

1                   BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

2                                 In Re: Conservation Cost Recovery Clause

3                                 DIRECT TESTIMONY OF BRIAN S. BILINSKI

4   On Behalf of

5   Chesapeake Utilities Corporation

6   DOCKET NO. 050004-GU

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

9     A.     My name is Brian S. Bilinski. My business address is 1015 6<sup>th</sup> Street N.W.,  
10            Winter Haven, Florida, 33881. I am employed by Chesapeake Utilities  
11            Corporation ("Chesapeake") as the Accounting and Rates Manager.

12    Q.     Are you familiar with the energy conservation programs of Chesapeake and  
13             the revenues and costs that are associated with these programs?

14    A.     Yes.

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

16    A.     The purpose of my testimony is to present data and summaries concerning the  
17             planned and actual accomplishments of Chesapeake's energy conservation  
18             programs during the period January 2004 through December 2004. Data  
19             related to calculation of the true-up for this period is also included.

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

22    A.     Yes. Summaries of the seven programs in connection with which Chesapeake  
23             incurred recoverable costs during the period January 2004 through December

DOCUMENT NUMBER - DATE

04166 APR 29 '08

FPSC-COMMISSION CLERK

1 2004 are contained in Schedule CT-6 of Exhibit BSB-1. Included are our  
2 Residential Home Builder Program, Residential Appliance Replacement  
3 Program, Residential Propane Distribution Program, Residential Water Heater  
4 Retention Program, Natural Gas Space Conditioning for Residential Homes  
5 Program, Gas Space Conditioning Program, and the Conservation Education  
6 Program.

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

10 A. Yes. Schedule CT-2 page 1, Exhibit BSB-1 shows actual expenses  
11 for the period, and also shows a comparison of the actual program costs and  
12 true-up with the estimated costs and true-up submitted at the November 2004  
13 hearing in this docket.

14 Q. What was the total cost incurred by Chesapeake in connection with the seven  
15 programs during the twelve months ending December 2004?

16 A. As shown in Exhibit BSB-1, Schedule CT-2, page 2, total program costs were  
17 \$1,065,392. This total is \$10,304 more than our projection of the program  
18 costs for the twelve month period.

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

21 A. Yes. Schedule CT-2, page 3, of Exhibit BSB-1 shows these variances.

22 Q. What is Chesapeake's adjusted net true-up for the twelve months ended  
23 December 2004?

1 A. As shown on Schedule CT-2, page 1, we originally estimated an  
2 underrecovery, including interest, of \$75,500. This projected true-up amount  
3 was based on conservation revenues of \$980,298 for the period January 2004  
4 through December 2004. However, the approved energy conservation rates  
5 for transportation services during this period actually yielded conservation  
6 revenues of \$897,925, or \$82,373 under projection. Expenses for the period  
7 were \$10,304 more than projected. The total difference, including interest of  
8 \$281, is \$92,958.

9 Q. Is this adjusted net true-up of \$92,958 an overrecovery or an underrecovery?

10 A. An underrecovery, as shown on Schedule CT-1 of Exhibit BSB-1.

11 Q. Does this conclude your testimony?

12 A. Yes, it does.

Docket No. 050004-GU

Exhibit \_\_\_\_\_ (BSB-1)

CHESAPEAKE UTILITIES CORPORATION  
CONSERVATION COST RECOVERY TRUE-UP  
January 1, 2004 through December 31, 2004

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SCHEDULE CT-1

COMPANY: Chesapeake Utilities Corporation  
Docket No. 050004-GU  
Exhibit BSB-1  
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ADJUSTED NET TRUE-UP  
FOR MONTH JANUARY 2004 THROUGH DECEMBER 2004

END OF PERIOD NET TRUE-UP		
PRINCIPLE	167,467	
INTEREST	<u>991</u>	168,458
LESS PROJECTED TRUE-UP		
PRINCIPLE	74,790	
INTEREST	<u>710</u>	75,500
ADJUSTED NET TRUE-UP		<u>92,958</u>

