

ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Natural Gas Conservation  
Cost Recovery.

Docket No. 060004

COMMISSION  
CLERK

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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 Katherine E. Fleming, 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 28<sup>th</sup> day of April, 2006:

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DOCUMENT NUMBER-DATE  
03773 APR 28 06  
FPSC-COMMISSION CLERK

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. 060004-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 6<sup>th</sup> Street N.W.,  
10           Winter Haven, Florida, 33881. I am employed by Chesapeake Utilities  
11           Corporation ("Chesapeake") as the Senior Financial Analyst.

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 2005 through December 2005. 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 2005 through December

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1 2005 are contained in Schedule CT-6 of Exhibit BSB-1. Included are our  
2 Residential Home Builder Program, Residential Appliance Replacement  
3 Program, Residential Propane Distribution Program, Residential Water Heater  
4 Retention Program, Natural Gas Space Conditioning for Residential Homes  
5 Program, Gas Space Conditioning Program, and the Conservation Education  
6 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 2005  
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 2005?

16 A. As shown in Exhibit BSB-1, Schedule CT-2, page 2, total program costs were  
17 \$1,164,373. This total is \$43,018 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 2005?

1 A. As shown on Schedule CT-2, page 1, we originally estimated an  
2 underrecovery, including interest, of \$217,207. This projected true-up  
3 amount was based on conservation revenues of \$907,973 for the period  
4 January 2005 through December 2005. However, the approved energy  
5 conservation rates for transportation services during this period actually  
6 yielded conservation revenues of \$906,724, or \$1,249 under projection.  
7 Expenses for the period were \$43,018 more than projected. The total  
8 difference, including interest of \$736, is \$45,003.

9 Q. Is this adjusted net true-up of \$45,003 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. 060004-GU

Exhibit \_\_\_\_\_ (BSB-1)

CHESAPEAKE UTILITIES CORPORATION

CONSERVATION COST RECOVERY TRUE-UP

January 1, 2005 through December 31, 2005

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SCHEDULE CT-1

COMPANY: Chesapeake Utilities Corporation  
Docket No. 060004-GU  
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ADJUSTED NET TRUE-UP  
FOR MONTH JANUARY 2005 THROUGH DECEMBER 2005

END OF PERIOD NET TRUE-UP

PRINCIPLE	257,649	
INTEREST	<u>4,561</u>	262,210

LESS PROJECTED TRUE-UP

PRINCIPLE	213,382	
INTEREST	<u>3,825</u>	<u>217,207</u>

ADJUSTED NET TRUE-UP		<u>45,003</u>
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( ) REFLECTS OVER-RECOVERY



ANALYSIS OF ENERGY CONSERVATION PROGRAM COSTS  
ACTUAL VERSUS ESTIMATED

JANUARY 2005 THROUGH DECEMBER 2005

	ACTUAL	PROJECTED*	DIFFERENCE
CAPITAL INVESTMENT	0	0	0
PAYROLL & BENEFITS	450,734	498,709	(47,975)
MATERIALS & SUPPLIES	34,099	1,303	32,796
ADVERTISING	68,747	97,981	(29,234)
INCENTIVES	536,835	461,310	75,525
OUTSIDE SERVICES	3,873	32,844	(28,971)
VEHICLES	26,633	21,140	5,493
OTHER	43,452	8,068	35,384
SUB-TOTAL	1,164,373	1,121,355	43,018
PROGRAM REVENUES	0	0	0
TOTAL PROGRAM COSTS	1,164,373	1,121,355	43,018
LESS:			
PAYROLL ADJUSTMENTS	0	0	0
AMOUNTS INCLUDED IN RATE BASE	0	0	0
CONSERVATION REVENUES APPLICABLE TO THE PERIOD	(906,724)	(907,973)	1,249
ROUNDING ADJUSTMENT	0	0	0
TRUE-UP BEFORE INTEREST	257,649	213,382	44,267
INTEREST PROVISION	4,561	3,825	736
END OF PERIOD TRUE-UP	262,210	217,207	45,003

