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RECORDS AND  
REPORTING

December 7, 1998

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

VIA HAND DELIVERY

Re: Docket No. 980002-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:

1. Petition for Approval of Conservation Cost Recovery Factors;
2. Direct Testimony of Beverly A. Bauck;
3. Exhibit BAB-2; and
4. 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

ACK \_\_\_\_\_  
AFM Uendivier  
APP \_\_\_\_\_  
CAF \_\_\_\_\_  
CMH \_\_\_\_\_  
CTR \_\_\_\_\_  
EAT Balleger  
LEG 1  
LIN 3 to 8  
OPT \_\_\_\_\_  
RCL \_\_\_\_\_  
SEL 1  
WAS \_\_\_\_\_  
OTH \_\_\_\_\_

WLS/ka  
Enclosures

*Petition*  
DOCUMENT NUMBER-DATE  
**13769 DEC-7 98**

*Test.*  
DOCUMENT NUMBER-DATE  
**13770 DEC-7 98**

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Conservation Cost Recovery )  
Clause. )  
\_\_\_\_\_)

DOCKET NO. 980002-EG

FILED: December 7, 1998

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that true and correct copies of the Direct Testimony of Beverly A. Bauck and Exhibit BAB-2 have been furnished by hand-delivery on this 7<sup>th</sup> day of December 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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*Wayne L. Schiefelbein*

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Attorneys for Chesapeake  
Utilities Corporation

In. Re: Conservation Cost Recovery Clause

DIRECT TESTIMONY OF BEVERLY A. BAUCK

On Behalf of

Chesapeake Utilities Corporation

DOCKET NO. 980002-EG

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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 April, 1998 through October, 1998 and  
19 projections of program costs to be incurred from November, 1998 through March  
20 1999. It will also include projected conservation costs for the period April, 1999  
21 through December 1999, with a calculation of the conservation adjustment factors to  
22 be applied to the customers' bills during the collection period of April, 1999 through  
23 December, 1999.

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

- 1 A. Yes. Summaries of these seven programs are contained in Schedule C-4 of Exhibit  
2 BAB-2. Included are our Residential Home Builder Program, Residential Appliance  
3 Replacement Program, Water Heater Retention Program, Natural Gas Space  
4 Conditioning Program for Residential Homes, Natural Gas Space Conditioning  
5 Program, as well as our Residential Propane Distribution Program and our  
6 Conservation Education Program.
- 7 Q. Have you prepared schedules which show the expenditures associated with  
8 Chesapeake's energy conservation programs for the periods you have mentioned?
- 9 A. Yes. Schedule C-3, Exhibit BAB-2 shows actual expenses for the months April  
10 through October 1998. Projections for November, 1998 through March, 1999 are also  
11 shown on Schedule C-3. Projected expenses for the April, 1999 through December  
12 1999 period are shown on Schedule C-2 of Exhibit BAB-2.
- 13 Q. Have you prepared schedules which show revenues for the period April, 1998 through  
14 March, 1999?
- 15 A. Yes. Schedule C-3 (Page 4 of 5) shows actual revenues for the months April 1998  
16 through October, 1998. Projections for November, 1998 through March, 1999, are  
17 also shown on Schedule C-3 (Page 4 of 5).
- 18 Q. Have you prepared a schedule which shows the calculation of Chesapeake's proposed  
19 conservation adjustment factors to be applied during billing periods from April 1, 1999  
20 through December, 1999?
- 21 A. Yes. Schedule C-1 of Exhibit BAB-2 shows this calculation. Net program cost  
22 estimates for the period April, 1999, through December, 1999 are used. The estimated  
23 true-up amount from Schedule C-3 (Page 4 of 5) of Exhibit BAB-2, being an  
24 underrecovery, was added to the total of the projected costs for the nine-month period  
25 The total amount was then divided among Chesapeake's firm rate classes, based on

