



1 A. Yes. Summaries of the five programs are contained in Schedule C-4 of Exhibit BAB-  
2 2. Included are our Home Builder Program, Residential Appliance Replacement,  
3 Residential Propane Distribution, Residential Water Heater Retention, Natural Gas Space  
4 Conditioning for Residential Homes, Gas Space Conditioning, and our Conservation Education  
5 Program.

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

8 A. Yes, Schedule C-3, Exhibit BAB-2 shows actual expenses for the months January through  
9 July, 2000. Projections for August through December, 2000 are also  
10 shown on Schedule C-3. Projected expenses for the January 2001 through December 2001  
11 period are shown on Schedule C-2 of Exhibit BAB-2.

12 Q. Have you prepared schedules which show revenues for the period January, 2000  
13 through December, 2000?

14 A. Yes. Schedule C-3 (Page 4 of 5) shows actual revenues for the months January  
15 through July, 2000. Projections for August through December, 2000, are  
16 also shown on Schedule C-3 (Page 4 of 5).

17 Q. Have you prepared a schedule which shows the calculation of the Company's proposed  
18 conservation adjustment factors to be applied during billing periods from January 1, 2001  
19 through December 31, 2001?

20 A. Yes. Schedule C-1 of Exhibit BAB-2 shows this calculation. Net program cost  
21 estimates for the period January 1, 2000 through December 31, 2000 are used. The  
22 estimated true-up amount from Schedule C-3 (Page 4 of 5, Line 12) of Exhibit BAB-2,  
23 being an underrecovery, was added to the total of the projected costs for the twelve month  
24 period. The total amount was then divided among the Company's firm rate classes,  
25 based on total projected contribution. The results were then divided by the projected  
26 retail firm therm sales for each rate class for the twelve-month period ending December 31,

1            2001. 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.

4

5

6

7

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

**THE FLORIDA DIVISION OF CHESAPEAKE UTILITIES CORPORATION**

**CONSERVATION COST RECOVERY PROJECTION**

**January 1, 2001 through December 31, 2001**

SCHEDULE C-1

Exhibit No. \_\_\_\_\_  
 Docket No. 000002-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)	298,501
2. TRUE-UP (SCHEDULE C-3)	<u>12,990</u>
3. TOTAL	<u>311,491</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	108,647	2,534,847	760,529	1,188,970	1,949,499	121,035	6.2085%	0.0477	1.00503	0.04799
GS COMMERCIAL	9,706	4,832,928	145,590	1,068,802	1,214,392	75,395	6.2085%	0.0156	1.00503	0.01568
GS COMMERCIAL LV	297	1,456,305	5,940	251,751	257,691	15,999	6.2085%	0.0110	1.00503	0.01104
GS INDUSTRIAL	242	4,307,149	9,680	339,791	349,471	21,697	6.2085%	0.0050	1.00503	0.00506
FIRM TRANSPORTATION	204	15,692,267	8,160	1,237,963	1,246,123	77,366	6.2085%	0.0049	1.00503	0.00495
OTHER										
OTHER										
<b>TOTAL</b>	<b>119,096</b>	<b>28,823,496</b>	<b>929,899</b>	<b>4,087,277</b>	<b>5,017,176</b>	<b>311,491</b>				



PROJECTED CONSERVATION PROGRAM COSTS BY COST CATEGORY  
FOR PERIOD: JANUARY 2001 THROUGH DECEMBER 2001

PROGRAM NAME	CAPITAL INVESTMENT	PAYROLL & BENEFITS	MATERIALS & SUPPLIES	ADVERTISING	INCENTIVES	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
1. HOME BUILDER PROGRAM	0	16,991	1,022	41,876	144,331	0	0	0	204,220
2. RESIDENTIAL APPLIANCE REPLACEMENT	0	9,108	714	13,783	14,994	0	0	0	38,599
3. RESIDENTIAL PROPANE DISTRIBUTION	0	0	0	0	0	0	0	0	0
4. RESIDENTIAL WATER HEATER RETENTIO	0	7,699	0	3,086	19,861	0	0	0	30,646
5. NG SPACE CONDITIONING	0	0	0	0	0	0	0	0	0
6. GAS SPACE CONDITIONING	0	0	0	0	0	0	0	0	0
7. EDUCATION	0	2,145	10,814	12,077	0	0	0	0	25,037
8. COMMON COSTS	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
<b>TOTAL ALL PROGRAMS</b>	<b>0</b>	<b>35,943</b>	<b>12,551</b>	<b>70,821</b>	<b>179,186</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>298,501</b>
<b>LESS: AMOUNT IN RATE BASE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>RECOVERABLE CONSER.</b>	<b>0</b>	<b>35,943</b>	<b>12,551</b>	<b>70,821</b>	<b>179,186</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>298,501</b>

