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May 1, 2008

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08 MAY -1 PM 2:45  
COMMISSION  
CLERK

**VIA HAND DELIVERY**

Ms. Ann Cole  
Office of the Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

**Re: Docket No. 080004-GU – Conservation Cost Recovery Clause**

Dear Ms. Cole:

Enclosed for filing in the above referenced Docket on behalf of the Florida Division of Chesapeake Utilities Corporation, please find an original and 15 copies of the Direct Testimony and Exhibit MD-1 of Mr. Matthew Dewey.

Your assistance in this matter is greatly appreciated.

Sincerely,

*Beth Keating*

**Beth Keating**  
**AKERMAN SENTERFITT**  
106 East College Avenue, Suite 1200  
Tallahassee, FL 32302-1877  
Phone: (850) 224-9634  
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- CMP \_\_\_\_\_
- COM 5
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- SEC \_\_\_\_\_
- OTH \_\_\_\_\_

{TL157244;1}Enclosures

DOCUMENT NUMBER-DATE  
**03590 MAY-1 08**  
FPSC-COMMISSION CLERK

1                   BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

2                   In Re: Conservation Cost Recovery Clause

3                   DIRECT TESTIMONY OF MATTHEW DEWEY

4                   On Behalf of

5                   Chesapeake Utilities Corporation

6                   DOCKET NO. 080004-GU

7    Q.    Please state your name, business address, by whom you are employed, and in  
8           what capacity.

9    A.    My name is Matthew Dewey. My business address is 909 Silver Lake Blvd,  
10           Dover, DE 19904. I am employed by Chesapeake Utilities Corporation  
11           ("Chesapeake") as the Director of Business Unit Accounting.

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 2007 through December 2007. 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 2007 through December

DOCUMENT NUMBER-DATE

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1 2007 are contained in Schedule CT-6 of Exhibit MD-1. Included are our  
2 Residential New Construction Program, Residential Appliance Replacement  
3 Program, Residential Propane Distribution Program, Residential Appliance  
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 MD-1 shows actual expenses for the  
11 period, and also shows a comparison of the actual program costs and true-up  
12 with the estimated costs and true-up submitted at the November 2007 hearing  
13 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 2007?

16 A. As shown in Exhibit MD-1, Schedule CT-2, page 2, total program costs were  
17 \$906,159. This total is \$(40,140) less than our projection of the program costs  
18 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 MD-1 shows these variances.

22 Q. What is Chesapeake's adjusted net true-up for the twelve months ended  
23 December 2007?

- 1 A. As shown on Schedule CT-2, page 1, we originally estimated an over-  
2 recovery, including interest, of (\$339,335). This projected true-up amount  
3 was based on conservation revenues of \$1,272,013 for the period January  
4 2007 through December 2007. However, the approved energy conservation  
5 rates for transportation services during this period actually yielded  
6 conservation revenues of \$1,279,202, or \$7,189 over projection. Expenses  
7 for the period were \$(40,140) less than projected. The total difference,  
8 including interest of \$586, is \$(46,744).
- 9 Q. Is this adjusted net true-up of \$(46,744) an over-recovery or an under-  
10 recovery?
- 11 A. An over-recovery, as shown on Schedule CT-1 of Exhibit MD-1.
- 12 Q. Does this conclude your testimony?
- 13 A. Yes, it does.

Docket No. 080004-GU

Exhibit \_\_\_\_\_ (MD-1)

CHESAPEAKE UTILITIES CORPORATION  
CONSERVATION COST RECOVERY TRUE-UP  
January 1, 2007 through December 31, 2007

## CONTENTS

<b>Schedule CT-1</b>		
(1 of 1)	Adjusted Net True-up	1
 <b>Schedule CT-2</b>		
(1 of 3)	Analysis of Energy Conservation Program Costs Actual vs. Estimated	2
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(1 of 8)	Program Description and Progress Residential New Construction Program	10
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FPSC-COMMISSION CLERK

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SCHEDULE CT-1

COMPANY: Chesapeake Utilities Corporation  
Docket No. 080004-GU  
Exhibit MD-1  
Page 1 of 17

ADJUSTED NET TRUE-UP  
FOR MONTH JANUARY 2007 THROUGH DECEMBER 2007

END OF PERIOD NET TRUE-UP

PRINCIPLE	(373,043)	
INTEREST	<u>(13,036)</u>	(386,079)

