

RUDEN
MCCLOSKEY
SMITH
SCHUSTER &
RUSSELL, P.A.
ATTORNEYS AT LAW

ORIGINAL

215 SOUTH MONROE STREET
SUITE 815
TALLAHASSEE, FLORIDA 32301

RECEIVED FPSC

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TELEPHONE: (850) 681-9027
FAX: (850) 224-2032

E-MAIL: WLS@RUDEN.COM

RECORDS AND
REPORTING

May 13, 1999

Blanca S. Bayo, Director
Division of Records & Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

HAND DELIVERY

Re: Docket No. 990002-EG
Conservation Cost Recovery Clause

Dear Ms. Bayo:

Enclosed on behalf of Chesapeake Utilities Corporation for filing in the above docket are an original and fifteen (15) copies of the following:

1. Direct Testimony of Beverly A. Bauck;
2. Exhibit BAB-1; and
3. our Certificate of Service.

Please acknowledge receipt of the foregoing by stamping the enclosed extra copy of this letter and returning same to my attention. Thank you for your assistance.

Sincerely,

Wayne L. Schiefelbein
Wayne L. Schiefelbein

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[Signature]
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FPSC-RECORDS/REPORTING

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Conservation Cost Recovery Clause

DIRECT TESTIMONY OF BEVERLY A. BAUCK

On Behalf of

Chesapeake Utilities Corporation

DOCKET NO. 990002-EG

Q. Please state your name, business address, by whom you are employed, and in what capacity.

A. My name is Beverly Bauck, and my business address is 1015 6th Street N.W., Winter Haven, Florida, 33881. I am employed by Chesapeake Utilities Corporation ("Chesapeake") as Conservation Service Representative.

Q. Are you familiar with the energy conservation programs of Chesapeake and costs which have been, are projected to be, incurred in their implementation?

A. Yes.

Q. What is the purpose of your testimony in this docket?

A. The purpose of my testimony is to present data and summaries concerning the planned and actual accomplishments of Chesapeake's energy conservation programs during the period April 1998 through March 1999. Data related to calculation of the true-up for this period is also included.

Q. Have you prepared summaries of Chesapeake's conservation programs and the costs associated with them?

A. Yes. Summaries of the seven programs in connection with which Chesapeake incurred recoverable costs during the period April 1998 through March 1999 are

1 contained in Schedule CT6 of Exhibit BAB-1. Included are our Residential Home
2 Builders Programs, Appliance Replacement Program, Water Heater Retention
3 Program, Natural Gas Space Conditioning for Residential Homes Program,
4 Natural Gas Space Conditioning Program, Residential Propane Distribution
5 Program and our Conservation Education Program.

6 Q. Have you prepared schedules which show the expenditures associated with
7 Chesapeake's energy
8 Conservation programs for the periods you have mentioned?

9 A. Yes. Schedule CT-2 page 1, Exhibit BAB-1 shows actual expenses for the period.
10 Schedule CT-2,
11 Page 1, shows a comparison of the actual program costs and true-up with the
12 estimated costs and true-up submitted at the February 1999 hearing in this docket.

13 Q. What was the total cost incurred by Chesapeake in connection with the seven
14 programs during the months ending March 31, 1999?

15 A. As shown in Exhibit BAB-1, Schedule CT-2, page 2, total program costs were
16 \$281,209. This total is \$ 1,954 less than our projection of the program costs for
17 the twelve month period.

18 Q. Have you prepared, for the twelve-month period involved, a schedule which
19 shows the variance of actual from projected costs by categories of expenses.

20 Yes. Schedule CT-2, page 3, of Exhibit BAB-1 shows these variances. Reasons
21 for the variance are included in Schedule CT-5 of Exhibit BAB-1.

22 Q. What is Chesapeake's adjusted net true-up for the twelve-months ended March
23 31, 1999?

1 A. We originally estimated an underrecovery, including interest of, \$40,317. This
2 projected true-up amount was based on conservation revenues of \$246,176 for the
3 period April 1998 through March 1999. However, sales during this period
4 actually yielded conservation revenues of \$222,612, over projecting by \$23,566.
5 Reducing expenses by \$1,954 less than projected results in a total difference
6 including interest, of \$22,033 as shown on Schedule CT-1 of Exhibit BAB-1.