CONSERVATION PROGRAM COSTS BY COST CATEGORY  
FOR PERIOD JANUARY 2000 THROUGH DECEMBER 2000  
SEVEN MONTHS ACTUAL AND FIVE MONTHS ESTIMATED

	CAPITAL INVESTMENT	PAYROLL & BENEFITS	MATERIALS & SUPPLIES	ADVERTISING	INCENTIVES	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
<b>1. HOME BUILDER PROGRAM</b>									
A. ACTUAL	0	9,530	573	20,356	80,955	0	474	0	111,888
B. ESTIMATED	0	6,807	409	14,540	57,825	0	0	0	79,582
C. TOTAL	0	16,338	983	34,896	138,780	0	474	0	191,471
<b>2. RESIDENTIAL APPLIANCE REPLACEMENT</b>									
A. ACTUAL	0	5,108	401	6,700	8,410	0	155	0	20,774
B. ESTIMATED	0	3,649	286	4,786	6,007	0	0	0	14,728
C. TOTAL	0	8,757	687	11,486	14,417	0	155	0	35,502
<b>3. RESIDENTIAL PROPANE DISTRIBUTION</b>									
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
<b>4. RESIDENTIAL WATER HEATER RETENTION</b>									
A. ACTUAL	0	4,318	0	1,500	11,140	0	155	0	17,113
B. ESTIMATED	0	3,084	0	1,071	7,957	0	0	0	12,113
C. TOTAL	0	7,403	0	2,571	19,097	0	155	0	29,226
<b>5. NG SPACE CONDITIONING FOR RESIDENTIAL HOMES</b>									
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
<b>6. GAS SPACE CONDITIONING</b>									
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
<b>7. EDUCATION</b>									
A. ACTUAL	0	894	210	5,871	0	0	158	0	7,133
B. ESTIMATED	0	638	150	4,193	0	0	0	0	4,982
C. TOTAL	0	1,532	360	10,064	0	0	158	0	12,115
<b>8 COMMON COST</b>									
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
<b>TOTAL COSTS</b>	0	34,030	2,030	59,018	172,294	0	941	0	268,313





ENERGY CONSERVATION COST RECOVERY ADJUSTMENT  
FOR PERIOD: JANUARY 2000 THROUGH DECEMBER 2000  
SEVEN MONTHS ACTUAL AND FIVE MONTHS ESTIMATED

CONSERVATION REVS	MONTH JAN	MONTH FEB	MONTH MAR	MONTH APR	MONTH MAY	MONTH JUN	MONTH JUL	MONTH AUG	MONTH SEP	MONTH OCT	MONTH NOV	MONTH DEC	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.	(51,023)	(48,726)	(35,965)	(33,195)	(27,462)	(24,811)	(21,299)	(21,299)	(21,299)	(21,299)	(21,299)	(21,299)	(348,976)
4. TOTAL REVENUES	(51,023)	(48,726)	(35,965)	(33,195)	(27,462)	(24,811)	(21,299)	(21,299)	(21,299)	(21,299)	(21,299)	(21,299)	(348,976)
5. PRIOR PERIOD TRUE- UP NOT APPLICABLE TO THIS PERIOD	7,712	7,712	7,712	7,712	7,712	7,712	7,712	7,712	7,712	7,712	7,712	7,712	92,539
6. CONSERV. REVS. APPLICABLE TO THE PERIOD	(43,311)	(41,014)	(28,253)	(25,484)	(19,751)	(17,100)	(13,587)	(13,587)	(13,587)	(13,587)	(13,587)	(13,587)	(256,436)
7. CONSERV. EXPS.	5,280	22,809	37,925	29,701	23,318	6,751	31,123	22,281	22,281	22,281	22,281	22,281	268,313
8. TRUE-UP THIS PERIOD	(38,031)	(18,205)	9,672	4,218	3,568	(10,348)	17,535	8,694	8,694	8,694	8,694	8,694	11,876
9. INTER. PROVISION THIS PERIOD	332	165	111	111	96	38	16	42	44	48	53	58	1,113
10. TRUE-UP AND INTEREST PROV. BEG. OF MONTH	92,539	47,128	21,377	23,448	20,065	16,016	(2,005)	7,834	8,858	9,884	10,914	11,950	92,539
11. PRIOR TRUE-UP COLLECTED OR (REFUNDED)	(7,712)	(7,712)	(7,712)	(7,712)	(7,712)	(7,712)	(7,712)	(7,712)	(7,712)	(7,712)	(7,712)	(7,712)	(92,539)
12. TOTAL NET TRUE-UP	47,128	21,377	23,448	20,065	16,016	(2,005)	7,834	8,858	9,884	10,914	11,950	12,990	12,990

CALCULATION OF TRUE-UP AND INTEREST PROVISION  
FOR PERIOD: JANUARY 2000 THROUGH DECEMBER 2000  
SEVEN MONTHS ACTUAL AND FIVE MONTHS PROJECTED