( ) REFLECTS OVER-RECOVERY

\* 8 MONTHS ACTUAL AND 4 MONTHS PROJECTED

ACTUAL CONSERVATION PROGRAM COSTS PER PROGRAM  
FOR MONTHS: JANUARY 2005 THROUGH DECEMBER 2005

PROGRAM NAME	<u>CAPITAL INVESTMENT</u>	<u>PAYROLL &amp; BENEFITS</u>	<u>MATERIALS &amp; SUPPLIES</u>	<u>ADVERTISING</u>	<u>INCENTIVES</u>	<u>OUTSIDE SERVICES</u>	<u>VEHICLE</u>	<u>OTHER</u>	<u>TOTAL</u>
PROGRAM 1: RESIDENTIAL HOME BUILDER	0	242,198	10,923	57,470	522,275	3,676	15,149	26,931	878,622
PROGRAM 2: RESIDENTIAL APPLIANCE REPLACEMENT	0	83,468	6,201	10,565	10,310	24	3,950	6,711	121,229
PROGRAM 3: RESIDENTIAL PROPANE DISTRIBUTION	0	3,571	4,726	0	0	124	150	2,654	11,225
PROGRAM 4: RESIDENTIAL WATER HEATER RETENTION	0	41,089	5,575	667	4,250	25	3,287	1,908	56,801
PROGRAM 5: NG SPACE CONDITIONING FOR RES HOMES	0	0	0	0	0	0	0	0	0
PROGRAM 6: GAS SPACE CONDITIONING	0	0	0	0	0	0	0	0	0
PROGRAM 7: CONSERVATION EDUCATION	0	80,408	6,674	45	0	24	4,097	5,248	96,496
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
<b>TOTAL</b>	<b>0</b>	<b>450,734</b>	<b>34,099</b>	<b>68,747</b>	<b>536,835</b>	<b>3,873</b>	<b>26,633</b>	<b>43,452</b>	<b>1,164,373</b>

CONSERVATION COSTS PER PROGRAM - VARIANCE ACTUAL VERSUS PROJECTED  
FOR MONTHS: JANUARY 2005 THROUGH DECEMBER 2005

PROGRAM NAME	CAPITAL INVESTMENT	PAYROLL & BENEFITS	MATERIALS & SUPPLIES	ADVERTISING	INCENTIVES	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
PROGRAM 1: RESIDENTIAL HOME BUILDER	0	(34,775)	9,735	(8,963)	84,025	(13,296)	2,159	21,479	60,364
PROGRAM 2: RESIDENTIAL APPLIANCE REPLACEMENT	0	4,779	6,173	(1,722)	700	(6,317)	1,510	5,796	10,919
PROGRAM 3: RESIDENTIAL PROPANE DISTRIBUTION	0	(7,056)	4,726	(465)	0	(2,735)	(19)	966	(4,583)
PROGRAM 4: RESIDENTIAL WATER HEATER RETENTION	0	6,146	5,547	(506)	(9,200)	(3,024)	988	2,120	2,071
PROGRAM 5: NG SPACE CONDITIONING FOR RES HOME:	0	0	0	0	0	0	0	0	0
PROGRAM 6: GAS SPACE CONDITIONING	0	0	0	0	0	0	0	0	0
PROGRAM 7: CONSERVATION EDUCATION	0	(17,069)	6,615	(17,578)	0	(3,599)	855	5,023	(25,753)
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	(47,975)	32,796	(29,234)	75,525	(28,971)	5,493	35,384	43,018

( ) 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 2005 THROUGH DECEMBER 2005

EXPENSES:	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
PROGRAM 1: RESIDENTIAL HOME BUILDER	89,092	51,818	79,056	59,812	63,792	103,303	51,265	72,059	56,346	53,198	76,194	122,687	878,621
PROGRAM 2: RESIDENTIAL APPLIANCE REPLACEMENT	6,792	7,845	8,768	4,743	13,049	14,567	7,840	11,769	15,430	8,121	10,126	12,182	121,230
PROGRAM 3: RESIDENTIAL PROPANE DISTRIBUTION	1,870	255	851	898	1,291	(84)	1,688	1,536	659	640	(341)	1,961	11,224
PROGRAM 4: RESIDENTIAL WATER HEATER RETENTION	3,347	1,752	5,762	3,876	2,029	7,957	5,257	5,924	3,953	5,404	5,485	6,056	56,801
PROGRAM 5: NG SPACE CONDITIONING FOR RES HOMES	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 6: GAS SPACE CONDITIONING	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 7: CONSERVATION EDUCATION	8,180	10,199	13,008	10,888	9,617	10,779	8,049	8,304	11,956	(8,747)	6,980	7,286	96,497
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	109,280	71,869	107,445	80,217	89,778	136,521	74,099	99,592	88,343	58,615	98,442	150,172	1,164,373
LESS AMOUNT INCLUDED IN RATE BASE	0	0	0	0	0	0	0	0	0	0	0	0	0
RECOVERABLE CONSERVATION EXPENSES	109,280	71,869	107,445	80,217	89,778	136,521	74,099	99,592	88,343	58,615	98,442	150,172	1,164,373

