



November 30, 2022

Ms. Donna Nickerson, Secretary  
Delaware Public Service Commission  
861 Silver Lake Boulevard  
Cannon Building  
Dover, Delaware 19904

**Re: PSC Docket No. 21-0243 - Excess Deferred Income Tax Sur-credit to be effective January 1, 2023**

Dear Ms. Nickerson:

Chesapeake Utilities (“Chesapeake” or “Company”) respectfully submits this annual filing in compliance with Order No. 9330 in PSC-Docket No. 17-1240, which has been incorporated into PSC Docket No. 21-0243, from the Delaware Public Service Commission (“Commission”). Order No. 9330 directed Chesapeake Utilities to file its initial Excess Deferred Income Tax (“EDIT”) Sur-Credit by March 1, 2019 with an effective date of April 1, 2019 and annually thereafter 30 days prior to the January 1<sup>st</sup> effective date.

On December 18, 2020, PSC Staff Consultant completed an audit and submitted its final report which included recommendations to which the Company agreed. On March 16, 2022, by Order No. 9990 of PSC Docket No. 21-0243, the Commission directed the company to implement the audit recommendations.

Attached are the Company’s Excess Deferred Income Tax Sur-Credit Schedules, implementing the audit recommendations and including an Over / (Under) credit calculation from the previous EDIT. Also included are the redlined and clean tariff sheet 45.3 with sur-credit rates to be in effect January 1, 2023. Utilizing the Company’s ARAM schedule on its protected EDIT balance and a 6-year amortization period as directed by the audit recommendations on its unprotected EDIT balance, Chesapeake will provide a sur-credit of (\$218,659) in 2023 (Schedules 2 & 5). Added to that amortization is the EDIT Over/(Under) balance (Schedule 6) from the previous period, which is an under returned balance of (\$13,972), for a total EDIT credit in 2023 of (\$232,632).

The sur-credit will be returned to Chesapeake’s customer classes utilizing the Derivation of Rates – Apportionment Percentages as agreed upon in Docket No. 15-1734 and as utilized in the Company’s Delivery Service Rate reductions in Docket No. 17-1240, now incorporated into PSC Docket No. 21-0243 (Schedule 4).

500 Energy Lane  
Dover, DE 199017  
p 302.213.7364

[www.chpk.com](http://www.chpk.com)

Donna Nickerson  
Page 2  
November 30, 2022

Rate Schedule	Weighting	EDIT Sur-Credit
RS	68.220%	(\$158,702)
GS	9.223%	(\$21,455)
MVS	6.321%	(\$14,704)
LVS	6.868%	(\$15,976)
HLFS	9.365%	(\$21,786)
GLR	0.004%	(\$8)
<b>Total</b>	<b>100.00%</b>	<b>(\$232,632)</b>

EDIT Sur-Credit amounts by class are then divided by the budgeted volumes for the period of January 2023 - December 2022 (Schedule 3) in order to calculate a per ccf sur-credit rate which will return 12 months of credit to customers in 2023. The Company's sur-credit rates by class are shown below (Schedule 1):

Rate Schedule	EDIT Sur-Credit
RS	(\$0.0041)
GS	(\$0.0060)
MVS	(\$0.0037)
LVS	(\$0.0013)
HLFS	(\$0.0006)
GLR	\$0.0000

Should you have any questions regarding this submission, please contact me at 302-314-7026 or by email at [lorr@chpk.com](mailto:lorr@chpk.com) or Marie Kozel at 302-734-6727 or by email at [mkozel@chpk.com](mailto:mkozel@chpk.com).

