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OF COUNSEL
THOMAS F. WOODS

January 12, 1998

ORIGINAL

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

HAND DELIVERY

RE: Docket No. 980002-EG
Conservation Cost Recovery Clause

Dear Ms. Bayo:

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

1. Petition for Approval of Conservation Cost Recovery Factors;
2. Direct Testimony of Beverly A. Bauck;
2. Exhibit BAH-2;
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.

ACK _____
 AFA Vandena
 APP _____
 CAF _____
 CMU _____
 CTR _____
 EAG _____
 LEG 1 WLS/cas Enclosures
 LIN 3 + orig test
 OPC _____
 RCH _____
 SEC 1
 WAS _____
 OTH _____

Sincerely,

Wayne L. Schiefelbein
 Wayne L. Schiefelbein

Petition DOCUMENT NUMBER-DATE
 00574 JAN 12 98

Bauck Deph DOCUMENT NUMBER-DATE
 00575 JAN 12 98

FDDC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Conservation Cost Recovery)
Clause.)
_____)

DOCKET NO. 980002-EG

FILED: January 12, 1998

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that true and correct copies of Chesapeake Utilities Corporation's Petition for Approval of Conservation Cost Recovery Factors; Direct Testimony of Beverly A. Bauck; Exhibit BAB-2; and this Certificate of Service have been furnished by hand-delivery on this 12th day of January, 1998 to **WILLIAM COCHRAN KEATING, IV, 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:

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Attorneys for Chesapeake Utilities
Corporation

1 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

2 In. Re: Conservation Cost Recovery Clause

3 DIRECT TESTIMONY OF BEVERLY A. BAUCK

4 On Behalf of

5 Chesapeake Utilities Corporation

6 DOCKET NO. ~~980002~~-EG

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

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

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

14 A. Yes.

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

16 A. To describe generally the expenditures made and projected to be made in implementing,
17 promoting, and operating Chesapeake's energy conservation programs. This will
18 include recoverable costs incurred in October and November, 1997 and projections of
19 program costs to be incurred from December, 1997 through September 1998. It will
20 also include projected conservation costs for the period October 1, 1998 through
21 March 31, 1999, with a calculation of the conservation adjustment factors to be applied
22 to the customers' bills during the collection period of April 1, 1998 through March 31,
23 1999.

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

DOCUMENT NUMBER DATE

1
~~00575~~ JAN 12 8

FPSC-RECORDS/REPORTING

- 1 A. Yes. Summaries of the five programs are contained in Schedule C-4 of Exhibit BAB-
2 2. Included are our Single and Multi-Family Home Builder Program, our Water Heater
3 Replacement Program, our Replacement of Electric Strip and Oil Heating Program, our
4 Natural Gas Space Conditioning Program, and our Conservation Education Program.
- 5 Q. Have you prepared schedules which show the expenditures associated with
6 Chesapeake's energy conservation programs for the periods you have mentioned?
- 7 A. Yes. Schedule C-3, Exhibit BAB-2 shows actual expenses for the months October and
8 November 1997. Projections for December, 1997 through September, 1998 are also
9 shown on Schedule C-3. Projected expenses for the October, 1998 through March
10 1999 period are shown on Schedule C-2 of Exhibit BAB-2.
- 11 Q. Have you prepared schedules which show revenues for the period October, 1997
12 through March, 1998?
- 13 A. Yes. Schedule C-3 (Page 6 of 7, Line 4) shows actual revenues for the months October
14 and November, 1997. Projections for December, 1997 through September, 1998, are
15 also shown on Schedule C-3 (Page 6 of 7, Line 4).
- 16 Q. Have you prepared a schedule which shows the calculation of Chesapeake's proposed
17 conservation adjustment factors to be applied during billing periods from April 1, 1998
18 through March 31, 1999?
- 19 A. Yes. Schedule C-1 of Exhibit BAB-2 shows this calculation. Net program cost
20 estimates for the period October 1, 1998, through March 31, 1999 are used. The
21 estimated true-up amount from Schedule C-3 (Page 6 of 7, Line 12) of Exhibit BAB-2,
22 being an underrecovery, was added to the total of the projected costs for the six-month
23 period. The total amount was then divided among Chesapeake's firm rate classes,
24 based on total projected contribution. The results were then divided by the projected
25 retail firm therm sales for each rate class for the twelve-month period ending March 31.

