BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF DELAWARE

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IN THE MATTER OF THE APPLICATION OF CHESAPEAKE UTILITIES CORPORATION FOR APPROVAL OF A CHANGE IN ITS GAS SALES SERVICE RATES ("GSR") TO BE EFFECTIVE NOVEMBER 1, 2013 (FILED SEPTEMBER 3, 2013; AMENDED FEBRUARY 19, 2014)	)	PSC DOCKET NO. 13-351F

ORDER NO. 8520

AND NOW, this 4th day of March, 2014, the Delaware Public Service Commission ("Commission") determines and orders the following:

WHEREAS, on September 3, 2013, Chesapeake Utilities Corporation ("Chesapeake" or "the Company") filed with the Commission the above-captioned application (the "Application") seeking approval to change its Gas Sales Service Rates ("GSR") effective on November 1, 2013, as follows: (1) increase the Company's current GSR rate from $0.997 per Ccf to $1.008 per Ccf for customers served under rate schedules RS-1, RS-2, GS, MVS and LVS; (2) increase the Company's current GSR rate from $0.519 per Ccf to $0.536 per Ccf for customers served under rate schedules GLR and GLO; (3) increase the Company's current GSR rate from $0.817 per Ccf to $0.819 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 $0.063 per Ccf to $0.072 per Ccf; (5) decrease the Company's firm balancing rate for transportation customers served under rate schedule HLFS from $0.022 per Ccf to $0.015 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. 8458 dated September 26, 2013, the Commission 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, 2013, subject to refund and 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 six percent (6%) threshold, Chesapeake must make an "out-of-cycle" filing for revised GSR rates; and

WHEREAS, on February 19, 2014, the Company filed an amended, or "out-of-cycle," application (the "Amended Application") seeking increases in its interim GSR rates, to be effective on and after April 1, 2014, based on a projected under-collection of gas costs exceeding the 6% tariff threshold, which the Company states is a result of significant increases in natural gas commodity prices since Chesapeake filed its initial Application; and

WHEREAS, Chesapeake now seeks approval to adjust its interim GSR rates, effective on and after April 1, 2014, to mitigate this projected under-recovery amount as follows: (1) increase the Company's current interim GSR rate from $1.008 per Ccf to $1.132 per Ccf for customers served under rate schedules RS-1, RS-2, GS, MVS and LVS; (2) increase the Company's current interim GSR rate from $0.536 per Ccf to $0.656 per Ccf for customers served under rate schedules GLR and GLO; and (3) increase the Company's current interim GSR rate from $0.819 per Ccf to $0.941 per Ccf for customers served under rate schedule HLFS; and

WHEREAS, Chesapeake requests a waiver of its tariff provision which would otherwise require it to file for revised GSR rates if the under collection balance continues to exceed six percent (6%) at any point prior to the end of the current GSR determination period ending October 31, 2014. The Company believes granting its waiver request is in the best interests of all of the parties and the ratepayers, supports administrative efficiency, and avoids additional proceedings which would further complicate the current GSR proceeding. In addition, the Company asserts that any additional out-of-cycle filing would have limited effect because consumption over the summer months decreases as the end of the determination period approaches; and

WHEREAS, Chesapeake also requests that the Commission waive the sixty (60) days' notice requirement, under 26 *Del. C.* §§304(a), in order for these revised interim GSR rates to be effective with service rendered on and after April 1, 2014. Chesapeake asserts that there is "good cause" here to support waiving the 60 days' notice because delaying the implementation of the revised interim GSR rates would cause the under-collection balance to continue to increase and any delay in changing the GSR rate will likely result in the need for a larger increase later because the costs will be spread over fewer billing units; and

WHEREAS, Staff has reviewed the Amended Application and recommends that the Company's requested waivers be granted; and

WHEREAS, the Commission has reviewed the Amended Application and considered the proffered reasons for the requested waivers, as well as Staff's recommendations regarding the requested waivers, and concludes

that the requested waivers should be granted for the reasons set forth above;

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

1. Pursuant to 26 *Del. C.* §§303(b), 304, and 306, the following proposed changes to the GSR rates are permitted to become effective for natural gas usage on or after April 1, 2014, subject to refund and pro-ration and pending the Commission's final decision:

