

ORIGINAL

Exhibit \_\_\_\_\_ (BAB-2)

**CHESAPEAKE UTILITIES CORPORATION**  
**CONSERVATION COST RECOVERY PROJECTION**  
**JANUARY 1, 2000 THROUGH DECEMBER 31, 2000**

SCHEDULE C-1

Exhibit No. \_\_\_\_\_  
 Docket No. 990002-EG  
 Chesapeake Utilities Corp.  
 (BAB-2)

ENERGY CONSERVATION ADJUSTMENT  
 SUMMARY OF COST RECOVERY CLAUSE CALCULATION  
 JANUARY 2000 THROUGH DECEMBER 2000

1. INCREMENTAL COSTS (SCHEDULE C-2)	410,867
2. TRUE-UP (SCHEDULE C-3)	<u>114,268</u>
3. TOTAL	<u>525,135</u>

RATE CLASS	BILLS	THERM SALES	CUSTOMER CHARGE REVENUES	ENERGY CHARGE	TOTAL	ESTIMATED ECCR	% SURCHARGE	CENTS PER THERM	PEREXPANSION FACTOR	ECCR ADJUSTMENT FACTORS
GS RESIDENTIAL	99,226	2,222,378	644,969	958,423	1,603,392	152,290	9.4980%	0.0685	1.00376	0.06878
GS COMMERCIAL	9,465	4,417,274	141,975	862,782	1,004,757	95,432	9.4980%	0.0216	1.00376	0.02169
GS COMMERCIAL LV	318	1,958,954	6,360	263,773	270,133	25,657	9.4980%	0.0131	1.00376	0.01315
GS INDUSTRIAL	578	8,697,083	23,120	639,062	662,182	62,894	9.4980%	0.0072	1.00376	0.00726
FIRM TRANSPORTATION	0	27,061,160	0	1,988,454	1,988,454	188,863	9.4980%	0.0070	1.00376	0.00701
OTHER										
OTHER										
TOTAL	109,587	44,356,849	816,424	4,712,494	5,528,918	525,135				



PROJECTED CONSERVATION PROGRAM COSTS BY COST CATEGORY  
FOR PERIOD: JANUARY 2000 THROUGH DECEMBER 2000

PROGRAM NAME	CAPITAL INVESTMENT	PAYROLL & BENEFITS	MATERIALS & SUPPLIES	ADVERTISING	INCENTIVES	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
1. HOME BUILDER PROGRAM	0	27,141	0	6,947	330,588	0	2,000	0	366,677
2. WATER HEATER REPLACEMENT	0	11,151	0	6,220	10,740	0	0	857	28,969
3. HOME HEATING REPLACE	0	0	0	0	0	0	0	0	0
4. CONSERVATION EDUCATION	0	2,828	0	0	11,550	0	219	0	14,597
5. COMMON COSTS	0	0	0	0	0	0	0	0	0
6. GAS SPACE CONDITIONING	0	0	0	0	0	0	0	0	0
7. (INSERT NAME)	0	484	0	0	0	0	0	0	484
8. (INSERT NAME)	0	0	0	0	0	141	0	0	141
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	41,604	0	13,167	352,878	141	2,219	857	410,867
LESS: AMOUNT IN RATE BASE	0	0	0	0	0	0	0	0	0
RECOVERABLE CONSER.	0	41,604	0	13,167	352,878	141	2,219	857	410,867

CONSERVATION PROGRAM COSTS BY COST CATEGORY  
FOR PERIOD APRIL 1999 THROUGH DECEMBER 1999  
FOUR MONTHS ACTUAL AND FIVE MONTHS ESTIMATED