1 total projected contribution. The results were then divided by the projected retail firm  
2 term sales for each rate class for the nine-month period ending December, 1999. The  
3 resulting factors are shown on Schedule C-1 of Exhibit BAB-2

4 Q Does this conclude your testimony?

5 A Yes, it does.

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**CHESAPEAKE UTILITIES CORPORATION**  
**CONSERVATION COST RECOVERY PROJECTION**

April 1, 1999 through December 31, 1999

**EXHIBIT BAB-2**

ENERGY CONSERVATION ADJUSTMENT  
SUMMARY OF COST RECOVERY CLAUSE CALCULATION  
APRIL 1999 THROUGH DECEMBER 1999

1. TOTAL INCREMENTAL COSTS (SCHEDULE C-2, PAGE 1)	214,297
2. TRUE-UP (SCHEDULE C-3, PAGE 4, LINE 11)	40,317
3. TOTAL (LINE 1 AND LINE 2)	254,614

RATE SCHEDULE	BILLS	THERMS	CUSTOMER CHARGE	NON-GAS ENERGY CHARGE	TOTAL CUST. & ENGY CHG REVENUE	ECCR REVENUES	ECCR AS % OF TOTAL REVENUES	DOLLARS THERM	TAX FACTOR	CONSERV FACTOR
RESIDENTIAL	80,348	1,367,890	562,436	641,609	1,204,045	88,680	7.36520%	0.06483	1.00376	0.06507
COMMERCIAL	7,653	3,488,904	114,795	771,571	886,366	65,283	7.36520%	0.01871	1.00376	0.01878
COMM. LGE VOL	239	1,302,390	4,780	225,144	229,924	16,934	7.36520%	0.01300	1.00376	0.01305
COMM. LGE VOL II	451	6,269,827	18,040	494,627	512,667	37,759	7.36520%	0.00602	1.00376	0.00604
FIRM TRANSPORT	0	8,491,930	0	623,987	623,987	45,958	7.36520%	0.00541	1.00376	0.00543
TOTAL	88,691	20,920,941	700,051	2,756,938	3,456,999	254,614.00				



ESTIMATED CONSERVATION PROGRAM COSTS BY PROGRAM BY MONTH  
DATES: APRIL 1999 THROUGH DECEMBER 1999

PROGRAM	APR 1999	MAY 1999	JUN 1999	JUL 1999	AUG 1999	SEP 1999	OCT 1999	NOV 1999	DEC 1999	TOTAL
1 RES. HOME BUILDER	21,547	21,547	21,547	21,547	21,547	21,547	21,547	21,547	21,547	184,921
2 RES. APPLIANCE REPLACEMENT	1,478	1,478	1,478	1,478	1,478	1,478	1,478	1,478	1,478	13,303
3 RES. PROPANE DISTRIBUTION	0	0	0	0	0	0	0	0	0	0
4 RES. WTR HTR RETENTION	1,444	1,444	1,444	1,444	1,444	1,444	1,444	1,444	1,444	12,993
5 SPACE CONDITIONING RES	0	0	0	0	0	0	0	0	0	0
6 SPACE CONDITIONING	0	0	0	0	0	0	0	0	0	0
7 EDUCATION PROGRAM	64	64	64	64	64	64	64	64	64	574
8 COMMON COSTS	279	279	279	279	279	279	279	279	279	2,507
9 (INSERT NAME)	0	0	0	0	0	0	0	0	0	0
10 (INSERT NAME)	0	0	0	0	0	0	0	0	0	0
11 (INSERT NAME)	0	0	0	0	0	0	0	0	0	0

TOTAL ALL PROGRAMS 23,811 23,811 23,811 23,811 23,811 23,811 23,811 23,811 23,811 23,811 214,297

Exhibit No.