7 Q. Is this adjusted net true-up of \$22,033 an overrecovery or an underrecovery?

8 A. An underrecovery, as shown on Schedule CT-1 of Exhibit BAB-1.

9 Q. Does this conclude your testimony?

10 A. Yes, it does.

11

Exhibit

(BAB-1)

CHESAPEAKE UTILITIES CORPORATION
CONSERVATION COST RECOVERY TRUE-UP
April 30, 1998 through March 31, 1999

CONTENTS

Schedule CT-1

(1 of 1)	Adjusted Net True-up	1
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ADJUSTED NET TRUE-UP
FOR MONTHS APRIL 1998 THROUGH MARCH 1999

END OF PERIOD NET TRUE-UP

PRINCIPLE	58,597	
INTEREST	<u>3,755</u>	62,351

LESS PROJECTED TRUE-UP

PRINCIPLE	36,984	
INTEREST	<u>3,333</u>	<u>40,317</u>

ADJUSTED NET TRUE-UP		<u>22,034</u>
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() REFLECTS OVER-RECOVERY

ANALYSIS OF ENERGY CONSERVATION PROGRAM COSTS
ACTUAL VERSUS ESTIMATED

APRIL 1998 THROUGH MARCH 1999

	<u>ACTUAL</u>	<u>PROJECTED*</u>	<u>DIFFERENCE</u>
CAPITAL INVESTMENT	0	0	0
PAYROLL & BENEFITS	39,424	35,642	3,782
MATERIALS & SUPPLIES	0	400	(400)
ADVERTISING	31,607	29,691	1,916
INCENTIVES	203,002	209,868	(6,866)
OUTSIDE SERVICES	3,445	3,342	103
VEHICLES	3,731	4,220	(489)
OTHER	<u>0</u>	<u>0</u>	<u>0</u>
SUB-TOTAL	281,209	283,163	(1,954)
PROGRAM REVENUES	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL PROGRAM COSTS	281,209	283,163	(1,954)
LESS:			
PAYROLL ADJUSTMENTS	0	0	0
AMOUNTS INCLUDED IN RATE BASE	0	0	0
CONSERVATION REVENUES APPLICABLE TO THE PERIOD	222,612	246,178	(23,566)
ROUNDING ADJUSTMENT	<u>0</u>	<u>0</u>	<u>0</u>
TRUE-UP BEFORE INTEREST	58,597	36,985	21,612
INTEREST PROVISION	<u>3,755</u>	<u>3,333</u>	<u>422</u>
END OF PERIOD TRUE-UP	<u>62,351</u>	<u>40,318</u>	<u>22,033</u>