ENERGY CONSERVATION ADJUSTMENT CALCULATION OF TRUE-UP AND INTEREST PROVISION  
JANUARY 2005 THROUGH DECEMBER 2005

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	(131,686)	(107,522)	(115,185)	(102,379)	(83,917)	(78,116)	(65,326)	(62,107)	(63,638)	(68,891)	(77,831)	(89,863)	(1,046,461)
4. TOTAL REVENUES	(131,686)	(107,522)	(115,185)	(102,379)	(83,917)	(78,116)	(65,326)	(62,107)	(63,638)	(68,891)	(77,831)	(89,863)	(1,046,461)
5. PRIOR PERIOD TRUE-UP NOT APPLICABLE TO THIS PERIOD	11,645	11,645	11,645	11,645	11,645	11,645	11,645	11,645	11,645	11,645	11,645	11,645	139,737
6. CONSERVATION REVS APPLICABLE TO THE PERIOD	(120,042)	(95,877)	(103,540)	(90,734)	(72,272)	(66,472)	(53,682)	(50,462)	(51,994)	(57,246)	(66,186)	(78,218)	(906,724)
7. CONSERVATION EXPS (FROM CT-3, PAGE 1)	109,280	71,869	107,445	80,217	89,778	136,521	74,099	99,592	88,343	58,615	98,442	150,172	1,164,373
8. TRUE-UP THIS PERIOD	(10,761)	(24,008)	3,905	(10,517)	17,506	70,049	20,417	49,130	36,349	1,369	32,256	71,954	257,649
9. INTER. PROV. THIS PERIOD (FROM CT-3, PAGE 3)	259	214	177	152	140	232	339	427	547	601	653	820	4,561
10 TRUE-UP & INTER. PROV. BEGINNING OF MONTH	139,737	117,590	82,151	74,589	52,579	58,580	117,216	126,328	164,241	189,492	179,816	201,080	
11 PRIOR TRUE-UP COLLECTED/(REFUNDED)	(11,645)	(11,645)	(11,645)	(11,645)	(11,645)	(11,645)	(11,645)	(11,645)	(11,645)	(11,645)	(11,645)	(11,645)	
12 TOTAL NET TRUE-UP (SUM LINES 8+9+10+11)	117,590	82,151	74,589	52,579	58,580	117,216	126,328	164,241	189,492	179,816	201,080	262,210	262,210

CALCULATION OF TRUE-UP AND INTEREST PROVISION  
FOR MONTHS: JANUARY 2005 THROUGH DECEMBER 2005

INTEREST PROVISION	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
1. BEGINNING TRUE-UP	139,737	117,590	82,151	74,589	52,579	58,580	117,216	126,328	164,241	189,492	179,816	201,080	
2. ENDING TRUE-UP BEFORE INTEREST	117,331	81,937	74,411	52,427	58,441	116,985	125,989	163,813	188,945	179,216	200,428	261,390	
3. TOTAL BEGINNING & ENDING TRUE-UP	257,068	199,527	156,563	127,015	111,020	175,565	243,205	290,141	353,185	368,707	380,244	462,470	
4. AVERAGE TRUE-UP (LINE 3 TIMES 50%)	128,534	99,764	78,281	63,508	55,510	87,783	121,603	145,071	176,593	184,354	190,122	231,235	
5. INTER. RATE - 1ST DAY OF REPORTING MONTH	2.34%	2.50%	2.65%	2.78%	2.98%	3.06%	3.27%	3.43%	3.64%	3.79%	4.03%	4.21%	
6. INTER. RATE - 1ST DAY OF SUBSEQUENT MONTH	2.50%	2.65%	2.78%	2.98%	3.06%	3.27%	3.43%	3.64%	3.79%	4.03%	4.21%	4.30%	
7. TOTAL (SUM LINES 5 & 6)	4.84%	5.15%	5.43%	5.76%	6.04%	6.33%	6.70%	7.07%	7.43%	7.82%	8.24%	8.51%	
8. AVG INTEREST RATE (LINE 7 TIMES 50%)	2.42%	2.58%	2.72%	2.88%	3.02%	3.17%	3.35%	3.54%	3.72%	3.91%	4.12%	4.26%	
9. MONTHLY AVG INTEREST RATE	0.20%	0.21%	0.23%	0.24%	0.25%	0.26%	0.28%	0.29%	0.31%	0.33%	0.34%	0.35%	
10 INTEREST PROVISION (LINE 4 TIMES LINE 9)	259	214	177	152	140	232	339	427	547	601	653	820	4,561



Exhibit No. \_\_\_\_\_ (BSB-1)  
Docket No. 060004-GU  
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 2005 through December 2005.

**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 2005 through December 2005, we estimated that 777 homes would be connected to the system. During this period, allowances were actually paid for building 1,102 new homes equipped with natural gas appliances.

Program Fiscal Expenditures:

During the twelve-month period, expenditures for this program totaled \$878,621.

Program Progress Summary:

Since the program's inception, 8,441 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 2005 through December 2005, we estimated that 30 residences would qualify for incentives during this period. In actuality, 32 residences qualified for incentives.

Program Fiscal Expenditures:  
For this twelve-month period, CUC incurred program costs of \$121,229.

Program Summary:  
Since inception, 285 residences have qualified for this program.

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Page 3 of 8

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 \$11,225 for this twelve-month period, incurred by staff in response to builder/developer inquiries.

Program Summary:  
Four propane distribution sub-divisions have been added under this program since its inception.

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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 2005 through December 2005, we estimated that 102 natural gas water heaters would qualify for this program. In actuality, 44 rebates were paid for natural gas water heaters installed.

Program Fiscal Expenditures:

For this twelve-month period, CUC incurred program costs of \$56,801.

Program Summary:

Since inception, 736 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.

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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 \$0.

Program Fiscal Expenditures:

There were no program costs for this twelve-month period.

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 \$0.

Program Fiscal Expenditures:

There were no program costs 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:  
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 teachers 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 \$96,496 for this twelve-month period.