	CAPITAL INVESTMENT	PAYROLL & BENEFITS	MATERIALS & SUPPLIES	ADVERTISING	INCENTIVES	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
1. HOME BUILDER PROGRAM									
A. ACTUAL	0	8,699	0	2,466	110,046	0	667	0	121,878
B. ESTIMATED	0	10,874	0	3,082	137,558	0	834	0	152,347
C. TOTAL	0	19,573	0	5,548	247,604	0	1,500	0	274,225
2. RESIDENTIAL APPLIANCE REPLACEMENT									
A. ACTUAL	0	3,574	0	2,171	3,483	0	286	0	9,513
B. ESTIMATED	0	4,468	0	2,714	4,353	0	357	0	11,892
C. TOTAL	0	8,042	0	4,885	7,836	0	643	0	21,405
3. RESIDENTIAL PROPANE DISTRIBUTION									
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
4. RESIDENTIAL WATER HEATER RETENTION									
A. ACTUAL	0	906	0	0	3,850	0	73	0	4,829
B. ESTIMATED	0	1,133	0	0	4,813	0	91	0	6,036
C. TOTAL	0	2,039	0	0	8,663	0	164	0	10,866
5. NG SPACE CONDITIONING FOR RESIDENTIAL HOMES									
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
6. GAS SPACE CONDITIONING									
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
7. EDUCATION									
A. ACTUAL	0	155	0	0	0	0	13	0	168
B. ESTIMATED	0	194	0	0	0	0	16	0	210
C. TOTAL	0	349	0	0	0	0	29	0	378
8 COMMON COST									
A. ACTUAL	0	0	0	0	0	47	0	0	47
B. ESTIMATED	0	0	0	0	0	59	0	0	59
C. TOTAL	0	0	0	0	0	106	0	0	106
SUB-TOTAL	0	30,003	0	10,432	264,102	106	2,337	0	306,979



CONSERVATION PROGRAM COSTS - EXPENSES BY MONTH  
FOR PERIOD: APRIL 1999 THROUGH DECEMBER 1999  
FOUR MONTHS ACTUAL AND FIVE MONTHS PROJECTED

DESCRIPTION	APR NO. 1	MAY NO. 2	JUN NO. 3	JUL NO. 4	AUG NO. 5	SEP NO. 6	OCT NO. 7	NOV NO. 8	DEC NO. 9	MONTH NO. 10	MONTH NO. 11	MONTH NO. 12	TOTAL
1. HOME BUILDER PROGRAM	28,798	10,579	55,611	26,888	30,469	30,469	30,469	30,469	30,469				274,223
2. WATER HEATER REPLACEMENT	0	0	0	0	0	0	0	0	0				0
3. HOME HEATING REPLACE	0	0	0	0	0	0	0	0	0				0
4. CONSERVATION EDUCATION	42	41	42	42	42	42	42	42	42				377
5. COMMON COSTS	0	47	0	0	12	12	12	12	12				106
6. GAS SPACE CONDITIONING	0	0	0	0	0	0	0	0	0				0
7. WATER HEATER RETENTION	1,593	540	1,800	896	1,207	1,207	1,207	1,207	1,207				10,866
8. RES. APPLIANCE REPLACEMENT	2,338	3,606	2,498	1,072	2,378	2,378	2,378	2,378	2,378				21,406
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
12. (INSERT NAME)	0	0	0	0	0	0	0	0	0				0
13. (INSERT NAME)	0	0	0	0	0	0	0	0	0				0
14. (INSERT NAME)	0	0	0	0	0	0	0	0	0				0
15. (INSERT NAME)	0	0	0	0	0	0	0	0	0				0
16. (INSERT NAME)	0	0	0	0	0	0	0	0	0				0
17. (INSERT NAME)	0	0	0	0	0	0	0	0	0				0
18. (INSERT NAME)	0	0	0	0	0	0	0	0	0				0
19. (INSERT NAME)	0	0	0	0	0	0	0	0	0				0
20. (INSERT NAME)	0	0	0	0	0	0	0	0	0				0
TOTAL ALL PROGRAMS	32,771	14,813	59,952	28,900	34,109	34,109	34,109	34,109	34,109				306,979
LESS:													
BASE RATE RECOVERY	0	0	0	0	0	0	0	0	0				0
NET RECOVERABLE	32,771	14,813	59,952	28,900	34,109	34,109	34,109	34,109	34,109				306,979