1 . 1999. The resulting factors are shown on Schedule C-1 of Exhibit BAB-2.

2 Q. Does this conclude your testimony?

3 A. Yes, it does.

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Exhibit

(BAB-2)

CHESAPEAKE UTILITIES CORPORATION
CONSERVATION COST RECOVERY PROJECTION

October 1, 1998 through March 31, 1999

ENERGY CONSERVATION ADJUSTMENT - SUMMARY OF COST RECOVERY CLAUSE CALCULATION

| | |
|-------------------------------------|-------------------------------------|
| PROJECTED PERIOD | APRIL 1998 THROUGH MARCH 1999 |
| ACTUAL/ESTIMATED PERIOD | OCTOBER 1997 THROUGH SEPTEMBER 1998 |
| FINAL TRUE-UP PERIOD | OCTOBER 1996 THROUGH SEPTEMBER 1997 |
| COLLECTION PERIOD FOR PRIOR TRUE-UP | APRIL 1998 THROUGH MARCH 1999 |

| | |
|------------------------------------|----------------|
| 1 INCREMENTAL COSTS (SCHEDULE C-2) | 127,444 |
| 2 TRUE-UP (SCHEDULE C-3) | <u>173,113</u> |
| 3 TOTAL | <u>300,557</u> |

| RATE CLASS | BILLS | THERM SALES | CUSTOMER CHARGE REVENUES | ENERGY CHARGE | TOTAL | ESTIMATED ECCR | % SURCHARGE | CENTS PER THERM | EXPANSION FACTOR | ECCR ADJUSTMENT FACTORS |
|---------------------|---------|-------------|--------------------------|---------------|-----------|----------------|-------------|-----------------|------------------|-------------------------|
| GS RESIDENTIAL | 99,226 | 2,222,378 | 644,969 | 958,423 | 1,603,392 | 108,923 | 6.7933% | 0.0490 | 1.01911 | 0.04895 |
| GS COMMERCIAL | 9,465 | 4,417,274 | 141,875 | 862,782 | 1,004,757 | 68,256 | 6.7933% | 0.0155 | 1.01911 | 0.01575 |
| GS COMMERCIAL LV | 318 | 1,958,954 | 6,360 | 263,773 | 270,133 | 18,351 | 6.7933% | 0.0094 | 1.01911 | 0.00865 |
| GS INDUSTRIAL | 578 | 8,897,083 | 23,120 | 639,062 | 662,182 | 44,984 | 6.7933% | 0.0052 | 1.01911 | 0.00527 |
| FIRM TRANSPORTATION | 0 | 12,028,760 | 0 | 883,873 | 883,873 | 60,044 | 6.7933% | 0.0050 | 1.01911 | 0.00509 |
| OTHER | | | | | | | | | | |
| OTHER | | | | | | | | | | |
| * TOTAL | 109,587 | 29,324,449 | 816,424 | 3,607,913 | 4,424,337 | 300,557 | | | | |

