

Delaware's gas system is small, but every capital dollar has to work harder.

Two investor-owned LDCs serve about 218,000 customers across a compact state — replacing aging main, recovering the cost through the DSIC, and planning under a net-zero-by-2050 mandate that reshapes long-horizon throughput. When a rate case lands, a program accelerates, or a decarbonization target moves, the project list has to move with it. Invizion helps gas utilities re-sequence a capital portfolio in a click — and defend every decision.

~218K¹	129,000²	\$6.4M³	\$2.2B+⁴
Natural gas customers served statewide (2024) — about 203,000 residential plus commercial and industrial. ¹	Delmarva Power natural gas customers in northern Delaware (New Castle County). ²	Delmarva Power's existing annual DSIC revenue for infrastructure replacement, rolled into its 2024 rate filing. ³	Chesapeake Utilities' 2024–2028 capital plan across its footprint, funding Delaware system growth and modernization. ⁴

THE DELAWARE LANDSCAPE

Four forces are moving your project list at once

Delaware's gas sector is modest, but the pressures on it are the same as everywhere else — aging pipe, decarbonization, price volatility, and the need to recover it all without breaking affordability. Each one reshuffles the projects on your list.

INTEGRITY — AGING PIPE & SAFETY

Replace the old main — on a regulator's clock

PHMSA's distribution integrity rules require operators to identify and reduce risk on aging distribution main, and the legacy of cast-iron and unprotected bare-steel pipe still drives replacement work across the mid-Atlantic⁵

In Delaware, both Delmarva Power and Chesapeake Utilities recover accelerated main-replacement spend through the state's Distribution System Improvement Charge (DSIC) — Delmarva alone carries about \$6.4 million in annual DSIC revenue. Every mile deferred is a mile that ages, and every mile accelerated competes for the same capital³

DECARBONIZATION — THE LONG HORIZON

Net-zero by 2050 reshapes the throughput curve

Delaware's climate policy targets net-zero greenhouse-gas emissions by 2050, putting building electrification and long-run gas demand squarely on the table for any 20- to 30-year capital plan.⁶

Residential gas throughput was about 11,058 million cubic feet in 2024 — a market that is efficiency-flat, not growing, even as replacement obligations stay fixed. That is the stranded-asset arithmetic: spread rising fixed costs over volumes that may not rise with them.⁷

SUPPLY — PRICE & RELIABILITY

Winter peaks and a volatile commodity

Delaware's residential gas price reached about \$15.97 per thousand cubic feet in 2025, up from \$14.78 in 2024 — a reminder that the commodity line on the bill swings with interstate market and winter-peaking conditions the state does not control⁸

Residential and commercial customers together take the bulk of design-day demand, and 78,021 million cubic feet moved through the system in 2024 — reliability on the coldest days depends on capacity and delivery decisions made years in advance.⁷

CAPITAL — RECOVERY & RATE CASES

Recovering the spend without breaking the bill

Delmarva Power filed a roughly \$42.0 million base-rate request in 2024 (Docket 24-1044), while Chesapeake Utilities' first base-rate increase in nine years settled at about \$6.1 million in June 2025⁹

Chesapeake's five-year capital plan across its footprint now exceeds \$2.2 billion, and the DSIC lets both utilities recover replacement spend between cases — but every increase lands on the same customer bill, and the affordability tension is real⁴

WHO DELIVERS DELAWARE'S GAS

Two investor-owned LDCs — and no municipal gas at all

Delaware's regulated natural gas market is unusually simple: two PSC-regulated investor-owned utilities serve the entire state, and there are no municipal or cooperative gas systems. Outside the mains, propane and heating oil carry much of rural Kent and Sussex.

Investor-owned gas LDCs

Rates & capital recovery regulated by the Delaware PSC

Delmarva Power & Light (Exelon) ~129,000 gas customers · New Castle County²

Chesapeake Utilities — Delaware Division Central & southern DE · Dover HQ; part of a 470,000+ distribution system¹⁰

Sandpiper Energy (Chesapeake) Propane-to-natural-gas conversion in coastal communities¹¹

Delaware's entire regulated gas market runs through these two investor-owned LDCs — both recover accelerated infrastructure spend through the state's DSIC.³

Municipal, cooperative & delivered fuels

What fills the gaps where mains don't reach

No municipal or cooperative gas systems Delaware public power (Dover, Newark, Lewes) is electric only¹²

Propane (LPG) Primary heating fuel where distribution mains don't reach rural Kent & Sussex¹²

Heating oil & electric heat Serve much of southern Delaware's residential heating¹²

Because there is no municipal gas, the two IOUs carry the full weight of Delaware's decarbonization and modernization decisions.