Docket No. 990002-EG

Chesapeake Utilities Corp.  
(BAB-2)

ESTIMATED CONSERVATION PROGRAM COSTS PER PROGRAM  
APRIL 1999 THROUGH DECEMBER 1999

PROGRAM	CAPITAL INVEST	PAYROLL & BENEFITS	MATERIALS & SUPPLIES	ADVERT	INCENTIVES	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
1 HOME BUILDER PROGRAM	0	14,646	0	18,432	149,638	0	2,205	0	184,921
2 APPLIANCE REPLACEMENT	0	6,500	0	3,479	2,363	0	960	0	13,303
3	0	0	0	0	0	0	0	0	0
4 WATER HEATER RETENTION	0	1,935	0	358	10,800	0	0	0	12,993
5 SPACE CONDITIONING	0	0	0	0	0	0	0	0	0
6 SPACE CONDITION RES	0	0	0	0	0	0	0	0	0
7 EDUCATION PROGRAM	0	273	301	0	0	0	0	574	574
8 COMMON COST	0	0	0	0	0	2,506	0	2,506	2,506
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
<b>PROGRAM COSTS</b>	<b>0</b>	<b>23,255</b>	<b>301</b>	<b>22,269</b>	<b>162,801</b>	<b>2,506</b>	<b>3,165</b>	<b>3,079</b>	<b>214,297</b>

ESTIMATED CONSERVATION PROGRAM COSTS PER PROGRAM  
APRIL 1998 THROUGH MARCH 1999

PROGRAM	CAPITAL INVEST	PYROLL & BENEFITS	MATERLS. & SUPPLIES	ADVERT	INCENTIVES	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
1 HOME BUILDER PROG									
A. ACTUAL	0	13,995	0	14,336	116,385	0	1,715	0	146,432
B. ESTIMATED	0	8,881	0	10,240	83,132	0	1,225	0	103,478
TOTAL	0	22,876	0	24,577	199,517	0	2,940	0	249,910
2 WATER HEATER REPLACE									
A. ACTUAL	0	4,589	0	668	1,023		476	0	6,756
B. ESTIMATED	0	0	0	0	0		0	0	0
TOTAL	0	4,589	0	668	1,023		476	0	6,756
3 HOME HEATING REPLACE									
A. ACTUAL	0	2,924	0	668	385	0	271	0	4,247
B. ESTIMATED	0	0	0	0	0	0	0	0	0
TOTAL	0	2,924	0	668	385	0	271	0	4,247
4 CONSERVATION EDUC									
A. ACTUAL	0	0	0	0	0	0	0	0	0
B. ESTIMATED	0	0	400	0	0	0	0	0	400
TOTAL	0	0	400	0	0	0	0	0	400
5 COMMON COSTS									
A. ACTUAL	0	0	0	0	0	1,949	0	0	1,949
B. ESTIMATED	0	0	0	0	0	1,392	0	0	1,392
TOTAL	0	0	0	0	0	3,342	0	0	3,342
6 WATER HEATER RETENTION									
A. ACTUAL	0	0	0	0	2,700	0	0	0	2,700
B. ESTIMATED	0	1,008	0	477	4,500	0	0	0	5,985
C. TOTAL	0	1,008	0	477	7,200	0	0	0	8,685
SUB-TOTAL	0	31,397	400	26,389	208,125	3,342	3,687	0	273,339