() REFLECTS OVER-RECOVERY

* 2 MONTHS ACTUAL AND 10 MONTHS PROJECTED

ACTUAL CONSERVATION PROGRAM COSTS PER PROGRAM
FOR MONTHS: APRIL 1998 THROUGH MARCH 1999

PROGRAM NAME	CAPITAL INVESTMENT	PAYROLL & BENEFITS	MATERIALS & SUPPLIES	ADVERTISING	INCENTIVES	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
PROGRAM 1: Single & Multi-Family Home Bu	0	24,892	0	26,622	184,374	0	2,532	0	238,420
PROGRAM 2: Water Heater Replacement	0	5,187	0	1,790	1,173	0	536	0	8,686
PROGRAM 3: Oil & Electric Strip Heat Replac	0	3,316	0	1,339	385	0	313	0	5,352
PROGRAM 4: Conservation Education	0	126	0	0	0	0	10	0	136
PROGRAM 5: Gas Space Conditioning	0	0	0	0	0	0	0	0	0
PROGRAM 6: Common Costs	0	0	0	0	0	3,445	0	0	3,445
PROGRAM 7: W/H Retention	0	737	0	310	13,930	0	71	0	15,047
PROGRAM 8: Residential Appliance	0	5,167	0	1,548	3,140	0	269	0	10,124
PROGRAM 9: Propane Distribution	0	0	0	0	0	0	0	0	0
PROGRAM 10: Residential Space Conditioning	0	0	0	0	0	0	0	0	0
PROGRAM 11: (TYPE NAME HERE)	0	0	0	0	0	0	0	0	0
PROGRAM 12: (TYPE NAME HERE)	0	0	0	0	0	0	0	0	0
PROGRAM 13: (TYPE NAME HERE)	0	0	0	0	0	0	0	0	0
PROGRAM 14: (TYPE NAME HERE)	0	0	0	0	0	0	0	0	0
PROGRAM 15: (TYPE NAME HERE)	0	0	0	0	0	0	0	0	0
PROGRAM 16: (TYPE NAME HERE)	0	0	0	0	0	0	0	0	0
PROGRAM 17: (TYPE NAME HERE)	0	0	0	0	0	0	0	0	0
PROGRAM 18: (TYPE NAME HERE)	0	0	0	0	0	0	0	0	0
PROGRAM 19: (TYPE NAME HERE)	0	0	0	0	0	0	0	0	0
PROGRAM 20: (TYPE NAME HERE)	0	0	0	0	0	0	0	0	0
TOTAL	0	39,424	0	31,607	203,002	3,445	3,731	0	281,209

CONSERVATION COSTS PER PROGRAM - VARIANCE ACTUAL VERSUS PROJECTED
FOR MONTHS: APRIL 1998 THROUGH MARCH 1999

PROGRAM NAME	CAPITAL INVESTMENT	PAYROLL & BENEFITS	MATERIALS & SUPPLIES	ADVERTISING	INCENTIVES	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
PROGRAM 1: Single & Multi-Family Home Bu	0	2,016	0	2,045	(15,143)	0	(408)	0	(11,490)
PROGRAM 2: Water Heater Replacement	0	598	0	1,122	150	0	60	0	1,930
PROGRAM 3: Oil & Electric Strip Heat Replac	0	392	0	671	0	0	42	0	1,105
PROGRAM 4: Conservation Education	0	126	(400)	0	0	0	10	0	(264)
PROGRAM 5: Gas Space Conditioning	0	0	0	0	0	0	0	0	0
PROGRAM 6: Common Costs	0	0	0	0	0	103	0	0	103
PROGRAM 7: W/H Retention	0	(271)	0	(167)	6,730	0	71	0	6,363
PROGRAM 8: Residential Appliance	0	922	0	(1,755)	1,397	0	(264)	0	300
PROGRAM 9: Propane Distribution	0	0	0	0	0	0	0	0	0
PROGRAM 10: Residential Space Conditioning	0	0	0	0	0	0	0	0	0
PROGRAM 11: (TYPE NAME HERE)	0	0	0	0	0	0	0	0	0
PROGRAM 12: (TYPE NAME HERE)	0	0	0	0	0	0	0	0	0
PROGRAM 13: (TYPE NAME HERE)	0	0	0	0	0	0	0	0	0
PROGRAM 14: (TYPE NAME HERE)	0	0	0	0	0	0	0	0	0
PROGRAM 15: (TYPE NAME HERE)	0	0	0	0	0	0	0	0	0
PROGRAM 16: (TYPE NAME HERE)	0	0	0	0	0	0	0	0	0
PROGRAM 17: (TYPE NAME HERE)	0	0	0	0	0	0	0	0	0
PROGRAM 18: (TYPE NAME HERE)	0	0	0	0	0	0	0	0	0
PROGRAM 19: (TYPE NAME HERE)	0	0	0	0	0	0	0	0	0
PROGRAM 20: (TYPE NAME HERE)	0	0	0	0	0	0	0	0	0
TOTAL	0	3,782	(400)	1,914	(6,866)	103	(489)	0	(1,954)

