

ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Natural Gas Conservation
Cost Recovery.

Docket No. 040004

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CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the prefiled direct testimony of Brian S. Bilinski and Exhibit BSB-1 were furnished by hand-delivery to Martha C. Brown, Esq., Office of the General Counsel, Florida Public Service Commission, 2540 Shumard Oak Blvd., Tallahassee, FL 32399-0850, and by U.S. Mail to the following, on this 3d day of May, 2004:

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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. 040004-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 6th 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 2003 through December 2003. 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 2003 through December

1 2003 are contained in Schedule CT-6 of Exhibit BSB-1. Included are our
2 Residential Home Builder Program, Residential Appliance Replacement
3 Program, Residential Water Heater Retention Program, Natural Gas Space
4 Conditioning for Residential Homes Program, Gas Space Conditioning
5 Program, Residential Propane Distribution Program and our Conservation
6 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
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 2003
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 2003?

16 A. As shown in Exhibit BSB-1, Schedule CT-2, page 2, total program costs were
17 \$1,002,151. This total is \$238,505 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 2003?

1 A. As shown on Schedule CT-2, page 1, we originally estimated an overrecovery,
2 including interest, of \$92,440. This projected true-up amount was based on
3 conservation revenues of \$855,848 for the period January 2003 through
4 December 2003. However, the approved energy conservation rates for sales
5 and transportation services during this period actually yielded conservation
6 revenues of \$1,025,686, or \$169,838 over projection. Expenses for the
7 period were \$238,505 more than projected. The total difference, including
8 interest, is \$68,758.

9 Q. Is this adjusted net true-up of \$68,758 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. 040004-GU

Exhibit _____ (BSB-1)

CHESAPEAKE UTILITIES CORPORATION
CONSERVATION COST RECOVERY TRUE-UP
January 1, 2003 through December 31, 2003

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SCHEDULE CT-1

COMPANY: Chesapeake Utilities Corporation
Docket No. 040004-GU
Exhibit BSB-1
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ADJUSTED NET TRUE-UP
FOR MONTH JANUARY 2003 THROUGH DECEMBER 2003

END OF PERIOD NET TRUE-UP

PRINCIPLE	(23,534)	
INTEREST	<u>(148)</u>	(23,682)

LESS PROJECTED TRUE-UP

PRINCIPLE	(92,202)	
INTEREST	<u>(238)</u>	<u>(92,440)</u>

ADJUSTED NET TRUE-UP		<u>68,758</u>
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() REFLECTS OVER-RECOVERY

ANALYSIS OF ENERGY CONSERVATION PROGRAM COSTS
ACTUAL VERSUS ESTIMATED

JANUARY 2003 THROUGH DECEMBER 2003

	<u>ACTUAL</u>	<u>PROJECTED*</u>	<u>DIFFERENCE</u>
CAPITAL INVESTMENT	0	0	0
PAYROLL & BENEFITS	369,505	431,219	(61,714)
MATERIALS & SUPPLIES	63,209	28,142	35,067
ADVERTISING	87,386	78,847	8,539
INCENTIVES	344,700	162,732	181,968
OUTSIDE SERVICES	115,848	62,706	53,142
VEHICLES	14,098	0	14,098
OTHER	<u>7,406</u>	<u>0</u>	<u>7,406</u>
SUB-TOTAL	1,002,151	763,646	238,505
PROGRAM REVENUES	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL PROGRAM COSTS	1,002,151	763,646	238,505
LESS.			
PAYROLL ADJUSTMENTS	0	0	0
AMOUNTS INCLUDED IN RATE BASE	0	0	0
CONSERVATION REVENUES APPLICABLE TO THE PERIOD	(1,025,686)	(855,848)	(169,838)
ROUNDING ADJUSTMENT	<u>0</u>	<u>0</u>	<u>0</u>
TRUE-UP BEFORE INTEREST	(23,534)	(92,202)	68,668
INTEREST PROVISION	<u>(148)</u>	<u>(238)</u>	<u>90</u>
END OF PERIOD TRUE-UP	<u>(23,682)</u>	<u>(92,440)</u>	<u>68,758</u>

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

ACTUAL CONSERVATION PROGRAM COSTS PER PROGRAM
FOR MONTHS: JANUARY 2003 THROUGH DECEMBER 2003

PROGRAM NAME	CAPITAL INVESTMENT	PAYROLL & BENEFITS	MATERIALS & SUPPLIES	ADVERTISING	INCENTIVES	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
PROGRAM 1: RESIDENTIAL HOME BUILDER	0	170,946	20,621	43,423	314,550	33,932	7,671	5,695	596,839
PROGRAM 2: RESIDENTIAL APPLIANCE REPLACEMENT	0	64,409	12,078	16,777	9,100	19,618	1,989	917	124,887
PROGRAM 3: RESIDENTIAL PROPANE DISTRIBUTION	0	12,921	546	25	0	3,968	271	0	17,732
PROGRAM 4: RESIDENTIAL WATER HEATER RETENTION	0	15,768	6,328	167	16,550	10,319	787	167	50,086
PROGRAM 5: NG SPACE CONDITIONING FOR RES HOMES	0	700	0	0	0	0	0	0	700
PROGRAM 6: GAS SPACE CONDITIONING	0	577	0	0	4,500	33	34	0	5,145
PROGRAM 7: CONSERVATION EDUCATION	0	104,184	23,636	26,994	0	47,977	3,346	627	206,764
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	0	369,505	63,209	87,386	344,700	115,848	14,098	7,406	1,002,151