ESTIMATED CONSERVATION PROGRAM COSTS PER PROGRAM  
APRIL 1998 THROUGH MARCH 1999

PROGRAM NAME	CAPITAL INVEST	ROLL & BENEFITS	MATERIALS & SUPPLIES	ADVERT	INCENTIVES	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
SUB-TOTAL - PREVIOUS PAGE	0	31,397	400	26,389	208,125	3,342	3,687	0	273,339
APPLIANCE REPLACEMENT									
7. A. ACTUAL	0	0	0	1,370	430	0	0	0	1,800
B. ESTIMATED	0	4,245	0	1,933	1,313	0	533	0	8,024
TOTAL	0	4,245	0	3,303	1,743	0	533	0	9,824
(INSERT NAME)	0	0	0	0	0	0	0	0	0
8. A. ACTUAL	0	0	0	0	0	0	0	0	0
B. ESTIMATED	0	0	0	0	0	0	0	0	0
(INSERT NAME 1-30 LETTERS)	0	0	0	0	0	0	0	0	0
(INSERT NAME)	0	0	0	0	0	0	0	0	0
9. A. ACTUAL	0	0	0	0	0	0	0	0	0
B. ESTIMATED	0	0	0	0	0	0	0	0	0
(INSERT NAME 1-30 LETTERS)	0	0	0	0	0	0	0	0	0
(INSERT NAME)	0	0	0	0	0	0	0	0	0
10. 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
(INSERT NAME)	0	0	0	0	0	0	0	0	0
11. 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
TOTAL	0	35,641	400	29,692	209,868	3,342	4,220	0	293,163

CONSERVATION PROGRAM COSTS BY PROGRAM  
ACTUAL/ESTIMATED  
APRIL 1998 THROUGH DECEMBER 1998

PROGRAM NAME	APR 1998	MAY 1998	JUN 1998	JUL 1998	AUG 1998	SEP 1998	OCT 1998	NOV 1998	DEC 1998	JAN 1999	FEB 1999	MAR 1999	TOTAL
HOME BUILDER PROGRAM	12,797	23,338	31,993	6,465	22,581	16,439	32,818	20,696	20,696	20,696	20,696	20,696	249,910
WATER HEATER REPLACEM	1,358	1,333	699	772	1,139	760	696	0	0	0	0	0	6,756
HEATER REPLACEMENT	816	610	441	492	928	515	445	0	0	0	0	0	4,247
CONSERVATION EDUC	0	0	0	0	0	0	0	0	0	200	200	0	400
	0	0	0	0	0	0	0	0	0	0	0	0	0
COMMON COSTS	390	0	0	428	0	563	569	278	278	278	278	278	3,342
APPLIANCE REPLACEMENT	0	0	0	0	700	250	1,750	1,197	1,197	1,197	1,197	1,197	8,685
WATER HEATER RETENTIO	0	0	0	0	430	0	1,370	1,605	1,605	1,605	1,605	1,605	9,824
(INSERT NAME)	0	0	0	0	0	0	0						
(INSERT NAME)	0	0	0	0	0	0	0						
(INSERT NAME)	0	0	0	0	0	0	0	0	0	0	0	0	
<b>TOTAL ALL PROGRAMS</b>	<b>15,361</b>	<b>25,281</b>	<b>33,132</b>	<b>8,156</b>	<b>25,778</b>	<b>18,526</b>	<b>37,648</b>	<b>23,776</b>	<b>23,776</b>	<b>23,976</b>	<b>23,976</b>	<b>23,776</b>	<b>283,153</b>