LESS PROJECTED TRUE-UP

PRINCIPLE	(325,713)	
INTEREST	<u>(13,622)</u>	<u>(339,335)</u>

ADJUSTED NET TRUE-UP		<u>(46,744)</u>
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( ) REFLECTS OVER-RECOVERY

ANALYSIS OF ENERGY CONSERVATION PROGRAM COSTS  
ACTUAL VERSUS ESTIMATED

JANUARY 2007 THROUGH DECEMBER 2007

	<u>ACTUAL</u>	<u>PROJECTED*</u>	<u>DIFFERENCE</u>
CAPITAL INVESTMENT	0	0	0
PAYROLL & BENEFITS	348,184	372,588	(24,404)
MATERIALS & SUPPLIES	60,831	14,890	45,941
ADVERTISING	119,954	133,732	(13,778)
INCENTIVES	344,585	383,868	(39,283)
OUTSIDE SERVICES	4,244	5,211	(968)
VEHICLES	28,360	29,314	(954)
OTHER	<u>0</u>	<u>6,696</u>	<u>(6,696)</u>
SUB-TOTAL	906,159	946,299	(40,140)
PROGRAM REVENUES	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL PROGRAM COSTS	906,159	946,299	(40,140)
LESS:			
PAYROLL ADJUSTMENTS	0	0	0
AMOUNTS INCLUDED IN RATE BASE	0	0	0
CONSERVATION REVENUES APPLICABLE TO THE PERIOD	(1,279,202)	(1,272,013)	(7,189)
ROUNDING ADJUSTMENT	<u>0</u>	<u>0</u>	<u>0</u>
TRUE-UP BEFORE INTEREST	(373,043)	(325,713)	(47,330)
INTEREST PROVISION	<u>(13,036)</u>	<u>(13,622)</u>	<u>586</u>
END OF PERIOD TRUE-UP	<u>(386,079)</u>	<u>(339,335)</u>	<u>(46,744)</u>

( ) REFLECTS OVER-RECOVERY

\* 8 MONTHS ACTUAL AND 4 MONTHS PROJECTED

ACTUAL CONSERVATION PROGRAM COSTS PER PROGRAM  
FOR MONTHS: JANUARY 2007 THROUGH DECEMBER 2007

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 NEW CONSTRUCTION	0	200,305	28,278	75,893	283,300	595	16,878	0	605,249
PROGRAM 2: RESIDENTIAL APPLIANCE REPLACEMENT	0	38,457	9,204	18,465	18,685	595	1,522	0	86,927
PROGRAM 3: RESIDENTIAL PROPANE DISTRIBUTION	0	309	717	0	0	175	17	0	1,218
PROGRAM 4: RESIDENTIAL APPLIANCE RETENTION	0	64,511	15,642	16,423	42,600	595	6,431	0	146,202
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	44,603	6,990	9,173	0	2,284	3,512	0	66,562
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>348,184</b>	<b>60,831</b>	<b>119,954</b>	<b>344,585</b>	<b>4,244</b>	<b>28,360</b>	<b>0</b>	<b>906,159</b>

CONSERVATION COSTS PER PROGRAM - VARIANCE ACTUAL VERSUS PROJECTED  
FOR MONTHS: JANUARY 2007 THROUGH DECEMBER 2007

PROGRAM NAME	CAPITAL INVESTMENT	PAYROLL & BENEFITS	MATERIALS & SUPPLIES	ADVERTISING	INCENTIVES	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
PROGRAM 1: RESIDENTIAL NEW CONSTRUCTION	0	(378)	23,442	(4,644)	(63,188)	(297)	(380)	(4,797)	(50,242)
PROGRAM 2: RESIDENTIAL APPLIANCE REPLACEMENT	0	(8,306)	6,543	(4,387)	2,530	(297)	(226)	(182)	(4,326)
PROGRAM 3: RESIDENTIAL PROPANE DISTRIBUTION	0	179	(315)	0	0	(88)	13	0	(211)
PROGRAM 4: RESIDENTIAL APPLIANCE RETENTION	0	(12,925)	13,114	(315)	21,375	(298)	(282)	(1,567)	19,102
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	(2,973)	3,157	(4,432)	0	13	(79)	(150)	(4,464)
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 TOTAL OF ALL PROGRAMS</b>	<b>0</b>	<b>(24,404)</b>	<b>45,941</b>	<b>(13,778)</b>	<b>(39,283)</b>	<b>(968)</b>	<b>(954)</b>	<b>(6,696)</b>	<b>(40,140)</b>