Sincerely,

*/s/ Lindsay B. Orr*

Lindsay B. Orr (Del. 5321)  
Associate General Counsel

Enclosures

Cc: Matthew Hartigan, Executive Director (by email)  
Malika Davis, Regulatory Policy Administrator (by email)  
Summer Poppe, Esq., Deputy Attorney General (by email)  
Andrew Slater, Public Advocate (by email)  
Regina Iorii, Esq., Deputy Attorney General (by email)

**Chesapeake Utilities Corporation**  
**Delaware Division**  
**Excess Deferred Income Tax ("EDIT") Sur-credit Summary**

<b>EDIT Amortization for 2023</b>	(\$218,659)
<b>EDIT O/(U) From Previous Period</b>	(\$13,972)
<b>Total EDIT Refund for 2023</b>	<b>(\$232,632)</b>

Rate Schedule	Weighting	EDIT Per Class	Budgeted Volumes Per Ccf	Sur-Credit Rate per Ccf
RS	68.220%	(\$158,702)	38,593,371	(\$0.0041)
GS	9.223%	(\$21,455)	3,553,111	(\$0.0060)
MVS	6.321%	(\$14,704)	3,923,098	(\$0.0037)
LVS	6.868%	(\$15,976)	12,029,149	(\$0.0013)
HLFS	9.365%	(\$21,786)	35,402,083	(\$0.0006)
GLR	0.004%	(\$8)	-	\$0.0000
<b>Total</b>	<b>100.00%</b>	<b>(\$232,632)</b>	<b>93,500,811</b>	

**Chesapeake Utilities Corporation**  
**Delaware Division**  
**Computation of Gross Excess Deferred Tax Liability Revenue Requirement**

<b>Chesapeake Utilites Excess ADIT - Revenue Requirement 2022</b>			
	Deferred Tax Change	Amoritziaion Period	Amoritization
Excess Deferred Tax Liability - Protected	(\$9,273,660)	ARAM	(\$131,598)
Excess Deferred Tax Liability - Unprotected	(\$162,349)	5 / 6	(\$26,115)
Excess Deferred Tax Liability - Total	(\$9,436,009)		(\$157,713)
		Gross Up Rate	1.38644
		Revenue Requirement	(\$218,659)

**Chesapeake Utilities Corporation**  
**Delaware Division**  
**Budgeted Volumes by Rate Schedule in Ccf**

	<u>Jan-23</u>	<u>Feb-23</u>	<u>Mar-23</u>	<u>Apr-23</u>	<u>May-23</u>	<u>Jun-23</u>	<u>Jul-23</u>	<u>Aug-23</u>	<u>Sep-23</u>	<u>Oct-23</u>	<u>Nov-23</u>	<u>Dec-23</u>	<u>Total</u>
Residential	6,681,153	7,379,117	6,082,933	3,937,471	1,987,785	880,842	622,537	587,332	673,883	1,245,514	3,004,728	5,510,077	38,593,371
General Service	651,916	772,339	606,868	347,793	162,160	69,896	47,434	50,462	48,219	97,023	214,132	484,868	3,553,111
Medium Volume	683,881	733,815	592,213	402,825	201,075	90,662	73,085	73,475	82,195	136,248	297,875	555,749	3,923,098
Large Volume	1,966,991	1,966,028	1,425,482	1,122,729	632,300	351,451	311,375	281,951	562,534	673,351	1,009,858	1,725,098	12,029,149
High Load	2,956,309	3,020,286	3,114,054	2,993,034	2,798,090	2,790,609	2,711,290	2,714,296	2,787,456	3,017,728	2,947,027	3,551,905	35,402,083
Grand Total	12,940,250	13,871,585	11,821,550	8,803,851	5,781,410	4,183,460	3,765,721	3,707,516	4,154,288	5,169,863	7,473,620	11,827,698	93,500,811

**Chesapeake Utilities Corporation  
Delaware Division  
Derivation of Rates - Apportionment  
Case No. 17-1240 based off Settlement from Case No 15-1734**

A		B	C	D	E
Class		Case No. 15-1734 Pro Forma Delivery Revenue	Case 15-1734 Settlement \$2.25M - Adjusted for TCJA Impact (\$1.12M)	Proposed Apportioned Revenue Case No. 21-0243 (formerly Case No. 17-1240)	
<b>System Total</b>		<b>\$ 22,463,947</b>	<b>\$ 1,128,361</b>	<b>\$ 23,592,308</b>	
Residential Service -1&2	RS-1&2	15,242,114	769,772	\$ 16,011,886	
General Service	GS	1,504,107	104,065	\$ 1,608,172	
Medium Volume Service	MVS	892,756	71,320	\$ 964,077	
Large Volume Service	LVS	1,849,952	77,492	\$ 1,927,444	
High Load Factor Service	HLFS	2,811,675	105,671	\$ 2,917,346	
Gas Lighting Residential	GLR	705	41	\$ 746	
Interruptible Service	IS	162,637	-	\$ 162,637	
			\$ 1,128,361		