ENERGY CONSERVATION ADJUSTMENT  
APRIL 1998 THROUGH DECEMBER 1998

	APR 1998	MAY 1998	JUN 1998	JUL 1998	AUG 1998	SEP 1998	OCT 1998	NOV 1998	DEC 1998	JAN 1999	FEB 1999	MAR 1999	TOTAL
CONSERVATION REVS.													
RCS AUDIT FEES	0	0	0	0	0	0	0	0	0	0	0	0	0
a. OTHER PROG. REV.	0	0	0	0	0	0	0	0	0	0	0	0	0
b.	0	0	0	0	0	0	0	0	0	0	0	0	0
c.	0	0	0	0	0	0	0	0	0	0	0	0	0
CONSERV. ADJ REV. (NET OF REV. TAXES)	(33,040)	(19,961)	(16,650)	(16,878)	(17,041)	(15,508)	(19,044)	(26,967)	(31,903)	(41,539)	(36,482)	(32,231)	(307,244)
TOTAL REVENUES	(33,040)	(19,961)	(16,650)	(16,878)	(17,041)	(15,508)	(19,044)	(26,967)	(31,903)	(41,539)	(36,482)	(32,231)	(307,244)
PRIOR PERIOD TRUE-UP NOT APPLIC. TO PERIOD	5,089	5,089	5,089	5,089	5,089	5,089	5,089	5,089	5,089	5,089	5,089	5,089	61,066
CONSERVATION REVS. APPLIC. TO PERIOD	(27,951)	(14,872)	(11,561)	(11,789)	(11,952)	(10,419)	(13,955)	(21,878)	(26,814)	(36,450)	(31,393)	(27,142)	(246,178)
CONSERVATION EXPS. (FORM C-3, PAGE 3)	15,361	25,281	33,132	8,156	25,778	18,526	37,648	23,776	23,776	23,976	23,976	23,776	283,162
TRUE-UP THIS PERIOD	(12,590)	10,409	21,571	(3,633)	13,826	8,107	23,693	1,898	(3,038)	(12,474)	(7,417)	(3,366)	36,984
INTEREST THIS PERIOD (C-3, PAGE 5)	241	213	265	286	286	304	340	365	338	286	225	183	3,333
TRUE-UP & INT. BEG. OF MONTH	61,066	43,628	49,161	65,908	57,473	66,496	69,819	88,763	85,937	78,148	60,870	48,590	
PRIOR TRUE-UP COLLECT. (REFUND.)	(5,089)	(5,089)	(5,089)	(5,089)	(5,089)	(5,089)	(5,089)	(5,089)	(5,089)	(5,089)	(5,089)	(5,089)	
END OF PERIOD TOTAL NET TRUE-UP	43,628	49,161	65,908	57,473	66,496	69,819	88,763	85,937	78,148	60,870	48,590	40,317	40,317

CALCULATION OF TRUE-UP AND INTEREST PROVISION  
APRIL 1998 THROUGH DECEMBER 1998

	APR 1998	MAY 1998	JUN 1998	JUL 1998	AUG 1998	SEP 1998	OCT 1998	NOV 1998	DEC 1998	JAN 1999	FEB 1999	MAR 1999	TOTAL
INTEREST PROVISION													
BEGINNING TRUE-UP	61,066	43,628	49,161	65,908	57,473	66,496	69,819	88,763	85,937	78,148	60,870	48,590	48,590
END. T-UP BEFORE INT.	43,387	48,948	65,643	57,187	66,210	69,514	88,423	85,572	77,810	60,584	48,364	40,134	36,984
TOT. BEG. & END. T-UP	104,453	92,576	114,804	123,095	123,683	136,010	158,242	174,336	163,747	138,732	109,235	88,724	85,574
AVERAGE TRUE-UP	52,227	46,288	57,402	61,548	61,842	68,005	79,121	87,168	81,874	69,366	54,617	44,362	42,787
INT. RATE-FIRST DAY OF REPORTING BUS. MTH	5.55%	5.53%	5.50%	5.60%	5.56%	5.52%	5.22%	5.10%	4.95%	4.95%	4.95%	4.95%	
INT. RATE-FIRST DAY OF SUBSEQUENT BUS. MTH	5.53%	5.50%	5.60%	5.56%	5.52%	5.22%	5.10%	4.95%	4.95%	4.95%	4.95%	4.95%	
TOTAL	11.08%	11.03%	11.10%	11.16%	11.08%	10.74%	10.32%	10.05%	9.90%	9.90%	9.90%	9.90%	
AVG INTEREST RATE	5.54%	5.52%	5.55%	5.58%	5.54%	5.37%	5.16%	5.03%	4.95%	4.95%	4.95%	4.95%	
MONTHLY AVG. RATE	0.46%	0.46%	0.46%	0.47%	0.46%	0.45%	0.43%	0.42%	0.41%	0.41%	0.41%	0.41%	
INTEREST PROVISION	\$241	\$213	\$265	\$286	\$286	\$304	\$340	\$365	\$338	\$286	\$225	\$183	\$3,333

Schedule C-4  
Page 1 of 7

CHESAPEAKE UTILITIES CORPORATION  
Program Description and Progress

Program Title:

Residential 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:

- \$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 seven month period April, 1998 through October, 1998, 248 residences qualified under our home builder program. We estimate that 177 new homes will qualify during the period November, 1998 through March, 1999.