( ) 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 2007 THROUGH DECEMBER 2007

EXPENSES:	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
PROGRAM 1: RESIDENTIAL NEW CONSTRUCTION	38,475	45,729	48,632	45,932	82,859	88,936	34,037	29,986	61,328	21,047	71,702	38,586	605,249
PROGRAM 2: RESIDENTIAL APPLIANCE REPLACEMENT	7,318	5,353	5,648	7,490	7,778	4,165	9,914	7,210	9,547	3,985	11,757	6,762	86,927
PROGRAM 3: RESIDENTIAL PROPANE DISTRIBUTION	175	152	(18)	680	8	0	0	0	0	0	0	221	1,218
PROGRAM 4: RESIDENTIAL APPLIANCE RETENTION	10,466	6,559	9,518	8,739	14,836	8,266	12,500	10,801	18,007	14,984	14,242	17,183	148,202
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	5,341	5,247	7,963	8,603	6,826	4,139	5,466	4,730	4,557	4,743	4,415	4,734	66,562
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
<b>TOTAL</b>	<b>61,775</b>	<b>63,039</b>	<b>71,743</b>	<b>71,444</b>	<b>112,107</b>	<b>103,506</b>	<b>61,917</b>	<b>52,827</b>	<b>93,440</b>	<b>44,759</b>	<b>102,117</b>	<b>67,486</b>	<b>908,159</b>
LESS AMOUNT INCLUDED IN RATE BASE	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>RECOVERABLE CONSERVATION EXPENSES</b>	<b>61,775</b>	<b>63,039</b>	<b>71,743</b>	<b>71,444</b>	<b>112,107</b>	<b>103,506</b>	<b>61,917</b>	<b>52,827</b>	<b>93,440</b>	<b>44,759</b>	<b>102,117</b>	<b>67,486</b>	<b>908,159</b>

ENERGY CONSERVATION ADJUSTMENT CALCULATION OF TRUE-UP AND INTEREST PROVISION  
JANUARY 2007 THROUGH DECEMBER 2007

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	(128,077)	(140,564)	(131,563)	(132,100)	(109,259)	(92,424)	(79,215)	(84,057)	(77,865)	(86,020)	(100,503)	(107,802)	(1,269,448)
4. TOTAL REVENUES	(128,077)	(140,564)	(131,563)	(132,100)	(109,259)	(92,424)	(79,215)	(84,057)	(77,865)	(86,020)	(100,503)	(107,802)	(1,269,448)
5. PRIOR PERIOD TRUE-UP NOT APPLICABLE TO THIS PERIOD	(813)	(813)	(813)	(813)	(813)	(813)	(813)	(813)	(813)	(813)	(813)	(813)	(9,754)
6. CONSERVATION REVS APPLICABLE TO THE PERIOD	(128,890)	(141,377)	(132,375)	(132,913)	(110,072)	(93,237)	(80,028)	(84,870)	(78,678)	(86,832)	(101,316)	(108,615)	(1,279,202)
7. CONSERVATION EXPS (FROM CT-3, PAGE 1)	81,775	63,039	71,743	71,444	112,107	103,506	61,917	52,827	93,440	44,759	102,117	67,486	906,159
8. TRUE-UP THIS PERIOD	(67,115)	(78,338)	(60,633)	(61,469)	2,035	10,269	(18,111)	(32,043)	14,762	(42,074)	801	(41,129)	(373,043)
9. INTER. PROV. THIS PERIOD (FROM CT-3, PAGE 3)	(188)	(504)	(807)	(1,075)	(1,206)	(1,183)	(1,200)	(1,354)	(1,371)	(1,313)	(1,356)	(1,478)	(13,036)
10. TRUE-UP & INTER. PROV. BEGINNING OF MONTH	(9,754)	(76,244)	(154,273)	(214,900)	(276,631)	(274,989)	(265,091)	(283,589)	(316,173)	(301,969)	(344,543)	(344,285)	
11. PRIOR TRUE-UP COLLECTED/(REFUNDED)	813	813	813	813	813	813	813	813	813	813	813	813	
12. TOTAL NET TRUE-UP (SUM LINES 8+9+10+11)	(76,244)	(154,273)	(214,900)	(276,631)	(274,989)	(265,091)	(283,589)	(316,173)	(301,969)	(344,543)	(344,285)	(386,079)	(386,079)