Settlement 15-1734 Increase Proportions		TCJA Impact	Case No. 21-0243 (formerly Case No. 17-1240) Decrease Proportions
Total	\$ 2,250,000	\$ (1,121,639.00)	\$ 1,128,361
RS-1 & RS-2	\$ 1,534,959	68.220%	\$ 769,772
GS	\$ 207,510	9.223%	\$ 104,065
MVS	\$ 142,215	6.321%	\$ 71,320
LVS	\$ 154,523	6.868%	\$ 77,492
HLFS	\$ 210,712	9.365%	\$ 105,671
GLR	\$ 82	0.004%	\$ 41
IS	0	0	

**Chesapeake Utilities Corporation**  
**Delaware Division**  
**Amortization / Reduction to Tax**

Account Number	YEAR										
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	
Delaware ARAM (Protected)	9,273,660	85,480	89,767	91,433	104,534	122,921	141,551	162,499	189,425	194,188	193,923
Gross Up DE00-00000-280R-254P	12,857,404	118,513	124,457	126,766	144,930	170,423	196,252	225,296	262,627	269,231	268,863
Delaware ARAM (Protected) - One time adjustment *							(9,953)				
One time adjustment Gross-up *							(13,799)				
Delaware Unprotected Original	(28,293)	(5,659)	(5,659)	(5,659)	(5,659)	(5,659)	(5,659)	-	-	-	-
Gross Up DE00-00000-280R-254N	(39,227)	(7,845)	(7,845)	(7,845)	(7,845)	(7,845)	(7,845)	-	-	-	-
Delaware Unprotected adjusted *	190,642						31,774	31,774	31,774	31,774	31,774
Gross Up DE00-00000-280R-254N	264,314						44,052	44,052	44,052	44,052	44,052
* Per Order No. 9990											
Total Amortization / Reduction to Tax		85,480	84,109	85,774	98,875	117,262	157,713	162,499	189,425	194,188	193,923
Gross Up Total Amortization / Reduction to Tax		118,513	116,612	118,921	137,085	162,578	218,660	225,296	262,627	269,231	268,863

	YEAR									
	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Delaware ARAM (Protected)	187,896	185,497	184,966	184,548	186,947	197,645	209,270	226,474	242,452	252,579
Gross Up DE00-00000-280R-254P	260,507	257,182	256,445	255,866	259,191	274,024	290,141	313,994	336,146	350,186
Delaware Unprotected	31,773.63	-	-	-	-	-	-	-	-	-
Gross Up DE00-00000-280R-254N	44,052	-	-	-	-	-	-	-	-	-
Total Amortization / Reduction to Tax	187,896	185,497	184,966	184,548	186,947	197,645	209,270	226,474	242,452	252,579
Gross Up Total Amortization / Reduction to Tax	260,507	257,182	256,445	255,866	259,191	274,024	290,141	313,994	336,146	350,186

	YEAR									
	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047
Delaware ARAM (Protected)	256,514	254,708	253,902	253,097	251,649	249,875	248,149	245,352	234,394	228,730
Gross Up DE00-00000-280R-254P	355,642	353,139	352,021	350,905	348,897	346,437	344,045	340,166	324,974	317,121
Delaware Unprotected	-	-	-	-	-	-	-	-	-	-
Gross Up DE00-00000-280R-254N	-	-	-	-	-	-	-	-	-	-
Total Amortization / Reduction to Tax	256,514	254,708	253,902	253,097	251,649	249,875	248,149	245,352	234,394	228,730
Gross Up Total Amortization / Reduction to Tax	355,642	353,139	352,021	350,905	348,897	346,437	344,045	340,166	324,974	317,121