PROJECTED CONSERVATION PROGRAM COSTS BY COST CATEGORY
FOR PERIOD APRIL 1996 THROUGH MARCH 1999

| PROGRAM NAME | CAPITAL INVESTMENT | PAYROLL & BENEFITS | MATERIALS & SUPPLIES | ADVERTISING | INCENTIVES | OUTSIDE SERVICES | VEHICLE | OTHER | TOTAL |
|----------------------------------|--------------------|--------------------|----------------------|---------------|---------------|------------------|--------------|----------|----------------|
| 1. HOME BUILDER PROGRAM | 0 | 8,782 | 0 | 13,200 | 85,536 | 0 | 1,320 | 0 | 108,838 |
| 2. WATER HEATER REPLACEMENT | 0 | 2,942 | 0 | 2,310 | 3,413 | 0 | 327 | 0 | 8,992 |
| 3. HOME HEATING REPLACE | 0 | 1,785 | 0 | 2,310 | 3,303 | 0 | 210 | 0 | 7,607 |
| 4. CONSERVATION EDUCATION | 0 | 0 | 180 | 0 | 0 | 0 | 0 | 0 | 180 |
| 5. COMMON COSTS | 0 | 0 | 0 | 0 | 0 | 327 | 0 | 0 | 327 |
| 6. GAS SPACE CONDITIONING | 0 | 0 | 0 | 0 | 1,500 | 0 | 0 | 0 | 1,500 |
| 7. (INSERT NAME) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 8. (INSERT NAME) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 9. (INSERT NAME) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 10. (INSERT NAME) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 11. (INSERT NAME) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 12. (INSERT NAME) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 13. (INSERT NAME) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 14. (INSERT NAME) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 15. (INSERT NAME) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 16. (INSERT NAME) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 17. (INSERT NAME) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 18. (INSERT NAME) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 19. (INSERT NAME) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 20. (INSERT NAME) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL ALL PROGRAMS | 0 | 13,509 | 180 | 17,820 | 93,752 | 327 | 1,856 | 0 | 127,444 |
| LESS: AMOUNT IN RATE BASE | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| RECOVERABLE CONSER. | 0 | 13,509 | 180 | 17,820 | 93,752 | 327 | 1,856 | 0 | 127,444 |

CONSERVATION PROGRAM COSTS - CAPITAL INVESTMENTS,
DEPRECIATION, AND RETURN
FOR MONTHS: APRIL 1998 THROUGH MARCH 1999

BEGINNING OF PERIOD CUMULATIVE INVESTMENT: 0
LESS: ACCUMULATED DEPRECIATION: 0
NET INVESTMENT: 0

| DESCRIPTION | MONTH OCT | MONTH NOV | MONTH DEC | MONTH JAN | MONTH FEB | MONTH MAR | TOTAL |
|----------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------|
| INVESTMENT | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| DEPRECIATION BASE | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| DEPRECIATION EXPENSE | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CUMULATIVE INVEST. | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| LESS: ACCUM DEPR | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| NET INVESTMENT | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| AVERAGE INVESTMENT | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| RETURN ON AVG INVEST | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| RETURN REQUIREMENTS | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL DEPR & RETURN | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

CONSERVATION PROGRAM COSTS BY COST CATEGORY
FOR PERIOD: OCTOBER 1997 THROUGH SEPTEMBER 1998
TWO MONTHS ACTUAL AND TEN MONTHS ESTIMATED