( ) REFLECTS OVER-RECOVERY

ANALYSIS OF ENERGY CONSERVATION PROGRAM COSTS  
ACTUAL VERSUS ESTIMATED

JANUARY 2004 THROUGH DECEMBER 2004

	<u>ACTUAL</u>	<u>PROJECTED*</u>	<u>DIFFERENCE</u>
CAPITAL INVESTMENT	0	0	0
PAYROLL & BENEFITS	413,369	415,206	(1,837)
MATERIALS & SUPPLIES	40,629	30,100	10,529
ADVERTISING	67,709	66,499	1,210
INCENTIVES	409,635	389,035	20,600
OUTSIDE SERVICES	98,613	102,836	(4,223)
VEHICLES	27,165	23,848	3,317
OTHER	<u>8,271</u>	<u>27,564</u>	<u>(19,293)</u>
SUB-TOTAL	1,065,392	1,055,088	10,304
PROGRAM REVENUES	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL PROGRAM COSTS	1,065,392	1,055,088	10,304
LESS:			
PAYROLL ADJUSTMENTS	0	0	0
AMOUNTS INCLUDED IN RATE BASE	0	0	0
CONSERVATION REVENUES APPLICABLE TO THE PERIOD	(897,925)	(980,298)	82,373
ROUNDING ADJUSTMENT	<u>0</u>	<u>0</u>	<u>0</u>
TRUE-UP BEFORE INTEREST	167,467	74,790	92,677
INTEREST PROVISION	<u>991</u>	<u>710</u>	<u>281</u>
END OF PERIOD TRUE-UP	<u>168,458</u>	<u>75,500</u>	<u>92,958</u>

( ) REFLECTS OVER-RECOVERY  
\* 8 MONTHS ACTUAL AND 4 MONTHS PROJECTED



ACTUAL CONSERVATION PROGRAM COSTS PER PROGRAM  
FOR MONTHS: JANUARY 2004 THROUGH DECEMBER 2004

PROGRAM NAME	<u>CAPITAL INVESTMENT</u>	<u>PAYROLL &amp; BENEFITS</u>	<u>MATERIALS &amp; SUPPLIES</u>	<u>ADVERTISING</u>	<u>INCENTIVES</u>	<u>OUTSIDE SERVICES</u>	<u>VEHICLE</u>	<u>OTHER</u>	<u>TOTAL</u>
PROGRAM 1: RESIDENTIAL HOME BUILDER	0	225,142	29,993	35,376	395,340	43,625	14,421	1,382	745,279
PROGRAM 2: RESIDENTIAL APPLIANCE REPLACEMENT	0	74,082	2,352	13,735	4,030	11,780	4,733	2,167	112,878
PROGRAM 3: RESIDENTIAL PROPANE DISTRIBUTION	0	9,697	185	977	0	25,848	226	406	37,339
PROGRAM 4: RESIDENTIAL WATER HEATER RETENTION	0	15,056	4,218	1,386	9,450	6,073	1,135	684	38,002
PROGRAM 5: NG SPACE CONDITIONING FOR RES HOMES	0	0	0	0	0	0	0	0	0
PROGRAM 6: GAS SPACE CONDITIONING	0	2,355	60	0	0	0	191	613	3,219
PROGRAM 7: CONSERVATION EDUCATION	0	87,038	3,822	16,235	815	11,287	6,459	3,019	128,675
PROGRAM 8:	0	0	0	0	0	0	0	0	0
PROGRAM 9:	0	0	0	0	0	0	0	0	0
PROGRAM 10:	0	0	0	0	0	0	0	0	0
PROGRAM 11:	0	0	0	0	0	0	0	0	0
PROGRAM 12:	0	0	0	0	0	0	0	0	0
PROGRAM 13:	0	0	0	0	0	0	0	0	0
PROGRAM 14:	0	0	0	0	0	0	0	0	0
PROGRAM 15:	0	0	0	0	0	0	0	0	0
PROGRAM 16:	0	0	0	0	0	0	0	0	0
PROGRAM 17:	0	0	0	0	0	0	0	0	0
PROGRAM 18:	0	0	0	0	0	0	0	0	0
PROGRAM 19:	0	0	0	0	0	0	0	0	0
PROGRAM 20:	0	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>413,369</b>	<b>40,629</b>	<b>67,709</b>	<b>409,635</b>	<b>98,613</b>	<b>27,165</b>	<b>8,271</b>	<b>1,065,392</b>