	YEAR									
	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057
Delaware ARAM (Protected)	225,999	222,822	218,814	214,674	209,358	203,720	197,779	192,489	186,621	177,145
Gross Up DE00-00000-280R-254P	313,335	308,930	303,373	297,634	290,263	282,446	274,210	266,875	258,739	245,601
Delaware Unprotected	-	-	-	-	-	-	-	-	-	-
Gross Up DE00-00000-280R-254N	-	-	-	-	-	-	-	-	-	-
Total Amortization / Reduction to Tax	225,999	222,822	218,814	214,674	209,358	203,720	197,779	192,489	186,621	177,145
Gross Up Total Amortization / Reduction to Tax	313,335	308,930	303,373	297,634	290,263	282,446	274,210	266,875	258,739	245,601

\* The Company's ARAM schedule continues past 2057, but for presentation purposes, this schedule only shows ARAM through that year.

**Chesapeake Utilities Corporation**  
**Delaware Division**  
**Over/(Under) from Previous EDIT Filing**

Budgeted Volumes by Rate Schedule in Ccf from Previous EDIT Filing

	<u>Nov-21</u>	<u>Dec-21</u>	<u>Jan-22</u>	<u>Feb-22</u>	<u>Mar-22</u>	<u>Apr-22</u>	<u>May-22</u>	<u>Jun-22</u>	<u>Jul-22</u>	<u>Aug-22</u>	<u>Sep-22</u>	<u>Oct-22</u>	<u>Total</u>
Residential	2,656,829	5,006,152	6,803,061	7,165,892	5,959,317	3,463,971	1,697,487	854,022	569,866	535,954	587,643	1,019,295	36,319,487
General Service	200,492	485,750	693,072	737,535	622,155	318,066	142,390	69,874	42,367	40,610	44,978	79,126	3,476,414
Medium Volume	301,030	575,160	767,063	809,201	650,488	380,333	191,749	143,495	78,535	76,301	88,965	144,644	4,206,964
Large Volume	1,111,377	1,824,584	2,307,151	2,408,961	1,785,594	1,088,022	524,592	429,527	348,462	324,150	574,423	937,764	13,664,608
High Load	2,743,356	2,935,409	3,438,043	3,091,220	3,253,578	3,169,317	2,818,107	2,790,530	2,652,300	2,459,163	2,746,558	3,171,449	35,269,032
Grand Total	7,013,084	10,827,056	14,008,390	14,212,809	12,271,131	8,419,709	5,374,325	4,287,448	3,691,530	3,436,179	4,042,567	5,352,278	92,936,505

Projected Credit By Month														
Residential	\$ (7,702)	\$ (14,512)	\$ (21,290)	\$ (22,426)	\$ (18,650)	\$ (10,840)	\$ (5,312)	\$ (2,673)	\$ (1,783)	\$ (1,677)	\$ (1,839)	\$ (3,190)	\$ (111,894)	
General Service	\$ (828)	\$ (2,005)	\$ (3,100)	\$ (3,299)	\$ (2,783)	\$ (1,423)	\$ (637)	\$ (313)	\$ (190)	\$ (182)	\$ (201)	\$ (354)	\$ (15,314)	
Medium Volume	\$ (719)	\$ (1,373)	\$ (1,937)	\$ (2,043)	\$ (1,643)	\$ (960)	\$ (484)	\$ (362)	\$ (198)	\$ (193)	\$ (225)	\$ (365)	\$ (10,503)	
Large Volume	\$ (946)	\$ (1,553)	\$ (1,953)	\$ (2,039)	\$ (1,512)	\$ (921)	\$ (444)	\$ (364)	\$ (295)	\$ (274)	\$ (486)	\$ (794)	\$ (11,581)	
High Load	\$ (1,128)	\$ (1,207)	\$ (1,522)	\$ (1,369)	\$ (1,441)	\$ (1,403)	\$ (1,248)	\$ (1,236)	\$ (1,174)	\$ (1,089)	\$ (1,216)	\$ (1,404)	\$ (15,438)	
GLR	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Grand Total	\$ (11,323)	\$ (20,651)	\$ (29,803)	\$ (31,176)	\$ (26,027)	\$ (15,548)	\$ (8,125)	\$ (4,947)	\$ (3,641)	\$ (3,415)	\$ (3,967)	\$ (6,107)	\$ (164,730)	