| | CAPITAL INVESTMENT | PAYROLL & BENEFITS | MATERIALS & SUPPLIES | ADVERTISING | INCENTIVES | OUTSIDE SERVICES | VEHICLE | OTHER | TOTAL |
|-----------------------------|-----------------------|-----------------------|-------------------------|-------------|------------|---------------------|---------|-------|---------|
| 1. HOME BUILDER PROGRAM | | | | | | | | | |
| A. ACTUAL | 0 | 4,454 | 0 | 3,744 | 20,340 | 0 | 440 | 0 | 28,978 |
| B. ESTIMATED | 0 | 14,350 | 0 | 22,000 | 142,560 | 0 | 2,200 | 0 | 181,110 |
| C. TOTAL | 0 | 18,804 | 0 | 25,744 | 162,900 | 0 | 2,639 | 0 | 210,087 |
| 2. WATER HEATER REPLACEMENT | | | | | | | | | |
| A. ACTUAL | 0 | 1,244 | 0 | 265 | 220 | 0 | 109 | 0 | 1,837 |
| B. ESTIMATED | 0 | 4,808 | 0 | 3,850 | 5,688 | 0 | 545 | 0 | 14,891 |
| C. TOTAL | 0 | 6,051 | 0 | 4,115 | 5,908 | 0 | 654 | 0 | 16,728 |
| 3. HOME HEATING REPLACE | | | | | | | | | |
| A. ACTUAL | 0 | 629 | 0 | 265 | 0 | 0 | 70 | 0 | 1,163 |
| B. ESTIMATED | 0 | 2,917 | 0 | 3,850 | 5,505 | 0 | 349 | 0 | 12,621 |
| C. TOTAL | 0 | 3,746 | 0 | 4,115 | 5,505 | 0 | 419 | 0 | 13,784 |
| 4. CONSERVATION EDUCATION | | | | | | | | | |
| A. ACTUAL | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| B. ESTIMATED | 0 | 0 | 300 | 0 | 0 | 0 | 0 | 0 | 300 |
| C. TOTAL | 0 | 0 | 300 | 0 | 0 | 0 | 0 | 0 | 300 |
| 5. COMMON COSTS | | | | | | | | | |
| A. ACTUAL | 0 | 0 | 105 | 0 | 0 | 109 | 0 | 0 | 214 |
| B. ESTIMATED | 0 | 0 | 0 | 0 | 0 | 545 | 0 | 0 | 545 |
| C. TOTAL | 0 | 0 | 105 | 0 | 0 | 654 | 0 | 0 | 759 |
| 6. GAS SPACE CONDITIONING | | | | | | | | | |
| A. ACTUAL | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| B. ESTIMATED | 0 | 0 | 0 | 0 | 2,500 | 0 | 0 | 0 | 2,500 |
| C. TOTAL | 0 | 0 | 0 | 0 | 2,500 | 0 | 0 | 0 | 2,500 |
| 7. (INSERT NAME) | | | | | | | | | |
| A. ACTUAL | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| B. ESTIMATED | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| C. TOTAL | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| SUB-TOTAL | 0 | 28,601 | 405 | 33,973 | 176,813 | 654 | 3,713 | 0 | 244,158 |

CONSERVATION PROGRAM COSTS BY COST CATEGORY
FOR PERIOD: OCTOBER 1997 THROUGH SEPTEMBER 1998
TWO MONTHS ACTUAL AND TEN MONTHS ESTIMATED

| | CAPITAL INVESTMENT | PAYROLL & BENEFITS | MATERIALS & SUPPLIES | ADVERTISING | INCENTIVES | OUTSIDE SERVICES | VEHICLE | OTHER | TOTAL |
|----------------------------|--------------------|--------------------|----------------------|-------------|------------|------------------|---------|-------|---------|
| BALANCE FROM PREVIOUS PAGE | 0 | 28,601 | 405 | 33,973 | 176,813 | 654 | 3,713 | 0 | 244,158 |
| 8. (INSERT NAME) | | | | | | | | | |
| A. ACTUAL | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| B. ESTIMATED | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| C. TOTAL | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 9. (INSERT NAME) | | | | | | | | | |
| A. ACTUAL | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| B. ESTIMATED | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| C. TOTAL | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 10. (INSERT NAME) | | | | | | | | | |
| A. ACTUAL | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| B. ESTIMATED | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| C. TOTAL | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 11. (INSERT NAME) | | | | | | | | | |
| A. ACTUAL | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| B. ESTIMATED | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| C. TOTAL | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 12. (INSERT NAME) | | | | | | | | | |
| A. ACTUAL | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| B. ESTIMATED | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| C. TOTAL | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 13. (INSERT NAME) | | | | | | | | | |
| A. ACTUAL | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| B. ESTIMATED | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| C. TOTAL | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| SUB-TOTAL | 0 | 28,601 | 405 | 33,973 | 176,813 | 654 | 3,713 | 0 | 244,158 |