CONSERVATION COSTS PER PROGRAM - VARIANCE ACTUAL VERSUS PROJECTED  
FOR MONTHS: JANUARY 2004 THROUGH DECEMBER 2004

PROGRAM NAME	CAPITAL INVESTMENT	PAYROLL & BENEFITS	MATERIALS & SUPPLIES	ADVERTISING	INCENTIVES	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
PROGRAM 1: RESIDENTIAL HOME BUILDER	0	4,538	22,893	3,075	24,655	3,827	1,806	(19,064)	41,730
PROGRAM 2: RESIDENTIAL APPLIANCE REPLACEMENT	0	(1,447)	(1,458)	(1,879)	(1,420)	1,205	415	(230)	(4,815)
PROGRAM 3: RESIDENTIAL PROPANE DISTRIBUTION	0	(927)	(4,247)	289	0	3,327	(93)	(400)	(2,050)
PROGRAM 4: RESIDENTIAL WATER HEATER RETENTION	0	(2,606)	2,574	(11)	(3,450)	(734)	29	(921)	(5,120)
PROGRAM 5: NG SPACE CONDITIONING FOR RES HOMES	0	0	0	0	0	0	0	0	0
PROGRAM 6: GAS SPACE CONDITIONING	0	1,482	(318)	0	0	(33)	140	613	1,884
PROGRAM 7: CONSERVATION EDUCATION	0	(2,876)	(8,914)	(264)	815	(11,815)	1,019	709	(21,326)
PROGRAM 8:	0	0	0	0	0	0	0	0	0
PROGRAM 9:	0	0	0	0	0	0	0	0	0
PROGRAM 10:	0	0	0	0	0	0	0	0	0
PROGRAM 11:	0	0	0	0	0	0	0	0	0
PROGRAM 12:	0	0	0	0	0	0	0	0	0
PROGRAM 13:	0	0	0	0	0	0	0	0	0
PROGRAM 14:	0	0	0	0	0	0	0	0	0
PROGRAM 15:	0	0	0	0	0	0	0	0	0
PROGRAM 16:	0	0	0	0	0	0	0	0	0
PROGRAM 17:	0	0	0	0	0	0	0	0	0
PROGRAM 18:	0	0	0	0	0	0	0	0	0
PROGRAM 19:	0	0	0	0	0	0	0	0	0
PROGRAM 20:	0	0	0	0	0	0	0	0	0
TOTAL TOTAL OF ALL PROGRAMS	0	(1,837)	10,529	1,210	20,600	(4,223)	3,317	(19,293)	10,304

( ) REFLECTS PROJECTED OVER ACTUAL EXPENSE ESTIMATES

ENERGY CONSERVATION ADJUSTMENT CALCULATION OF TRUE-UP AND INTEREST PROVISION  
SUMMARY OF EXPENSES BY PROGRAM BY MONTH  
FOR MONTHS: JANUARY 2004 THROUGH DECEMBER 2004

EXPENSES:	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
PROGRAM 1: RESIDENTIAL HOME BUILDER	41,526	17,697	104,795	77,941	72,434	95,536	68,770	55,329	37,625	57,251	47,596	68,780	745,280
PROGRAM 2: RESIDENTIAL APPLIANCE REPLACEMENT	13,347	6,944	11,278	12,504	12,092	11,006	10,195	7,008	5,945	6,593	7,827	8,137	112,878
PROGRAM 3: RESIDENTIAL PROPANE DISTRIBUTION	1,623	2,036	1,253	3,885	11,345	8,078	1,661	3,626	792	1,102	729	1,209	37,339
PROGRAM 4: RESIDENTIAL WATER HEATER RETENTION	3,645	3,095	3,799	3,321	2,102	4,214	3,399	2,667	2,628	4,112	983	4,038	38,002
PROGRAM 5: NG SPACE CONDITIONING FOR RES HOMES	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 6: GAS SPACE CONDITIONING	901	60	0	0	0	0	0	0	0	1,556	934	(233)	3,217
PROGRAM 7: CONSERVATION EDUCATION	13,094	12,119	10,647	10,916	9,746	9,273	10,403	10,290	10,795	6,978	8,763	15,651	128,675
PROGRAM 8:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 9:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 10:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 11:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 12:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 13:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 14:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 15:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 16:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 17:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 18:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 19:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 20:	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>74,136</b>	<b>41,950</b>	<b>131,772</b>	<b>108,568</b>	<b>107,718</b>	<b>128,107</b>	<b>94,428</b>	<b>78,920</b>	<b>57,785</b>	<b>77,593</b>	<b>66,833</b>	<b>97,582</b>	<b>1,065,392</b>
LESS AMOUNT INCLUDED IN RATE BASE	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>RECOVERABLE CONSERVATION EXPENSES</b>	<b>74,136</b>	<b>41,950</b>	<b>131,772</b>	<b>108,568</b>	<b>107,718</b>	<b>128,107</b>	<b>94,428</b>	<b>78,920</b>	<b>57,785</b>	<b>77,593</b>	<b>66,833</b>	<b>97,582</b>	<b>1,065,392</b>

