net book value, rather than the actual price paid by Chesapeake for the assets.

WHEREAS, the Delaware Division of the Public Advocate (“DPA”) filed a statutory notice of intervention in this docket on September 6, 2019; and

WHEREAS, the Board of Directors of Hart’s Landing was permitted to intervene in this docket on October 30, 2019; and

WHEREAS, on May 7, 2020, the parties provided the Hearing Examiner with a unanimous Proposed Settlement Agreement executed by all four (4) parties: the Company, Staff, the DPA and Harts Landing; and

WHEREAS, on May 18, 2020, the Hearing Examiner submitted his Findings and Recommendations; and

WHEREAS, on June 17, 2020, the Commission conducted a public evidentiary hearing on the Proposed Settlement Agreement and, after deliberations, adopted the Findings and Recommendations of the Hearing Examiner and approved the Proposed Settlement Agreement executed by all four (4) parties; and

WHEREAS, on July 17, 2020, Chesapeake filed a compliance filing with the Commission establishing a levelized five-year CGS Surcharge for the Hart's Landing community of \$0.2205 per CCF as well as modifications to its tariff to reflect the CGS Surcharge; and

WHEREAS, Chesapeake has requested that the proposed CGS Surcharge of \$0.2205 per CCF become effective on September 1, 2020; and

WHEREAS, Staff has reviewed Chesapeake's filing and has submitted a memorandum to the Commission recommending approval of the levelized five-year Hart's Landing CGS Surcharge in the amount of \$0.2205 per CCF effective September 1, 2020;

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

1. That Chesapeake's request to establish a levelized five-year CGS Surcharge for the Hart's Landing community in the amount of \$0.2205 per CCF is granted.
2. That one year after all conversions in the Hart's Landing community are completed, Chesapeake shall adjust the CGS Surcharge based on actual conversion costs.

3. That after the expiration of the five-year period, the CGS Surcharge will be removed during Chesapeake's annual rate class review period.

4. That Chesapeake's proposed modifications to its tariff as outlined in Exhibit C of its compliance filing are approved.

5. That the Commission retains the jurisdiction and authority to enter such further orders in this Docket as may be deemed just and reasonable.

BY ORDER OF THE COMMISSION:

Chairman – Dallas Winslow

Commissioner – Joann T. Conaway

Commissioner – Harold B. Gray

Commissioner – Manubhai C. Karia

Commissioner – K. F. Drexler

ATTEST:

Secretary – Donna Nickerson