CONSERVATION COSTS PER PROGRAM - VARIANCE ACTUAL VERSUS PROJECTED
FOR MONTHS: JANUARY 2003 THROUGH DECEMBER 2003

PROGRAM NAME	CAPITAL INVESTMENT	PAYROLL & BENEFITS	MATERIALS & SUPPLIES	ADVERTISING	INCENTIVES	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
PROGRAM 1: RESIDENTIAL HOME BUILDER	0	(18,700)	11,734	12,376	173,000	12,327	7,671	5,695	204,104
PROGRAM 2: RESIDENTIAL APPLIANCE REPLACEMENT	0	(11,231)	8,840	(938)	389	10,660	1,989	917	10,625
PROGRAM 3: RESIDENTIAL PROPANE DISTRIBUTION	0	2,414	70	(371)	0	3,499	271	0	5,884
PROGRAM 4: RESIDENTIAL WATER HEATER RETENTION	0	(10,062)	5,328	(1,615)	8,579	9,201	787	167	12,385
PROGRAM 5: NG SPACE CONDITIONING FOR RES HOMES	0	(117)	0	0	0	0	0	0	(117)
PROGRAM 6: GAS SPACE CONDITIONING	0	425	0	0	0	33	34	0	493
PROGRAM 7: CONSERVATION EDUCATION	0	(24,443)	9,095	(913)	0	17,421	3,346	627	5,133
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	(61,714)	35,067	8,539	181,968	53,142	14,098	7,406	238,505

() 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 2003 THROUGH DECEMBER 2003

EXPENSES:	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
PROGRAM 1: RESIDENTIAL HOME BUILDER	44,493	30,832	42,799	56,916	39,143	54,178	38,621	73,260	41,518	84,171	51,128	39,777	596,839
PROGRAM 2: RESIDENTIAL APPLIANCE REPLACEMENT	8,265	11,692	10,723	10,965	6,303	8,640	5,954	15,543	9,748	13,672	8,213	15,169	124,887
PROGRAM 3: RESIDENTIAL PROPANE DISTRIBUTION	0	2,830	5,109	919	1,230	514	779	467	3,500	1,505	291	588	17,732
PROGRAM 4: RESIDENTIAL WATER HEATER RETENTION	2,712	3,033	1,836	2,794	2,603	1,949	4,350	3,650	4,629	7,487	4,627	10,415	50,086
PROGRAM 5: NG SPACE CONDITIONING FOR RES HOMES	249	396	0	0	55	0	0	0	0	0	0	0	700
PROGRAM 6: GAS SPACE CONDITIONING	0	0	0	70	82	0	118	0	0	4,500	0	375	5,145
PROGRAM 7: CONSERVATION EDUCATION	19,323	21,389	22,043	20,568	11,959	7,685	9,785	15,847	17,641	22,747	13,700	24,077	206,764
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
TOTAL	75,042	70,172	82,510	92,233	61,375	72,966	59,607	108,767	77,037	134,081	77,960	90,401	1,002,151
LESS AMOUNT INCLUDED IN RATE BASE	0	0	0	0	0	0	0	0	0	0	0	0	0
RECOVERABLE CONSERVATION EXPENSES	75,042	70,172	82,510	92,233	61,375	72,966	59,607	108,767	77,037	134,081	77,960	90,401	1,002,151