CALCULATION OF TRUE-UP AND INTEREST PROVISION  
FOR MONTHS: JANUARY 2007 THROUGH DECEMBER 2007

INTEREST PROVISION	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
1. BEGINNING TRUE-UP	(9,754)	(76,244)	(154,273)	(214,900)	(276,631)	(274,989)	(265,091)	(283,589)	(316,173)	(301,969)	(344,543)	(344,285)	
2. ENDING TRUE-UP BEFORE INTEREST	(76,056)	(153,769)	(214,093)	(275,558)	(273,783)	(263,907)	(282,389)	(314,819)	(300,598)	(343,230)	(342,929)	(384,602)	
3. TOTAL BEGINNING & ENDING TRUE-UP	(85,810)	(230,013)	(368,365)	(490,458)	(550,414)	(538,897)	(547,480)	(598,408)	(616,770)	(645,198)	(687,472)	(728,887)	
4. AVERAGE TRUE-UP (LINE 3 TIMES 50%)	(42,905)	(115,008)	(184,183)	(245,228)	(275,207)	(269,448)	(273,740)	(299,204)	(308,385)	(322,599)	(343,736)	(364,444)	
5. INTER. RATE - 1ST DAY OF REPORTING MONTH	5.27%	5.26%	5.26%	5.26%	5.26%	5.26%	5.28%	5.24%	5.62%	5.05%	4.72%	4.75%	
6. INTER. RATE - 1ST DAY OF SUBSEQUENT MONTH	5.26%	5.26%	5.26%	5.26%	5.26%	5.28%	5.24%	5.62%	5.05%	4.72%	4.75%	4.98%	
7. TOTAL (SUM LINES 5 & 6)	10.53%	10.52%	10.52%	10.52%	10.52%	10.54%	10.52%	10.86%	10.67%	9.77%	9.47%	9.73%	
8. AVG INTEREST RATE (LINE 7 TIMES 50%)	5.27%	5.26%	5.26%	5.26%	5.26%	5.27%	5.26%	5.43%	5.34%	4.89%	4.74%	4.87%	
9. MONTHLY AVG INTEREST RATE	0.44%	0.44%	0.44%	0.44%	0.44%	0.44%	0.44%	0.45%	0.44%	0.41%	0.39%	0.41%	
10. INTEREST PROVISION (LINE 4 TIMES LINE 9)	(188)	(504)	(807)	(1,075)	(1,208)	(1,183)	(1,200)	(1,354)	(1,371)	(1,313)	(1,358)	(1,478)	(13,036)



Schedule CT-5

CHESAPEAKE UTILITIES CORPORATION

Reconciliation and Explanation of Differences between Filing and PSC Audit  
Report for January 2007 through December 2007.

**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 New Construction Program

Program Description:

This program is designed to increase the overall penetration of natural gas in the single family and multi-family residential construction markets of the Company's service territory by expanding consumer energy options in new homes. Incentives are offered to any home builder or developer who installs the below listed energy efficient appliances.

Allowances:

Conservation allowances for 2007 are:

- \$350 Gas Storage Tank Water Heating
- \$450 Gas Tankless Water Heating
- \$350 Gas Heating
- \$100 Gas Cooking
- \$100 Gas Clothes Drying

Program Projections:

For the twelve-month period January 2007 through December 2007, The Company estimated that 752 homes would be connected to the system. During this period, allowances were actually paid for building 616 new homes equipped with natural gas appliances.

Program Fiscal Expenditures:

During the twelve-month period, expenditures for this program totaled \$605,249.

Program Progress Summary:

Since the program's inception, 9,983 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 for the replacement of non-gas water heating, heating, cooking, or clothes drying appliances through the purchase and/or lease of energy efficient natural gas appliances.