ENERGY CONSERVATION ADJUSTMENT CALCULATION OF TRUE-UP AND INTEREST PROVISION  
JANUARY 2004 THROUGH DECEMBER 2004

CONSERVATION REVENUES	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	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	(91,513)	(79,855)	(118,072)	(81,478)	(70,689)	(53,563)	(57,152)	(56,101)	(53,436)	(61,430)	(67,109)	(80,651)	(871,049)
4. TOTAL REVENUES	(91,513)	(79,855)	(118,072)	(81,478)	(70,689)	(53,563)	(57,152)	(56,101)	(53,436)	(61,430)	(67,109)	(80,651)	(871,049)
5. PRIOR PERIOD TRUE-UP NOT APPLICABLE TO THIS PERIOD	(2,240)	(2,240)	(2,240)	(2,240)	(2,240)	(2,240)	(2,240)	(2,240)	(2,240)	(2,240)	(2,240)	(2,240)	(26,876)
6. CONSERVATION REVS APPLICABLE TO THE PERIOD	(93,752)	(82,095)	(120,312)	(83,717)	(72,929)	(55,803)	(59,392)	(58,341)	(55,676)	(63,670)	(69,349)	(82,890)	(897,925)
7. CONSERVATION EXPS (FROM CT-3, PAGE 1)	74,136	41,950	131,772	108,568	107,718	128,107	94,428	78,920	57,785	77,593	66,833	97,582	1,065,392
8. TRUE-UP THIS PERIOD	(19,617)	(40,144)	11,460	24,850	34,789	72,305	35,037	20,579	2,109	13,923	(2,516)	14,692	167,467
9. INTER. PROV. THIS PERIOD (FROM CT-3, PAGE 3)	(31)	(55)	(63)	(46)	(20)	32	103	146	174	211	248	290	991
10 TRUE-UP & INTER. PROV. BEGINNING OF MONTH	(26,876)	(44,284)	(82,244)	(68,606)	(41,562)	(4,553)	70,024	107,404	130,368	134,891	151,264	151,236	
11 PRIOR TRUE-UP COLLECTED/(REFUNDED)	2,240	2,240	2,240	2,240	2,240	2,240	2,240	2,240	2,240	2,240	2,240	2,240	
12 TOTAL NET TRUE-UP (SUM LINES 8+9+10+11)	(44,284)	(82,244)	(68,606)	(41,562)	(4,553)	70,024	107,404	130,368	134,891	151,264	151,236	168,458	168,458