() REFLECTS PROJECTED OVER ACTUAL EXPENSE ESTIMATES

ENERGY CONSERVATION ADJUSTMENT CALCULATION OF TRUE-UP AND INTEREST PROVISION
FOR MONTHS: APRIL 1998 THROUGH MARCH 1999

EXPENSES:	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	TOTAL
PROGRAM 1: Single & Multi Family Home Bldr.	12,797	23,338	31,993	6,465	22,581	16,439	32,818	21,591	30,417	2,481	30,969	6,530	251,217
PROGRAM 2: Water Heater Replacement	1,358	1,333	699	772	1,139	760	696	724	899	63	150	95	10,043
PROGRAM 3: Oil & Electric Strip Heat Replacement	816	610	441	492	928	515	445	401	396	63	150	95	6,169
PROGRAM 4: Conservation Education	0	0	0	0	0	0	0	0	9	41	40	47	136
PROGRAM 5: Gas Space Conditioning	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 6: Common Cost	390	0	0	428	0	563	569	3,200	135	256	1,044	60	7,035
PROGRAM 7: W/H Retention	0	0	0	0	700	250	1,750	1,140	3,141	2,186	1,743	2,077	12,987
PROGRAM 8: Residential Appliance Replacement	0	0	0	0	430	0	1,370	0	3,399	932	1,755	1,098	8,984
PROGRAM 9: Propane Distribution	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 10: Residential Space Conditioning	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 11: (TYPE NAME HERE)	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 12: (TYPE NAME HERE)	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 13: (TYPE NAME HERE)	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 14: (TYPE NAME HERE)	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 15: (TYPE NAME HERE)	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 16: (TYPE NAME HERE)	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 17: (TYPE NAME HERE)	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 18: (TYPE NAME HERE)	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 19: (TYPE NAME HERE)	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 20: (TYPE NAME HERE)	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL	15,361	25,281	33,132	8,156	25,778	18,526	37,648	27,056	38,396	6,021	35,851	10,001	296,570
LESS AMOUNT INCLUDED IN RATE BASE	0	0	0	0	0	0	0	0	0	0	0	0	0
RECOVERABLE CONSERVATION EXPENSES	15,361	25,281	33,132	8,156	25,778	18,526	37,648	27,056	38,396	6,021	35,851	10,001	296,570