Actual EDIT Credit	(\$9,232)	(\$17,814)	(\$25,528)	(\$31,146)	(\$21,747)	(\$15,587)	(\$8,920)	(\$4,163)	(\$3,473)	(\$3,296)	(\$3,756)	(\$6,098)	(\$150,758)
Over/(Under)Credit	\$ (2,091)	\$ (2,838)	\$ (4,275)	\$ (30)	\$ (4,281)	\$ 39	\$ 794	\$ (784)	\$ (168)	\$ (119)	\$ (211)	\$ (9)	\$ (13,972)

Rate Schedule	2021	2022
	EDIT Sur-Credit	EDIT Sur-Credit
RS	(\$0.0029)	(\$0.0031)
GS	(\$0.0041)	(\$0.0045)
MVS	(\$0.0024)	(\$0.0025)
LVS	(\$0.0009)	(\$0.0008)
HLFS	(\$0.0004)	(\$0.0004)
GLR	\$0.0000	\$0.0000

**RATE SCHEDULE "EDIT"**

**Excess Deferred Income Tax (EDIT) Sur-credit**

**PURPOSE**

The purpose of this rider is to ensure the Excess Deferred Income Tax balance created due to tax changes in the Tax Cut and Jobs Act ("TCJA") is returned to customers.

**APPLICABILITY**

The EDIT sur-credit will be applicable to the respective firm Rate Schedules listed below and does not apply to Rate Schedules NCR, IS, and IBE.

**OPERATION OF THE RIDER**

The Company will file with the Commission a copy of the EDIT sur-credit computation at least 30 days prior to the proposed effective date, which will be each January 1.

**RATE**

The following lists the applicable volumetric Excess Deferred Income Tax sur-credit for the respective firm Rate Schedules as defined in this Tariff:

<u>RATE SCHEDULE</u>	<u>EDIT sur-credit</u>
RS-1, RS-2, ERS-1, ERS-2 per Ccf	(\$0. <del>0034</del> <u>0041</u> )
GS, EGS per Ccf	(\$0. <del>0045</del> <u>0060</u> )
MVS, EMVS per Ccf	(\$0. <del>0025</del> <u>0037</u> )
LVS per Ccf	(\$0. <del>0008</del> <u>0013</u> )
HLFS per Ccf	(\$0. <del>0004</del> <u>0006</u> )
GLR and GLO	(\$0.0000) per Ccf

---

**Issue Date:** November 30, ~~2021~~2022

**Effective Date:** For bills rendered on and after January 1, ~~2022~~2023

**Authorization:** ~~Order No. 9947 dates December 22, 2021 in Docket No. 21-1090~~

---

**RATE SCHEDULE "EDIT"**

**Excess Deferred Income Tax (EDIT) Sur-credit**

**PURPOSE**

The purpose of this rider is to ensure the Excess Deferred Income Tax balance created due to tax changes in the Tax Cut and Jobs Act ("TCJA") is returned to customers.

**APPLICABILITY**

The EDIT sur-credit will be applicable to the respective firm Rate Schedules listed below and does not apply to Rate Schedules NCR, IS, and IBE.

**OPERATION OF THE RIDER**

The Company will file with the Commission a copy of the EDIT sur-credit computation at least 30 days prior to the proposed effective date, which will be each January 1.

**RATE**

The following lists the applicable volumetric Excess Deferred Income Tax sur-credit for the respective firm Rate Schedules as defined in this Tariff:

<u>RATE SCHEDULE</u>	<u>EDIT sur-credit</u>
RS-1, RS-2, ERS-1, ERS-2	(\$0.0041) per Ccf
GS, EGS	(\$0.0060) per Ccf
MVS, EMVS	(\$0.0037) per Ccf
LVS	(\$0.0013) per Ccf
HLFS	(\$0.0006) per Ccf
GLR and GLO	(\$0.0000) per Ccf

---

**Issue Date: November 30, 2022**

**Effective Date: For bills rendered on and after January 1, 2023**

**Authorization:**