CONSERVATION PROGRAM COSTS BY COST CATEGORY
FOR PERIOD OCTOBER 1997 THROUGH SEPTEMBER 1998
TWO MONTHS ACTUAL AND TEN MONTHS ESTIMATED

| | CAPITAL INVESTMENT | PAYROLL & BENEFITS | MATERIALS & SUPPLIES | ADVERTISING | INCENTIVES | OUTSIDE SERVICES | VEHICLE | OTHER | TOTAL |
|---|--------------------|--------------------|----------------------|-------------|------------|------------------|---------|-------|---------|
| BALANCE FROM PREVIOUS PAGE | 0 | 28,601 | 405 | 33,973 | 176,813 | 654 | 3,713 | 0 | 244,158 |
| 14 (INSERT NAME) (INSERT NAME) B. ESTIMATED | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| C. TOTAL | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 15 (INSERT NAME) (INSERT NAME) B. ESTIMATED | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| C. TOTAL | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 16 (INSERT NAME) (INSERT NAME) B. ESTIMATED | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| C. TOTAL | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 17 (INSERT NAME) (INSERT NAME) B. ESTIMATED | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| C. TOTAL | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 18 (INSERT NAME) (INSERT NAME) B. ESTIMATED | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| C. TOTAL | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 19 (INSERT NAME) (INSERT NAME) B. ESTIMATED | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| C. TOTAL | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 20 (INSERT NAME) (INSERT NAME) B. ESTIMATED | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| C. TOTAL | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL PROG COSTS | 0 | 28,601 | 405 | 33,973 | 176,813 | 654 | 3,713 | 0 | 244,158 |
| LESS BASE RATE RECOVERY | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| NET PROG COSTS | 0 | 28,601 | 405 | 33,973 | 176,813 | 654 | 3,713 | 0 | 244,158 |

ENERGY CONSERVATION COST RECOVERY ADJUSTMENT
FOR PERIOD OCTOBER 1997 THROUGH SEPTEMBER 1998
TWO MONTHS ACTUAL AND 10 MONTHS ESTIMATED

| | MONTH OCT | MONTH NOV | MONTH DEC | MONTH JAN | MONTH FEB | MONTH MAR | MONTH APR | MONTH MAY | MONTH JUN | MONTH JUL | MONTH AUG | MONTH SEP | TOTAL |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------|
| CONSERVATION REVS | | | | | | | | | | | | | |
| 1. RCS AUDIT FEE | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2. OTHER PROC. REVS. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3. CONSERV. ADJ REVS | (14,002) | (18,093) | (21,689) | (27,780) | (24,831) | (20,074) | 0 | 0 | 0 | 0 | 0 | 0 | (126,469) |
| 4. TOTAL REVENUES | (14,002) | (18,093) | (21,689) | (27,780) | (24,831) | (20,074) | 0 | 0 | 0 | 0 | 0 | 0 | (126,469) |
| 5. PRIOR PERIOD TRUE-UP NOT APPLICABLE TO THIS PERIOD | 4,246 | 4,246 | 4,246 | 4,246 | 4,246 | 4,246 | 4,246 | 4,246 | 4,246 | 4,246 | 4,246 | 4,246 | 50,946 |
| 6. CONSERV. REVS. APPLICABLE TO THE PERIOD | (9,757) | (13,848) | (17,444) | (23,535) | (20,586) | (15,828) | 4,246 | 4,246 | 4,246 | 4,246 | 4,246 | 4,246 | (75,523) |
| 7. CONSERV. EXPS. | 19,673 | 12,520 | 21,167 | 21,167 | 21,167 | 21,167 | 21,467 | 21,167 | 21,167 | 21,167 | 21,167 | 21,167 | 244,159 |
| 8. TRUE-UP THIS PERIOD | 9,916 | (1,328) | 3,723 | (2,368) | 581 | 5,339 | 25,712 | 25,412 | 25,412 | 25,412 | 25,412 | 25,412 | 168,636 |
| 9. INTER. PROVISION THIS PERIOD | 248 | 256 | 246 | 230 | 206 | 201 | 256 | 360 | 463 | 566 | 670 | 775 | 4,477 |
| 10. TRUE-UP AND INTEREST PROV. BEG. OF MONTH | 50,946 | 56,865 | 51,547 | 51,271 | 44,887 | 41,429 | 42,723 | 64,446 | 85,972 | 107,601 | 129,334 | 151,171 | 50,946 |
| 11. PRIOR TRUE-UP COLLECTED OR (REFUNDED) | (4,246) | (4,246) | (4,246) | (4,246) | (4,246) | (4,246) | (4,246) | (4,246) | (4,246) | (4,246) | (4,246) | (4,246) | (50,946) |
| 12. TOTAL NET TRUE-UP | 56,865 | 51,547 | 51,271 | 44,887 | 41,429 | 42,723 | 64,446 | 85,972 | 107,601 | 129,334 | 151,171 | 173,113 | 173,113 |