ENERGY CONSERVATION ADJUSTMENT CALCULATION OF TRUE-UP AND INTEREST PROVISION
APRIL 1998 THROUGH MARCH 1999

CONSERVATION REVENUES	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	TOTAL
1. RCS AUDIT FEES	0	0	0	0	0	0	0	0	0	0	0	0	0
2. OTHER PROGRAM REVS	0	0	0	0	0	0	0	0	0	0	0	0	0
3. CONSERV. ADJ REVS	<u>(33,040.26)</u>	<u>(19,960.93)</u>	<u>(16,650.35)</u>	<u>(16,878.02)</u>	<u>(17,040.58)</u>	<u>(15,508.09)</u>	<u>(19,043.66)</u>	<u>(23,598.38)</u>	<u>(24,893.21)</u>	<u>(36,933.72)</u>	<u>(27,519.19)</u>	<u>(32,613.72)</u>	<u>(283,680.11)</u>
4. TOTAL REVENUES	<u>(33,040.26)</u>	<u>(19,960.93)</u>	<u>(16,650.35)</u>	<u>(16,878.02)</u>	<u>(17,040.58)</u>	<u>(15,508.09)</u>	<u>(19,043.66)</u>	<u>(23,598.38)</u>	<u>(24,893.21)</u>	<u>(36,933.72)</u>	<u>(27,519.19)</u>	<u>(32,613.72)</u>	<u>(283,680.11)</u>
5. PRIOR PERIOD TRUE-UP NOT APPLICABLE TO THIS PERIOD	<u>5,089.00</u>	<u>5,089.00</u>	<u>5,089.00</u>	<u>5,089.00</u>	<u>5,089.00</u>	<u>5,089.00</u>	<u>5,089.00</u>	<u>5,089.00</u>	<u>5,089.00</u>	<u>5,089.00</u>	<u>5,089.00</u>	<u>5,089.00</u>	<u>61,068.00</u>
6. CONSERVATION REVS APPLICABLE TO THE PERIOD	<u>(27,951.26)</u>	<u>(14,871.93)</u>	<u>(11,561.35)</u>	<u>(11,789.02)</u>	<u>(11,951.58)</u>	<u>(10,419.09)</u>	<u>(13,954.66)</u>	<u>(18,509.38)</u>	<u>(19,804.21)</u>	<u>(31,844.72)</u>	<u>(22,430.19)</u>	<u>(27,524.72)</u>	<u>(222,612.11)</u>
7. CONSERVATION EXPS (FROM CT-3, PAGE 1)	15,361.25	25,280.70	33,132.09	8,156.44	25,778.48	18,526.46	37,648.46	27,056.00	38,395.80	6,021.47	35,851.37	10,000.51	281,209.03
8. TRUE-UP THIS PERIOD	(12,590.01)	10,408.77	21,570.74	(3,632.58)	13,826.90	8,107.37	23,693.80	8,546.62	18,591.59	(25,823.25)	13,421.18	(17,524.21)	58,596.92
9. INTER. PROV. THIS PERIOD (FROM CT-3, PAGE 3)	241.11	212.73	265.48	286.20	285.50	304.32	340.22	399.68	430.61	368.57	322.71	297.41	3,754.55
10 TRUE-UP & INTER. PROV. BEGINNING OF MONTH	61,066.29	43,628.39	49,160.90	65,908.12	57,472.74	66,496.14	69,818.83	88,763.85	92,621.15	106,554.35	76,010.67	84,665.56	
11 PRIOR TRUE-UP COLLECTED/(REFUNDED)	<u>(5,089.00)</u>	<u>(5,089.00)</u>	<u>(5,089.00)</u>	<u>(5,089.00)</u>	<u>(5,089.00)</u>	<u>(5,089.00)</u>	<u>(5,089.00)</u>	<u>(5,089.00)</u>	<u>(5,089.00)</u>	<u>(5,089.00)</u>	<u>(5,089.00)</u>	<u>(5,089.00)</u>	
12 TOTAL NET TRUE-UP (SUM LINES 8+9+10+11)	<u>43,628.39</u>	<u>49,160.90</u>	<u>65,908.12</u>	<u>57,472.74</u>	<u>66,496.14</u>	<u>69,818.83</u>	<u>88,763.85</u>	<u>92,621.15</u>	<u>106,554.35</u>	<u>76,010.67</u>	<u>84,665.56</u>	<u>62,349.76</u>	<u>62,351.47</u>

CALCULATION OF TRUE-UP AND INTEREST PROVISION
FOR MONTHS: APRIL 1998 THROUGH MARCH 1999

INTEREST PROVISION	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	TOTAL
1. BEGINNING TRUE-UP	61,066.29	43,628.39	49,160.90	65,908.12	57,472.74	66,496.14	69,818.83	88,763.85	92,621.15	106,554.35	76,010.67	84,665.56	
2. ENDING TRUE-UP BEFORE INTEREST	43,387.28	48,948.16	65,642.64	57,186.54	66,210.64	69,514.51	88,423.63	92,221.47	106,123.74	75,642.10	84,342.85	62,052.35	
3. TOTAL BEGINNING & ENDING TRUE-UP	104,453.57	92,576.56	114,803.53	123,094.66	123,683.37	136,010.65	158,242.46	180,985.33	198,744.89	182,196.46	160,353.52	146,717.92	
4. AVERAGE TRUE-UP (LINE 3 TIMES 50%)	52,226.79	46,288.28	57,401.77	61,547.33	61,841.69	68,005.32	79,121.23	90,492.66	99,372.44	91,098.23	80,176.76	73,358.96	
5. INTER. RATE - 1ST DAY OF REPORTING MONTH	5.550%	5.530%	5.500%	5.600%	5.560%	5.520%	5.220%	5.100%	5.500%	4.900%	4.810%	4.850%	
6. INTER. RATE - 1ST DAY OF SUBSEQUENT MONTH	5.530%	5.500%	5.600%	5.560%	5.520%	5.220%	5.100%	5.500%	4.900%	4.810%	4.850%	4.880%	
7. TOTAL (SUM LINES 5 & 6)	11.080%	11.030%	11.100%	11.160%	11.080%	10.740%	10.320%	10.600%	10.400%	9.710%	9.660%	9.730%	
8. AVG INTEREST RATE (LINE 7 TIMES 50%)	5.540%	5.515%	5.550%	5.580%	5.540%	5.370%	5.160%	5.300%	5.200%	4.855%	4.830%	4.865%	
9. MONTHLY AVG INTEREST RATE	0.462%	0.460%	0.463%	0.465%	0.462%	0.448%	0.430%	0.442%	0.433%	0.405%	0.403%	0.405%	
10. INTEREST PROVISION (LINE 4 TIMES LINE 9)	\$241.11	\$212.73	\$265.48	\$286.20	\$285.50	\$304.32	\$340.22	\$399.68	\$430.61	\$368.57	\$322.71	\$297.41	\$3,754.55