Rate Schedule	Temporary Rate	Amended Rate
RS-1, RS-2, GS, MVS, LVS	$1.008 per Ccf	$1.132 per Ccf
GLR, GLO	$0.536 per Ccf	$0.656 per Ccf
HLFS	$0.819 per Ccf	$0.941 per Ccf

2. Chesapeake shall give public notice of the Amended Application, with the proposed increase in interim GSR rates and this action by the Commission, by publishing notice in the form attached as **Exhibit "A"** in two-column format, outlined in black, in the legal classified section of The News Journal and the Delaware State News newspaper on **Friday, March 7, 2014.** Chesapeake shall submit proof of such publications as soon as possible, but no later than the commencement of any evidentiary hearings concerning this matter.

3. The Commission grants Chesapeake's request for a waiver of the provisions of Section XVI of its tariff which require it to file for revised rates if the under-collection balance continues to exceed six percent (6%) at any point prior to the end of the current GSR determination period ending October 31, 2014.

4. The Commission finds good cause under the facts set forth in the Company's application to grant its request for a waiver of the sixty (60) days' notice requirement under 26 *Del. C.* §§304(a). Hence,

Chesapeake may implement the revised interim GSR rates effective with service rendered on and after April 1, 2014.

5. 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:

Chair

Commissioner

Commissioner

Commissioner

Commissioner

ATTEST:

Secretary

E X H I B I T "A"

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IN THE MATTER OF THE APPLICATION OF CHESAPEAKE UTILITIES CORPORATION FOR APPROVAL OF A CHANGE IN ITS GAS SALES SERVICE RATES ("GSR") TO BE EFFECTIVE NOVEMBER 1, 2013 (Filed September 3, 2013; Amended February 19, 2014)	)))))))	PSC DOCKET NO. 13-351F

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

Pursuant to 26 *Del. C.* §§ 303(b), 304, and 306, Chesapeake Utilities Corporation ("Chesapeake") has filed an amended application (the "Amended 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	$1.008 per Ccf	$1.132 per Ccf
GLR, GLO	$0.536 per Ccf	$0.656 per Ccf
HLFS	$0.819 per Ccf	$0.941 per Ccf

Compared to the temporary rates currently in effect, an average RS-2 customer using 700 Ccf per year will experience an annual increase of approximately 8%, or $7 per month. During the winter heating season, a typical RS-2 customer using 120 Ccf per winter month will experience an increase of approximately 9%, or $15 per winter month.

The Commission has permitted the increased interim GSR rates to

become effective with usage on and after April 1, 2014, with proration and subject to refund after full evidentiary hearings have been held and the Commission has made its final decision. The Commission's final decision will be based on evidence presented at the evidentiary hearings.

You are invited to review Chesapeake's Amended Application and supporting documents to determine how your interests may be affected. You may review documents posted on the Commission's website at http://depsc.delaware.gov/. If you would like to review documents at the Commission's offices, please contact Monica Hall at monica.hall@state.de.us to arrange a time for your review. You may also review copies of Chesapeake's Amended Application and supporting documents at the office of the Division of the Public Advocate located at the Carvel State Office Building, 4th Floor, 820 North French Street, Wilmington, Delaware 19801. Please call (302) 577-5077 to arrange for a time to review the documents at that location.

If you wish to request copies of documents in this matter, please submit a Freedom of Information Act Request Form. This form may be found at http://smu.portal.delaware.gov/cgi-bin/mail.php?foia-request&subj=DOS. There is also a link to the Freedom of Information Act Request Form on the Commission's website, http://depsc.delaware.gov/. The Commission will respond to your request in accordance with the Delaware Freedom of Information Act, 29 *Del. C. ch.* 100.

If you have a disability and wish to participate or to review the materials in this matter, please contact the Commission to discuss any auxiliary aids or services you might need to help you. You may contact the Commission in person, by writing, by telephone (including text telephone), by Internet e-mail, or other means.

If you have questions about this matter, you may call the Commission at 1-800-282-8574 (toll-free in Delaware) or (302) 736-7500 (voice and text telephone). You may also send questions regarding this matter by Internet e-mail addressed to psc@state.de.us.