CALCULATION OF TRUE-UP AND INTEREST PROVISION  
FOR MONTHS: JANUARY 2004 THROUGH DECEMBER 2004

INTEREST PROVISION	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
1. BEGINNING TRUE-UP	(26,876)	(44,284)	(82,244)	(68,606)	(41,562)	(4,553)	70,024	107,404	130,368	134,891	151,264	151,236	
2. ENDING TRUE-UP BEFORE INTEREST	(44,253)	(82,189)	(68,544)	(41,516)	(4,533)	69,992	107,301	130,223	134,717	151,054	150,988	168,167	
3. TOTAL BEGINNING & ENDING TRUE-UP	(71,129)	(126,473)	(150,787)	(110,123)	(46,095)	65,439	177,325	237,627	265,085	285,944	302,253	319,403	
4. AVERAGE TRUE-UP (LINE 3 TIMES 50%)	(35,564)	(63,237)	(75,394)	(55,061)	(23,047)	32,720	88,662	118,813	132,542	142,972	151,126	159,702	
5. INTER. RATE - 1ST DAY OF REPORTING MONTH	1.06%	1.06%	1.01%	0.98%	1.01%	1.04%	1.33%	1.47%	1.47%	1.69%	1.86%	2.08%	
6. INTER. RATE - 1ST DAY OF SUBSEQUENT MONTH	1.06%	1.01%	0.98%	1.01%	1.04%	1.33%	1.47%	1.47%	1.69%	1.86%	2.08%	2.28%	
7. TOTAL (SUM LINES 5 & 6)	2.12%	2.07%	1.99%	1.99%	2.05%	2.37%	2.80%	2.94%	3.16%	3.54%	3.94%	4.36%	
8. AVG INTEREST RATE (LINE 7 TIMES 50%)	1.06%	1.04%	1.00%	0.99%	1.02%	1.19%	1.40%	1.47%	1.58%	1.77%	1.97%	2.18%	
9. MONTHLY AVG INTEREST RATE	0.09%	0.09%	0.08%	0.08%	0.09%	0.10%	0.12%	0.12%	0.13%	0.15%	0.16%	0.18%	
10 INTEREST PROVISION (LINE 4 TIMES LINE 9)	(31)	(55)	(63)	(46)	(20)	32	103	146	174	211	248	290	991



Exhibit No. \_\_\_\_\_ (BSB-1)  
Docket No. 050004-GU  
CHESAPEAKE UTILITIES CORPORATION  
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Schedule CT-5

CHESAPEAKE UTILITIES CORPORATION

Reconciliation and Explanation of Differences Between Filing and PSC Audit  
Report for January 2004 through December 2004.

NO DIFFERENCES AS OF THE DATE OF THIS FILING

Schedule CT-6  
Page 1 of 8

CHESAPEAKE UTILITIES CORPORATION  
Program Description and Progress

Program Title:

Residential Home Builder Program

Program Description:

This program is designed to increase the overall energy efficiency in the residential new construction market by promoting energy efficient natural gas appliances in residences that would qualify for the Company's residential rates. Incentives are offered in the form of conservation 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 January 2004 through December 2004, we estimated that 950 homes would be connected to the system. During this period, allowances were actually paid for building 820 new homes equipped with natural gas appliances.

Program Fiscal Expenditures:

During the twelve-month period, expenditures for this program totaled \$745,279.

Program Progress Summary:

Since the program's inception, 7,339 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.



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Page 2 of 8

CHESAPEAKE UTILITIES CORPORATION  
Program Description and Progress

Program Title:

Residential Appliance Replacement 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 January 2004 through December 2004, we estimated that 17 residences would qualify for incentives during this period. In actuality, 18 residences qualified for incentives.

Program Fiscal Expenditures:

For this twelve-month period, CUC incurred program costs of \$112,878.

Program Summary:

Since inception, 253 residences have qualified for this program.

Schedule CT-6  
Page 3 of 8

CHESAPEAKE UTILITIES CORPORATION  
Program Description and Progress

Program Title:

Residential Propane Distribution Program

Program Description:

The program is designed to promote the use of "gas" within developments that are built beyond the economic extension of the Company's existing natural gas infrastructure. The concept of installing an underground propane system, which includes distribution mains, service laterals and meter sets that are capable of supplying either propane or natural gas, is a viable method of encouraging installation of "gas" appliances in the residential subdivision at the time of construction. This program is designed to provide Builders and Developers a cash incentive to encourage the installation of "gas" appliances in the newly constructed house.

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 Fiscal Expenditures:

Program cost totaled \$37,339 for this twelve-month period, incurred by staff in response to builder/developer inquiries.

Program Summary:

Two propane distribution sub-divisions have been added under this program since its inception.