Every capital dollar has to be defensible

The Delaware Public Service Commission regulates gas distribution — delivery and administrative costs are set in base-rate proceedings, and the DSIC recovers replacement spend in between.

Delaware Public Service Commission (PSC) regulates the distribution of natural gas for Delmarva Power and Chesapeake Utilities, setting delivery rates in base-rate cases and allowing riders for extraordinary costs such as former manufactured-gas-site cleanup.³

Distribution System Improvement Charge (DSIC) lets Delaware gas utilities recover eligible infrastructure-replacement investment between rate cases — Delmarva carries roughly \$6.4 million in annual DSIC revenue, and Chesapeake folded about \$996,660 of DSIC into base rates in its latest case.³¹³

Chesapeake Utilities rate case (Docket 24-0906) — its first base-rate increase in nine years settled at about \$6.1 million, approved June 18, 2025, raising residential heating rates ~6% (about \$5.37/month) with no increase to fixed customer charges.⁹³

Delmarva Power rate case (Docket 24-1044) — a roughly \$42.0 million base-rate request filed September 2024, incorporating about \$6.4 million of existing DSIC revenue into base rates.³

Surcharge-based recovery does the heavy lifting

Delaware's gas sector is small enough that little dedicated federal money flows to it; the real machinery of capital recovery is the DSIC surcharge and the rate case — which is exactly why sequencing matters.

DSIC surcharge recovery — the primary between-cases mechanism: Delmarva at ~\$6.4 million annually and Chesapeake at ~\$996,660 rolled into base rates.³

Chesapeake Utilities 2024–2028 capital plan > \$2.2 billion across its multi-state footprint (DE, MD, FL, OH), with 2026 capital guidance of about \$550–600 million funding Delaware growth and modernization.⁴

Base-rate settlements — Chesapeake's ~\$6.1 million 2025 outcome (with a weather-normalization mechanism for residential and small-commercial customers) and Delmarva's pending ~\$42.0 million request recover the balance of investment.⁹³

PHMSA NGDISM grants (Natural Gas Distribution Infrastructure Safety & Modernization) are a competitive federal source for main replacement, but Delaware's utilities recover the bulk of modernization through surcharges and rates — making prioritization, not grant-chasing, the decisive lever.⁵

DELAWARE'S GAS SECTOR, IN BRIEF

Questions Delaware gas utility leaders are asking

Short, sourced answers — the same facts we dig into with utilities looking at their capital programs.

Which utilities provide natural gas in Delaware?

Two investor-owned LDCs: Delmarva Power (Exelon) serves about 129,000 customers in northern Delaware, and Chesapeake Utilities — with its Sandpiper Energy division — serves central and southern Delaware. Together they serve roughly 218,000 customers statewide²¹⁰¹

How big is Delaware's natural gas market?

EIA reports about 203,443 residential and roughly 15,000 commercial gas customers in 2024, with 78,021 million cubic feet delivered across all sectors — one of the smaller state gas markets in the country¹⁷

How do Delaware gas utilities recover main-replacement costs?

Chiefly through the Distribution System Improvement Charge (DSIC), which recovers eligible infrastructure-replacement investment between rate cases, plus periodic base-rate cases before the PSC. Delmarva carries about \$6.4 million in annual DSIC revenues³³

What recent gas rate cases matter in Delaware?

Chesapeake Utilities' first base-rate increase in nine years settled at about \$6.1 million (approved June 2025), and Delmarva Power filed a roughly \$42.0 million base-rate request in 2024 (Docket 24-1044)³³

What does decarbonization mean for Delaware's gas system?

Delaware targets net-zero greenhouse-gas emissions by 2050, which puts long-run gas throughput and building electrification into every long-horizon plan. With residential volumes already efficiency-flat (~11,058 MMcf in 2024), the challenge is recovering fixed replacement costs over demand that may not grow.
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How does Invizion help Delaware gas utilities plan capital?

Invizion is scenario-based capital portfolio optimization for utilities. It lets you model how an accelerated main-replacement program, a DSIC reset, a rate-case outcome, or a decarbonization target reshuffles your whole project list, re-sequence the portfolio automatically against your constraints, and keep a defensible record of every decision for the PSC.

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Every figure in this briefing is tied to a primary or authoritative source.

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ABOUT INVIZION

Capital program optimization for utilities

Invizion is a purpose-built capital lifecycle management platform for utilities. It integrates budgeting, CIP, scenario analysis, and funding-source tracking in one system — so utilities can re-sequence a capital portfolio in a click and demonstrate audit-ready, defensible decisions to regulators, boards, and rating agencies.

See how utilities keep capital plans current and defensible with Invizion.

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