ENERGY CONSERVATION COST RECOVERY ADJUSTMENT  
FOR PERIOD: APRIL 1999 THROUGH DECEMBER 1999  
FOUR MONTHS ACTUAL AND FIVE MONTHS ESTIMATED

CONSERVATION REVS	APR NO.1	MAY NO. 2	JUN NO. 3	JUL NO. 4	AUG NO. 5	SEP NO. 6	OCT NO. 7	NOV NO. 8	DEC NO. 9	MONTH NO. 10	MONTH NO. 11	MONTH NO. 12	TOTAL
1. RCS AUDIT FEE	0	0	0	0	0	0	0	0	0	0	0	0	0
2. OTHER PROG. REVS.	0	0	0	0	0	0	0	0	0	0	0	0	0
3. CONSERV. ADJ REVS.	(34,179)	(27,535)	(23,928)	(22,152)	(26,948)	(26,948)	(26,948)	(26,948)	(26,948)	0	0	0	(242,536)
4. TOTAL REVENUES	(34,179)	(27,535)	(23,928)	(22,152)	(26,948)	(26,948)	(26,948)	(26,948)	(26,948)	0	0	0	(242,536)
5. PRIOR PERIOD TRUE- UP NOT APPLICABLE TO THIS PERIOD	5,196	5,196	5,196	5,196	5,196	5,196	5,196	5,196	5,196				46,764
6. CONSERV. REVS. APPLICABLE TO THE PERIOD	(28,983)	(22,339)	(18,732)	(16,956)	(21,752)	(21,752)	(21,752)	(21,752)	(21,752)	0	0	0	(195,772)
7. CONSERV. EXPS.	32,771	14,813	59,952	28,900	34,109	34,109	34,109	34,109	34,109	0	0	0	306,979
8. TRUE-UP THIS PERIOD	3,788	(7,526)	41,220	11,944	12,356	12,356	12,356	12,356	12,356	0	0	0	111,207
9. INTER. PROVISION THIS PERIOD	186	158	210	307	356	408	443	479	515	0	0	0	3,061
10. TRUE-UP AND INTEREST PROV. BEG. OF MONTH	46,763	45,541	32,977	69,211	76,266	83,782	91,351	98,954	106,593	0	0	0	46,763
11. PRIOR TRUE-UP COLLECTED OR (REFUNDED)	(5,196)	(5,196)	(5,196)	(5,196)	(5,196)	(5,196)	(5,196)	(5,196)	(5,196)	0	0	0	(46,763)
12. TOTAL NET TRUE-UP	45,541	32,977	69,211	76,266	83,782	91,351	98,954	106,593	114,268	0	0	0	114,268



CALCULATION OF TRUE-UP AND INTEREST PROVISION  
FOR PERIOD: APRIL 1999 THROUGH DECEMBER 1999  
FOUR MONTHS ACTUAL AND FIVE MONTHS PROJECTED

INTEREST PROVISION	APR NO.1	MAY NO. 2	JUN NO. 3	JUL NO. 4	AUG NO. 5	SEP NO. 6	OCT NO. 7	NOV NO. 8	DEC NO. 9	NO. 10	NO. 11	NO. 12	TOTAL
1. BEGINNING TRUE-UP	46,763	45,541	32,977	69,211	76,266	83,782	91,351	98,954	106,593	0	0	0	
2. ENDING TRUE-UP BEFORE INTEREST	45,355	32,819	69,001	75,959	83,426	90,943	98,511	106,115	113,754	0	0	0	
3. TOTAL BEGINNING & ENDING TRUE-UP	92,119	78,361	101,978	145,170	159,692	174,725	189,861	205,069	220,347	0	0	0	
4. AVERAGE TRUE-UP (LINE 3 TIMES 50%)	46,059	39,180	50,989	72,585	79,846	87,362	94,931	102,534	110,174	0	0	0	
5. INTEREST RATE FIRST DAY OF REPORTING MONTH	4.88%	4.80%	4.85%	5.05%	5.10%	5.60%	5.60%	5.60%	5.60%	0.00%	0.00%	0.00%	
6. INTER. RATE - FIRST DAY SUBSEQUENT MONTH	4.80%	4.85%	5.05%	5.10%	5.60%	5.60%	5.60%	5.60%	5.60%	0.00%	0.00%	0.00%	
7. TOTAL (SUM LINES 5 & 6)	9.68%	9.65%	9.90%	10.15%	10.70%	11.21%	11.21%	11.21%	11.21%	0.00%	0.00%	0.00%	
8. AVG. INTEREST RATE (LINE 7 TIMES 50%)	4.84%	4.83%	4.95%	5.08%	5.35%	5.60%	5.60%	5.60%	5.60%	0.00%	0.00%	0.00%	
9. MONTHLY AVG INTEREST RATE	0.40%	0.40%	0.41%	0.42%	0.45%	0.47%	0.47%	0.47%	0.47%	0.00%	0.00%	0.00%	
10. INTEREST PROVISION	186	158	210	307	356	408	443	479	515	0	0	0	3,061