Program Fiscal Expenditures:

For the two month period seven month period April 1998 through October, 1998 CUC incurred costs of \$146,432 for the Home Builder Program. For November, 1998 through March, 1999, costs are estimated to be \$103,478.



Schedule C-4

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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 Strip 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 costs associated with the installation of piping, venting and purchase of natural gas appliances.

Program Allowances:

- \$330 Per Energy Efficient Natural Gas Water Heater
- \$330 Per Energy Efficient Natural Gas Furnace
- \$50 Per Energy Efficient Natural Gas Clothes Dryer
- \$50 Per Energy Efficient Natural Gas Range

Program Projections:

During the seven month period, April, 1998 through October, 1998, 9 residences qualified under our appliance replacement program. We estimate an additional 6 residences will qualify for incentives during the period November, 1998 through March, 1999.

Program Fiscal Expenditures:

For the seven month period April through October, 1998, CUC incurred costs of \$12,803 for the Residential Appliance Replacement Program. During November, 1998 through March, 1999 costs are estimated to be \$8,024.

Exhibit No. \_\_\_\_\_

Docket No. 980002-EG  
CHESAPEAKE UTILITIES CORPORATION  
(BAB-1)  
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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. This program is designed to provide Builders and Developers a cash incentive to encourage the installation of gas appliances in newly constructed homes.

Program Allowances:

- \$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:

There has been no activity in this program to date.

Program Fiscal Expenditures:

There has been no activity in this program to date.

Exhibit No. \_\_\_\_\_

Docket No. 980002-EG

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CHESAPEAKE UTILITIES CORPORATION

Program Description and Progress

Program Title:

Residential Water Heater Retention Program

Program Description:

The program is designed 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 fo the natural gas water heater.

Program Allowances:

\$ 100	Water Heater Customer Incentive
\$ 50	Dealer Incentive

Program Projections:

For the seven month period April through October, 1998, CUC paid allowances on 25 water heaters. We estimate we will pay allowances on 41 additional water heaters during the period of November, 1999 through March, 1999.

Program Fiscal Expenditures:

For the seven month period April through October, 1998, CUC incurred program costs of \$2,700 for this program. For November, 1998 through March, 1999, expenditures for allowances totaling \$5,985 are anticipated.

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CHESAPEAKE UTILITIES CORPORATION  
Program Description and Progress

Program Title:

Natural Gas Space Conditioning Program for Residential Homes

Program Description:

The 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 summer KW demand and will assist in the conservation of KWH production.

Program Allowances:

\$1,200 Per Installation of Natural Gas Cooling Equipment

Program Projections:

For the seven month period April through October, 1998, CUC paid no allowances on this program.

Program Fiscal Expenditures:

For the seven month period April through October, 1998, CUC incurred no costs for the Natural Gas Space Conditioning Program.

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CHESAPEAKE UTILITIES CORPORATION  
Program Description and Progress

Program Title:  
Gas Space Conditioning Program

Program Description:  
The program is designed to convert non-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 summer KW demand and will assist in the conservation of KWH production.

Program Allowances:  
\$50 per Ton Installation of Natural Gas Cooling Equipment

Program Projections:  
For the seven month period April through October, 1998, CUC paid no allowances on this program.

Program Fiscal Expenditures:  
For the seven month period April through October, 1998, CUC incurred no costs for the Natural Gas Space Conditioning Program.

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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 \$400 planned for the balance of the period from November, 1998 through March, 1999.