ENERGY CONSERVATION ADJUSTMENT CALCULATION OF TRUE-UP AND INTEREST PROVISION
JANUARY 2003 THROUGH DECEMBER 2003

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	(152,440)	(146,620)	(101,355)	(101,124)	(87,522)	(75,224)	(73,425)	(75,636)	(76,242)	(80,025)	(87,766)	(117,532)	(1,174,911)
4 TOTAL REVENUES	(152,440)	(146,620)	(101,355)	(101,124)	(87,522)	(75,224)	(73,425)	(75,636)	(76,242)	(80,025)	(87,766)	(117,532)	(1,174,911)
5 PRIOR PERIOD TRUE-UP NOT APPLICABLE TO THIS PERIOD	12,435	12,435	12,435	12,435	12,435	12,435	12,435	12,435	12,435	12,435	12,435	12,435	149,225
6 CONSERVATION REVS APPLICABLE TO THE PERIOD	(140,004)	(134,184)	(88,919)	(88,689)	(75,087)	(62,789)	(60,990)	(63,200)	(63,807)	(67,589)	(75,330)	(105,097)	(1,025,686)
7 CONSERVATION EXPS (FROM CT-3, PAGE 1)	75,042	70,172	82,510	92,233	61,375	72,966	59,607	108,767	77,037	134,081	77,960	90,401	1,002,151
8 TRUE-UP THIS PERIOD	(64,962)	(64,012)	(6,409)	3,544	(13,712)	10,177	(1,383)	45,567	13,230	66,492	2,630	(14,695)	(23,534)
9 INTER PROV. THIS PERIOD (FROM CT-3, PAGE 3)	118	35	(14)	(28)	(45)	(55)	(58)	(51)	(36)	(12)	7	(9)	(148)
10 TRUE-UP & INTER PROV BEGINNING OF MONTH	149,225	71,946	(4,466)	(23,325)	(32,245)	(58,437)	(60,751)	(74,627)	(41,546)	(40,788)	13,256	3,457	
11 PRIOR TRUE-UP COLLECTED/(REFUNDED)	(12,435)	(12,435)	(12,435)	(12,435)	(12,435)	(12,435)	(12,435)	(12,435)	(12,435)	(12,435)	(12,435)	(12,435)	
12 TOTAL NET TRUE-UP (SUM LINES 8+9+10+11)	71,946	(4,466)	(23,325)	(32,245)	(58,437)	(60,751)	(74,627)	(41,546)	(40,788)	13,256	3,457	(23,682)	(23,682)

CALCULATION OF TRUE-UP AND INTEREST PROVISION
FOR MONTHS JANUARY 2003 THROUGH DECEMBER 2003

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
INTEREST PROVISION													
1 BEGINNING TRUE-UP	149,225	71,946	(4,466)	(23,325)	(32,245)	(58,437)	(60,751)	(74,627)	(41,546)	(40,788)	13,256	3,457	
2 ENDING TRUE-UP BEFORE INTEREST	71,828	(4,502)	(23,311)	(32,217)	(58,392)	(60,896)	(74,569)	(41,495)	(40,752)	13,268	3,450	(23,673)	
3 TOTAL BEGINNING & ENDING TRUE-UP	221,053	67,444	(27,777)	(55,542)	(90,637)	(119,133)	(135,320)	(116,122)	(82,298)	(27,520)	16,707	(20,216)	
4 AVERAGE TRUE-UP (LINE 3 TIMES 50%)	110,526	33,722	(13,889)	(27,771)	(45,318)	(59,567)	(67,660)	(58,061)	(41,149)	(13,760)	8,353	(10,108)	
5 INTER RATE - 1ST DAY OF REPORTING MONTH	1.31%	1.26%	1.25%	1.22%	1.19%	1.21%	1.00%	1.05%	1.06%	1.06%	1.05%	1.00%	
6 INTER RATE - 1ST DAY OF SUBSEQUENT MONTH	1.26%	1.25%	1.22%	1.19%	1.21%	1.00%	1.05%	1.06%	1.06%	1.05%	1.00%	1.06%	
7 TOTAL (SUM LINES 5 & 6)	2.57%	2.51%	2.47%	2.41%	2.40%	2.21%	2.05%	2.11%	2.12%	2.11%	2.05%	2.06%	
8 AVG INTEREST RATE (LINE 7 TIMES 50%)	1.29%	1.26%	1.24%	1.21%	1.20%	1.11%	1.03%	1.06%	1.06%	1.06%	1.03%	1.03%	
9 MONTHLY AVG INTEREST RATE	0.11%	0.10%	0.10%	0.10%	0.10%	0.09%	0.09%	0.09%	0.09%	0.09%	0.09%	0.09%	
10 INTEREST PROVISION (LINE 4 TIMES LINE 9)	116	35	(14)	(28)	(45)	(55)	(58)	(51)	(36)	(12)	7	(9)	(148)

Exhibit No. _____ (BSB-1)
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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 2003 through December 2003.

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 2003 through December 2003, we estimated that 630 homes would be connected to the system. During this period, allowances were actually paid for building 563 new homes equipped with natural gas appliances.

Program Fiscal Expenditures:

During the twelve-month period, expenditures for this program totaled \$596,839.

Program Progress Summary:

Since the program's inception, 6,519 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.

Schedule CT-6
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 2003 through December 2003, we estimated that 120 residences would qualify for incentives during this period. In actuality, 41 residences qualified for incentives.

Program Fiscal Expenditures:
For this twelve-month period, CUC incurred program costs of \$124,887.

Program Summary:
Since inception, 235 residences have qualified for this program.

Schedule CT-6
Page 3 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 2003 through December 2003, we estimated that 156 natural gas water heaters would qualify for this program. In actuality, 122 rebates were paid for natural gas water heaters installed.

Program Fiscal Expenditures:
For this twelve-month period, CUC incurred program costs of \$50,086.

Program Summary:
Since inception, 641 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.

Schedule CT-6
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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 \$817.

Program Fiscal Expenditures:

Program cost totaled \$700 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 \$4,652.

Program Fiscal Expenditures:

Program cost totaled \$5,145 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:
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 \$17,732 for this twelve-month period, incurred by staff in response to builder/developer inquiries.

Program Summary:
One propane distribution sub-division has been added under this program since its inception.

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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 \$206,764 for this twelve-month period.