Schedule C-4  
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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 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 Activity:  
During the four month period April, 1999 through July, 1999, 187 residences qualified under our home builder program. We estimate 234 new homes will qualify during the period August, 1999 through December, 1999.

Program Fiscal Expenditures:  
For the four month period April, 1999 through July, 1999 CUC incurred costs of \$121,878 for the Home Builder Program. For August, 1999 through December, 1999, costs are estimated to be \$152,347.

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## 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 costs associated with the piping and venting of natural gas equipment.

Allowance:

Conservation allowance is currently:

\$330.00	Energy Efficient Water Heater Installation
\$330.00	Natural Gas Home Heating System
\$ 50.00	Energy-efficient gas range
\$ 50.00	Natural Gas Clothes Dryer

Program Projections:

During the four month period April, 1999 through July, 1999, 6 residences qualified under our appliance replacement program. We estimate an additional 8 residences will qualify for incentives during the period August, 1999 through December, 1999.

Program Fiscal Expenditures:

For the four month period April, 1999 through July, 1999, CUC incurred costs of \$9,513 for the Residential Appliance Replacement Program. During August, 1999 through December, 1999 costs are estimated to be \$11,892

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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 Projections:

There has been no activity in this program to date.

Program Fiscal Expenditures:

There has been no activity in this program to date.

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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:

During the four month period April, 1999 through July, 1999, CUC incurred program costs of \$168 for this program. For August, 1999 through December, 1999, expenditures are estimated to be \$210 for this program.

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CHESAPEAKE UTILITIES CORPORATION  
Program Description and Progress

Program Title:

Natural Gas Space Conditioning for Residential Homes Program

Program Description:

The program is intended to encourage the use of energy efficient natural gas air conditioning products in residential homes. The program is designed to offer a \$1200 per unit allowance to qualifying participants to compensate for the higher initial costs of natural gas space conditioning equipment and its installation.

Program Projections:

For the four month period April through July, 1999, CUC paid no allowances on this program.

Program Fiscal Expenditures:

For the four month period April through July, 1999, CUC incurred no cost 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 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:

For the four month period April through July, 1999, CUC paid no allowances on this program.

Program Fiscal Expenditures:

For the four month period April through July, 1999, CUC incurred no costs for the Natural Gas Space Conditioning Program.

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CHESAPEAKE UTILITIES CORPORATION  
Program Description and Progress

Program Title:  
Residential Water Heater Retention Program

Program Description:

This program is offered to existing customers and dealers to encourage the continued use of natural gas in the home and avoid costly abandonment activities by the Company. 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 a cash payment to the customer and dealer.

Allowances:

Conservation allowances are currently:

- \$100 Energy efficient natural gas water heater installation.
- \$ 50 Dealer

Program Activity:

For the four month period April, 1999 through July, 1999, CUC paid allowances on 36 water heaters. We estimate we will pay allowances on 45 additional water heaters during the period of August, 1999 through December, 1999.

Program Fiscal Expenditures:

For the four month period April, 1999 through July, 1999, CUC incurred program costs of \$4,829 for this program. For August, 1999 through December, 1999, expenditures totaling \$6036 are anticipated.