Allowances:

Conservation allowances for 2007 are:

- \$525 Gas Storage Tank Water Heating
- \$525 Gas Tankless Water Heating
- \$625 Gas Heating
- \$100 Gas Cooking
- \$100 Gas Clothes Drying

Program Projections:

For the twelve-month period January 2007 through December 2007, we estimated that 50 residences would qualify for incentives during this period. In actuality, 43 residences qualified for incentives.

Program Fiscal Expenditures:

For this twelve-month period, CUC incurred program costs of \$86,927.

Program Summary:

Since inception, 356 residences have qualified for 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 Gas Water Heater (Tank or Tankless)

\$275 Gas Heat

\$ 75 Gas Cooking

\$ 75 Gas Clothes Drying

Program Fiscal Expenditures:

Program cost totaled \$1,218 for this twelve-month period, incurred by staff in response to builder/developer inquiries.

Program Summary:

Five 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 Appliance Retention Program

Program Description:  
The Company offers this program to existing customers to promote the retention of energy-efficient appliances and encourage the continued use of natural gas in the home. As an incentive to continue to provide substantial benefits to the customer and utilize our resources effectively, this program offers cash allowances to the customer.

Allowances:  
Conservation allowances are currently:  
    \$350 Gas Storage Tank Water Heating  
    \$450 Gas Tankless Water Heating  
    \$350 Gas Heating  
    \$100 Gas Cooking  
    \$100 Gas Clothes Drying

Program Activity and Projections:  
For the twelve-month period January 2007 through December 2007, we estimated that 105 natural gas appliances would qualify for this program. In actuality, 75 rebates were paid for natural gas appliance installations.

Program Fiscal Expenditures:  
For this twelve-month period, CUC incurred program costs of \$146,202.

Program Summary:  
Since inception, 850 natural gas appliances have been retained through this program. The Company will continue to work closely with homeowners 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:

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 \$1,200 per unit allowance to qualifying participants to compensate for the higher initial costs of natural gas space conditioning equipment and its installation.

Program Projections:

The projected expenses for this period were \$0.

Program Fiscal Expenditures:

Program costs for this twelve-month period totaled \$0.

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:

Program costs for this twelve-month period totaled \$0.

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 overall energy cost.

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 Appliance Retention Program, and the Natural Gas Space Conditioning for Residential Homes Program.*

**Energy Plus Home Builder Program** promotes the *Residential New Construction 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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CHESAPEAKE UTILITIES CORPORATION  
Program Description and Progress

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 Appliance Retention Program, Natural Gas Space Conditioning for Residential Homes Program, Residential New Construction 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 \$66,562 for this twelve-month period.

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true and correct copy of the Direct Testimony and Exhibit of Matthew Dewey in Docket No. 080004-GU, on behalf of the Florida Division of Chesapeake Utilities Corporation, has been furnished by U.S. Mail to the following parties of record this 1<sup>st</sup> day of May, 2008:

Florida Public Utilities Company Mehrdad Khojasteh P.O. Box 3395 West Palm Beach, FL 33402-3395	MacFarlane Ferguson Law Firm Ansley Watson, Jr. P.O. Box 1531 Tampa, FL 33601-1531
Messer Law Firm Norman H. Horton, Jr. P.O. Box 15579 Tallahassee, FL 32317	Office of Public Counsel J.R. Kelly/Patricia Christensen/S.Burgess c/o The Florida Legislature 111 West Madison Street Room 812 Tallahassee, FL 32399-1400
Peoples Gas System Paula Brown P.O. Box 111 Tampa, FL 33601-0111	St. Joe Natural Gas Company, Inc. Mr. Stuart L. Shoaf P.O. Box 549 Port St. Joe, FL 32457-0549
TECO Energy, Inc. Matthew Costa P.O. Box 111 Tampa, FL 33601-0111	AGL Resources Inc. Elizabeth Wade Ten Peachtree Place Location 1470 Atlanta, GA 30309
Florida City Gas Melvin Williams 955 East 25 <sup>th</sup> Street Hialeah, FL 33013-3498	Katherine Fleming Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, FL 32399
Florida City Gas Jay Sutton 4180 South US Hwy. 1 Rockledge, FL 32955-5309	Charles A. Costin Costin and Costin Law Firm P.O. Box 98 Port Saint Joe, FL 32457-1159
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