Exhibit No. _____
Docket No. 990002-EG
CHESAPEAKE UTILITIES CORPORATION
(BAB-1)
Page 9 of 18

Schedule CT-5

CHESAPEAKE UTILITIES CORPORATION

Reconciliation and Explanation of Differences Between Filing and PSC Audit Report for
April 1998 through March 1999.

NO DIFFERENCES AS OF THE DATE OF THIS FILING

Schedule CT-6
Page 1 of 9

CHESAPEAKE UTILITIES CORPORATION
Program Description and Progress

Program Title:

Single and Multi-Family Home Builder Program

Program Description:

This program is designed to increase the number of high priority natural gas customers in the new home construction market. Incentives are offered in the form of gas piping and venting allowances to assist builders with gas appliance installation.

Allowances:

Conservation allowances are currently:

- \$275 Energy efficient natural gas water heater installation.
- \$275 Natural Gas home heating.
- \$75 Energy efficient natural gas range or dryer stub outlet.

Program Projections:

For the twelve-month period April 1998 through March 1999, we estimated that 425 homes would be connected to the system. During this period, allowances were actually paid for building 376 new homes equipped with natural gas appliances.

Program Fiscal Expenditures:

During the twelve-month period, expenditures for this program totaled \$238,420.

Program Progress Summary:

Since the program's inception, 4337 new homes have been equipped with natural gas appliances. Company representatives continue to work closely with area builders to promote the installation of natural gas appliances in new homes.

Schedule CT-6
Page 2 of 9

CHESAPEAKE UTILITIES CORPORATION
Program Description and Progress

Program Title:
Water Heater Replacement Program

Program Description:
This program was designed to encourage the replacement of electric resistance water heater with energy efficient natural gas water heaters. Incentives were offered in the form of allowances to assist in defraying the additional costs associated with the piping and venting of natural gas equipment. This program is now part of the Residential Appliance Replacement Program.

Program Projections:
During the twelve-month period, April 1998 through March 1999, we estimated that 25 homeowners would replace their electric water heaters with energy efficient natural gas models. In actuality 5 qualified under the old program, prior to August 1998.

Program Fiscal Expenditures:
Program cost totaled \$8686 during the twelve-month period.

Program Progress Summary:
Since the program inception, 981 natural gas water heaters have replaced electric models as a result of conversion allowances.

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CHESAPEAKE UTILITIES CORPORATION
Program Description and Progress

Program Title:
Electric Strip and Oil Heating Replacement

Program Description:
This program was designed to reduce KWD and KWH consumption, and the direct use of oil, by encouraging the replacement of electric strip and oil heating equipment with energy efficient natural gas furnaces. The company offered incentives of \$330 to homeowners and \$55 to installing dealers to offset the additional cost of piping and venting required for natural gas heating. The company offered piping and venting allowances of \$55 to homeowners and \$22 to installing dealers when installing a natural gas space heater to replace oil or electric heat. This program is now part of the Residential Appliance Replacement Program.