CALCULATION OF TRUE-UP AND INTEREST PROVISION
FOR PERIOD OCTOBER 1997 THROUGH SEPTEMBER 1998
TWO MONTHS ACTUAL AND 10 MONTHS ESTIMATED

| INTEREST PROVISION | MONTH NO.1 | MONTH NO. 2 | MONTH NO. 3 | MONTH NO. 4 | MONTH NO. 5 | MONTH NO. 6 | MONTH NO. 7 | MONTH NO. 8 | MONTH NO. 9 | MONTH NO. 10 | MONTH NO. 11 | MONTH NO. 12 | TOTAL |
|---|---------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-----------------|-----------------|-----------------|--------|
| 1. BEGINNING TRUE-UP | 50,946 | 56,865 | 51,547 | 51,271 | 44,881 | 41,429 | 42,723 | 64,446 | 85,972 | 107,601 | 129,334 | 151,171 | |
| 2. ENDING TRUE-UP BEFORE INTEREST | 56,817 | 51,292 | 51,025 | 44,657 | 41,223 | 42,522 | 64,190 | 85,612 | 107,138 | 128,768 | 150,501 | 172,338 | |
| 3. TOTAL BEGINNING & ENDING TRUE-UP | 107,563 | 108,157 | 102,573 | 95,928 | 86,110 | 83,951 | 106,913 | 150,058 | 193,110 | 236,369 | 279,834 | 323,509 | |
| 4. AVERAGE TRUE-UP (LINE 3 TIMES 50%) | 53,781 | 54,078 | 51,286 | 47,964 | 43,055 | 41,975 | 53,456 | 75,029 | 96,555 | 118,184 | 139,917 | 161,754 | |
| 5. INTEREST RATE FIRST DAY OF REPORTING MONTH | 5.53% | 5.60% | 5.75% | 5.75% | 5.75% | 5.75% | 5.75% | 5.75% | 5.75% | 5.75% | 5.75% | 5.75% | 5.75% |
| 6. INTER. RATE - FIRST DAY SUBSEQUENT MONTH | 5.53% | 5.75% | 5.75% | 5.75% | 5.75% | 5.75% | 5.75% | 5.75% | 5.75% | 5.75% | 5.75% | 5.75% | 5.75% |
| 7. TOTAL (SUM LINES 5 & 6) | 11.06% | 11.35% | 11.50% | 11.50% | 11.50% | 11.50% | 11.50% | 11.50% | 11.50% | 11.50% | 11.50% | 11.50% | 11.50% |
| 8. AVG. INTEREST RATE (LINE 7 TIMES 50%) | 5.53% | 5.68% | 5.75% | 5.75% | 5.75% | 5.75% | 5.75% | 5.75% | 5.75% | 5.75% | 5.75% | 5.75% | 5.75% |
| 9. MONTHLY AVG INTEREST RATE | 0.46% | 0.47% | 0.48% | 0.48% | 0.48% | 0.48% | 0.48% | 0.48% | 0.48% | 0.48% | 0.48% | 0.48% | 0.48% |
| 10. INTEREST PROVISION | 248 | 256 | 246 | 230 | 208 | 201 | 256 | 360 | 463 | 566 | 670 | 775 | 4,477 |

Schedule C-4

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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.