Schedule CT-6  
Page 4 of 8

CHESAPEAKE UTILITIES CORPORATION  
Program Description and Progress

Program Title:

Residential Water Heater Retention Program

Program Description:

The Company offers this program to existing customers and dealers to encourage the continued use of natural gas in the home and avoid costly abandonment activities. The water heater is not only the primary natural gas cost savings appliance within the homes, but it is also the anchor natural gas load within the home. As an incentive to continue to provide substantial benefits to the customer and utilize our resources effectively, this program offers cash payment to the customer and dealer.

Allowances:

Conservation allowances are currently:

\$100 Energy efficient natural gas water heater installation.

\$ 50 Dealer

Program Activity and Projections:

For the twelve-month period January 2004 through December 2004, we estimated that 129 natural gas water heaters would qualify for this program. In actuality, 51 rebates were paid for natural gas water heaters installed.

Program Fiscal Expenditures:

For this twelve-month period, CUC incurred program costs of \$38,002.

Program Summary:

Since inception, 692 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 use of energy efficient natural gas.

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CHESAPEAKE UTILITIES CORPORATION  
Program Description and Progress

Program Title:

Natural Gas Space Conditioning for Residential Homes Program

Program Description:

This program is designed to convert residential 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 the summer KW demand and will assist in the conservation of KWH production.

Program Projections:

The projected expenses for this period were \$0.

Program Fiscal Expenditures:

There were no program costs for this twelve-month period, to promote residential cooling and natural gas dessicant systems.

Program Summary:

Five residential gas space conditioning units have been installed since the inception of this program.

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CHESAPEAKE UTILITIES CORPORATION  
Program Description and Progress

Program Title:

Gas Space Conditioning Program

Program Description:

The program is intended to encourage the use of energy efficient natural gas air conditioning products to non-residential customers. The program provides an allowance of \$50 per ton of natural gas space conditioning up to a maximum of 500 tons per system, to qualifying participants to compensate for the higher initial costs of natural gas space conditioning equipment and installation.

Program Projections:

The expenses projected for this period were \$2,700.

Program Fiscal Expenditures:

Program cost totaled \$3,219 for this twelve-month period.

Program Summary:

Eight natural gas space conditioning units have been installed since the inception of this program.

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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 Activity and Projections:  
We continue to develop branded programs as well as expand community outreach programs designed to inform and educate the general public as well as business interest in the communities about the availability of our conservation programs, and the benefits and value of natural gas. Examples of these types of programs;

**Energy Plus Home Program** is designed to encourage the replacement of inefficient non-natural gas residential appliances with energy efficient natural gas appliances. Often residential consumers only consider the higher installation costs, and not the operating savings, associated with natural gas appliances and therefore do not convert to energy efficient natural gas appliances. The brand supports several conservation programs - *Residential Appliance Replacement Program, Residential Water Heater Retention Program, and the Space Conditioning for Residential Applications.*

**Energy Plus Home Builder Program** promotes the *Residential Home Builder Program* which purpose is to promote energy efficient natural gas encouraging the selection of appliances most suitable in reducing the ultimate consumer's overall energy costs. Incentives are offered in the form of cash allowances on the installation of those chosen appliances. The program offers builders and developers incentives to assist in defraying the additional costs associated with the installation of natural gas appliances.

**Energy Plus Partners Program** is the new name of the Preferred Partners program that was launched in late 2001. The program works to remove market

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barriers, expand consumer choice, and create synergy between the trades and businesses linked to natural gas. The program supports awareness of our conservation allowances programs. Examples of business entities that support the gas system and are potential partners for the gas company: builders, developers, retailers, HVAC providers, plumbers, and architects, to name but a few. The brand supports several conservation programs - *Residential Appliance Replacement Program, Residential Water Heater Retention Program, Space Conditioning for Residential Applications, Residential Home Builder Program, and the Residential Propane Distribution Program*

**Energy Smart Kids Program** educates and engages young minds in an in-school setting. The classroom-based program provides posters, classroom activities, gas education booklets, pencils and teaching plan. A “school board” approved curriculum offers teaches a balanced five day lesson plan ending with an in-classroom demonstration featuring “Effie” the power station – a small working power generating engine that converts gas into electric. Energy conservation is the main theme of the program.

Program Fiscal Expenditures:

Program costs totaled \$128,675 for this twelve-month period.