Program Projections:
For the twelve-month period April 198 through March of 1999, we estimated 25 natural gas furnaces would replace electric or oil heat. In actuality, 1 qualified for this program prior to August of 1998.

Program Fiscal Expenditures:
Program costs totaled \$5352 during the twelve-month period.

Program Progress Summary
Since the program's inception, 366 energy-efficient natural gas furnaces and space heaters have replaced electric or oil burning models as a result of conservation allowances.

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CHESAPEAKE UTILITIES CORPORATION
Program Description and Progress

Program Title:
Conservation Education Program

Program Description:
The objective of this program is to teach adults and young people conservation measures designed to reduce energy consumption and consequently reduce their family's utility bill.

Program Projections:
Over the next several months we intend to supply conservation education materials to schools in our service area.

Program Fiscal Expenditures:
Program costs totaled \$136 for this twelve-month period.

Programs Progress Summary:
We continue to meet requests from school and the community for speakers and from schools for conservation education materials.

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CHESAPEAKE UTILITIES CORPORATION
Program Description and Progress

Program Title:
Natural Gas Space Conditioning Program

Program Description:
The program is designed to convert customers from electric space conditioning equipment to energy efficient natural gas space conditioning equipment. The program provides an allowance to qualifying participants to compensate for the higher initial costs of natural gas space conditioning equipment and its installation. The program will also help reduce summer kw demand and will assist in the conservation of kwh production. The company offers incentives of \$50 per ton installed natural gas space conditioning equipment.

Program Projections:
There were no projections made for natural gas cooling during this period.

Program Fiscal Expenditures:
There were no expenditures during this period.

Program Summary:
Seven natural gas space conditioning units have been installed since this program began.

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CHESAPEAKE UTILITIES CORPORATION
Program Description and Progress

Program Title:

Water Heater Retention Program

Program Description:

This program is design to encourage the continued use of natural gas in the home and avoid costly abandonment activities by the Company. This program offers a cash incentive to both the customer and the dealer to promote the retention of the natural gas water heater.

Program Projections:

For the twelve-month period April 1998 through March 1999, we estimated that 66 natural gas water heaters would qualify for this program. In actuality, 130 natural gas water heaters were installed.

Program Fiscal Expenditures:

For this twelve-month period, CUC incurred program costs of \$15,047.

Program Summary:

Since inception, 130 natural gas water heaters have been changed out and natural gas water heaters reinstalled. CUC will continue to work closely with homeowners and dealers to promote the continued used of energy efficient natural gas.

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CHESAPEAKE UTILITIES CORPORATION
Program Description and Progress

Program Title:

Residential Appliance Replacement Program (*replaces and combines former Water Heater Replacement Program and replacement of Electric and Oil Heating Program.*)

Program Description:

This program is designed to encourage the replacement of inefficient non-natural gas residential appliances with energy efficient natural gas appliances. Incentives are offered in the form of allowances to assist in defraying the additional cost associated with the installation of piping, venting and purchase of natural gas appliances.

Program Projections:

For the twelve-month period April 1998 through March 1999, we estimated that 15 residences would qualify for incentives during this period. In actuality, 14 residences qualified for incentives.

Program Fiscal Expenditures:

For this twelve-month period, CUC incurred program costs of \$10,124.

Program Summary:

Since inception, 14 residences have qualified for this program.

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CHESAPEAKE UTILITIES CORPORATION
Program Description and Progress

Program Title:
Residential Propane Distribution Program

Program Description:
This program is designed to promote the use of gas within subdivisions that are built beyond the economic extension of the Company's existing natural gas lines. This program is designed to provide Builders and developers a cash incentive to encourage the installation of gas appliances in newly constructed homes.

Program Projections:
There has been no activity in this program to date.

Program Fiscal Expenditures:
For this twelve-month period, CUC has not incurred any costs related to this program.

Program Summary:
There has been no activity in this program to date.