Program Allowances:

- \$220 Energy efficient natural gas water heater installation.
- \$220 Natural Gas home heating
- \$38 Energy efficient natural gas range or dryer stub outlet.

Program Projections:

For the two month period October 1997 through November 1997, 51 residences qualified under our home builder program. We estimate that 324 new homes will qualify during the period December 1997 through September 1998. We estimate that 75% of these will also be equipped with either a natural gas range or a natural gas clothes dryer outlet.

Program Fiscal Expenditures:

For the two month period October through November, 1997 CUC incurred costs of \$28,978 for the Home Builder Program. For December, 1997 through September, 1998, costs are estimated to be \$181,110.

Schedule C-4
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CHESAPEAKE UTILITIES CORPORATION
Program Description and Progress

Program Title:
Water Heater Replacement Program

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

Program Allowances:

\$220 Per Energy Efficient Natural Gas Water Heater
\$33 Per Installing Dealer

Program Projections:
During the two month period, October 1997 through November 1997, CUC paid allowances on 1 new natural gas water heater. We estimate an additional 24 water heaters will be installed during the period December 1997 through September 1998.

Program Fiscal Expenditures:
For the two month period October through November 1997, CUC incurred costs of \$1,837 for the Water Heater Replacement Program. December, 1997 through September, 1998 costs are estimated to be \$14,891.

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CHESAPEAKE UTILITIES CORPORATION
Program Description and Progress

Program Title:

Electric Strip and Oil Heating Replacement

Program Description:

This program is 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.

Program Allowances:

- \$330 Per Energy Efficient Natural Gas Furnace
- \$55 Per Installing Dealer (Furnace)
- \$55 Per Spark Ignition Natural Gas Space Heater
- \$22 Per Installing Dealer (Space Heater)

Program Projections:

For the two month period from October through November, 1997, CUC paid no allowances on new natural gas furnaces. We estimate that 15 natural gas furnaces will be installed during the period December 1997 through September 1998.

Program Fiscal Expenditures:

For the two month period October through November, 1997 CUC incurred costs of \$1,163 for the Replacement of Electric and Oil Heating Program. For December, 1997 through September, 1998, costs are estimated to be \$12,621.

Schedule C-4
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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.

Program Allowances:

\$50 Per Ton Of Natural Gas Space Conditioning Equipment Installed

Program Projections:

For the two month period October through November, 1997, CUC paid no allowances on this program. We estimated 50 tons of natural gas space conditioning equipment will be installed during the period December, 1997 through September, 1998.

Program Fiscal Expenditures:

For the two month period October through November, 1997, CUC incurred no costs for the Natural Gas Space Conditioning Program. For December, 1997 through September 1998, expenditures for allowances totaling \$2,500 are anticipated.

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CHESAPEAKE UTILITIES CORPORATION
Program Description and Progress

Program Title:
Conservation Education Program

Program Description:
This program teaches young people and adults in the schools and in community and civic organizations about conservation of energy and seeks to establish an awareness of natural gas as a valuable resource.

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

Program Fiscal Expenditures:
None this period and \$300 planned for the balance of the period from December, 1997 through September, 1998.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Conservation Cost Recovery)
Clause.)
_____)

DOCKET NO. 980002-EG

FILED: January 12, 1998

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that true and correct copies of Chesapeake Utilities Corporation's Petition for Approval of Conservation Cost Recovery Factors; Direct Testimony of Beverly A. Bauck; Exhibit BAB-2; and this Certificate of Service have been furnished by hand-delivery on this 12th day of January, 1998 to WILLIAM COCHRAN KEATING, IV, 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:

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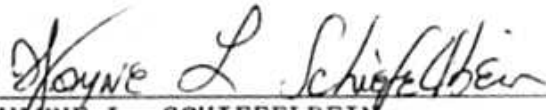
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