INTEREST PROVISION	MONTH JAN	MONTH FEB	MONTH MAR	MONTH APR	MONTH MAY	MONTH JUN	MONTH JUL	MONTH AUG	MONTH SEP	MONTH OCT	MONTH NOV	MONTH DEC	TOTAL
1. BEGINNING TRUE-UP	92,539	47,128	21,377	23,448	20,065	16,016	(2,005)	7,834	8,858	9,884	10,914	11,950	
2. ENDING TRUE-UP BEFORE INTEREST	46,796	21,212	23,337	19,954	15,921	(2,043)	7,818	8,816	9,840	10,866	11,897	12,932	
3. TOTAL BEGINNING & ENDING TRUE-UP	139,335	68,340	44,714	43,402	35,985	13,973	5,813	16,651	18,699	20,750	22,811	24,882	
4. AVERAGE TRUE-UP (LINE 3 TIMES 50%)	69,668	34,170	22,357	21,701	17,993	6,986	2,907	8,325	9,349	10,375	11,405	12,441	
5. INTEREST RATE FIRST DAY OF REPORTING MONTH	5.63%	5.80%	5.80%	6.07%	6.18%	6.57%	6.58%	6.50%	5.60%	5.60%	5.60%	5.60%	
6. INTER. RATE - FIRST DAY SUBSEQUENT MONTH	5.80%	5.80%	6.07%	6.18%	6.57%	6.58%	6.50%	5.60%	5.60%	5.60%	5.60%	5.60%	
7. TOTAL (SUM LINES 5 & 6)	11.43%	11.60%	11.87%	12.25%	12.75%	13.15%	13.08%	12.10%	11.21%	11.21%	11.21%	11.21%	
8. AVG. INTEREST RATE (LINE 7 TIMES 50%)	5.72%	5.80%	5.94%	6.13%	6.38%	6.58%	6.54%	6.05%	5.60%	5.60%	5.60%	5.60%	
9. MONTHLY AVG INTEREST RATE	0.48%	0.48%	0.49%	0.51%	0.53%	0.55%	0.55%	0.50%	0.47%	0.47%	0.47%	0.47%	
10. INTEREST PROVISION	332	165	111	111	96	38	16	42	44	48	53	58	1,113

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 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 and Projections:

During the seven month period January, 2000 through July, 2000, 185 residences qualified under our home builder program. We estimate 132 new homes will qualify during the period August, 2000 through December, 2000.

Program Fiscal Expenditures:

For the seven month period January, 2000 through July, 2000 CUC incurred costs of \$111,888 for the Home Builder Program. For August, 2000 through December, 2000, costs are estimated to be \$79,582.

Schedule C-4  
Page 2 of 7

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 Activity and Projections:

During the seven month period January, 2000 through July, 2000, 38 residences qualified under our appliance replacement program. We estimate an additional 25 residences will qualify for incentives during the period August, 2000 through December, 2000.

Program Fiscal Expenditures:

For the seven month period January, 2000 through July, 2000, CUC incurred costs of \$20,774 for the Residential Appliance Replacement Program. During August, 2000 through December, 2000 costs are estimated to be \$14,728.

Schedule C-4

Page 3 of 7

**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 Activity and Projections:**

There has been no activity in this program to date. No activity is projected for the remainder of 2000.

**Program Fiscal Expenditures:**

There has been no activity in this program to date.

Schedule C-4  
Page 4 of 7

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

Program Fiscal Expenditures:  
During the seven month period January, 2000 through July, 2000, CUC incurred program costs of \$7,133 for this program. For August, 2000 through December, 2000, expenditures are estimated to be \$4,982 for this program.

Schedule C-4

Page 5 of 7

**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 Activity and Projections:

For the seven month period January, 2000 through July, 2000, CUC paid no allowances on this program. No activity is projected in this program for the remainder of 2000.

Program Fiscal Expenditures:

For the seven month period January, 2000 through July, 2000, CUC incurred no cost for the Natural Gas Space Conditioning Program.

Schedule C-4  
Page 6 of 7

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 Activity and Projections:

For the seven month period January, 2000 through July, 2000, CUC paid no allowances on this program. No activity is projected for the remainder of 2000.

Program Fiscal Expenditures:

For the seven month period January, 2000 through July, 2000, CUC incurred no costs for the Natural Gas Space Conditioning Program.

Schedule C-4  
Page 7 of 7

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 and Projections:  
For the seven month period January, 2000 through July, 2000, CUC paid allowances on 65 water heaters. We estimate we will pay allowances on 45 additional water heaters during the period of August, 2000 through December, 2000.

Program Fiscal Expenditures:  
For the seven month period January, 2000 through July, 2000, CUC incurred program costs of \$17,113 for this program. For August, 2000 through December, 2000, expenditures totaling \$12,113 are anticipated.