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CHESAPEAKE UTILITIES CORPORATION
Program Description and Progress

Program Title:
Residential Space Conditioning Program

Program Description:
This program is designed to convert residential customers from electric space conditioning equipment to energy efficient natural gas spae conditioning equipment. The program provides an allowance to qualifying participants to compensate for the hhigher initial costs of natural gas space conditioning equipment and its installation. The program will also help reduce the summer KW demand and will assist in the conservation of KWH production.

Program Projections:
There has been no activity in this program to date.

Program Fiscal Expenditures:
For this twelve-month period, CUC has not incurred any costs related to this program.

Program Summary:
There has been no activity in this program to date.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Conservation Cost Recovery) DOCKET NO. 990002-EG
Clause.)
_____) FILED: May 13, 1999

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that true and correct copies of Chesapeake Utilities Corporation's Direct Testimony of Beverly A. Bauck and Exhibit BAB-1 have been furnished by hand-delivery on this 13th day of May, 1999 to **GRACE JAYE, ESQ.**, Division of Legal Services, Florida Public Service Commission, Gunter Building, Room 370, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, and by regular U.S. Mail to the following:

Lee L. Willis, Esq.
James D. Beasley, Esq.
Ausley & McMullen
P. O. Box 391
Tallahassee, FL 32302

Norman H. Horton, Jr., Esq.
Messer, Caparello & Self
P.O. Box 1876
Tallahassee, FL 32302-1876

Joseph A. McGlothlin, Esq.
Vicki Gordon Kaufman, Esq.
McWhirter, Reeves, McGlothlin,
Davidson, Decker, Kaufman,
Arnold & Steen, P.A.
117 S. Gadsden Street
Tallahassee, FL 32301

James A. McGee, Esq.
Florida Power Corporation
P.O. Box 14042
St. Petersburg, FL 33733-4042

Michael A. Palecki, Esq.
Vice President of Regulatory
Affairs
NUI Corporation - Southern
Division
955 East 25th Street
Hialeah, FL 33013-3498

Jeffery A. Stone, Esq.
Russell A. Badders, Esq.
Beggs & Lane
P.O. Box 12950
Pensacola, FL 32576-2950

Charles A. Guyton, Esq.
Steel, Hector & Davis
215 S. Monroe Street, Ste. 601
Tallahassee, FL 32301-1804

John Roger Howe, Esq.
Office of the Public Counsel
111 W. Madison St., Room 812
Tallahassee, FL 32399-1400

John W. McWhirter, Jr., Esq.
McWhirter, Reeves, McGlothlin,
Davidson, Decker, Kaufman,
Arnold & Steen, P.A.

P.O. Box 3350
Tampa, FL 33601-3350

Debbie Stitt
St. Joe Natural Gas Co., Inc.
P. O. Box 549
Port St. Joe, FL 32457

Debra Swim, Esq.
Gail Kamaras, Esq.
Legal Environmental Assistance
Foundation, Inc.
1114 Thomasville Road, Suite E
Tallahassee, FL 32303-6290

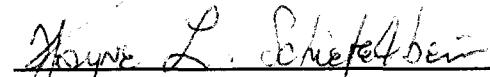
Kenneth A. Hoffman, Esq.
Rutledge, Ecenia, Underwood,
Purnell & Hoffman, P.A.
P. O. Box 551
Tallahassee, FL 32302-0551

Ansley Watson, Jr., Esq.
Macfarlane, Ferguson & McMullen
P.O. Box 1531
Tampa, FL 33601

Myron Rollins, Esq.
Black & Veatch
P.O. Box 8405
Kansas City, MO 64114

William G. Walker, III
9250 W. Flagler Street
Miami, FL 33174

Susan D. Ritenour
One Energy Place
Pensacola, FL 32520-0780



WAYNE L. SCHIEFELBEIN
Ruden, McClosky, Smith,
Schuster & Russell, P.A.
215 South Monroe Street,
Suite 815
Tallahassee, FL 32301
(850) 681-9027

Attorneys for Chesapeake
Utilities Corporation