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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Natural Gas Conservation Cost Recovery

DIRECT TESTIMONY OF THOMAS A. GEOFFROY

On behalf of

The Florida Division of Chesapeake Utilities Corporation

DOCKET NO. 080004-GU

Q. Please state your name, occupation, and business address.

A. My name is Thomas A. Geoffroy. I am the Vice President of the Florida Division of Chesapeake Utilities Corporation. My business address is 1015 6th Street, N.W., Winter Haven, Florida 33881.

Q. Describe briefly your educational background and relevant professional background.

A. I have a Bachelor's of Science degree in Accounting from the University of Florida. I have been employed in the natural gas industry in Florida for over twenty years, in various accounting and management roles. I was first employed by the Florida Division of Chesapeake Utilities Corporation in November 1996 as the Florida Regional Manager.

Q. Are you familiar with the energy conservation programs of the Company and costs which have been, and are projected to be, incurred in their implementation?

A. Yes.

Q. What is the purpose of your testimony in this docket?

A. To describe generally the expenditures made and projected to be made in implementing, promoting, and operating the Company's energy conservation programs. This will include recoverable costs incurred in January through July 2008 and projections of program costs to be incurred from August through December 2008. It will also include projected conservation costs for the period January through

1 December 2009, with a calculation of the Energy Conservation Cost Recovery  
2 Adjustment and Energy Conservation Cost Recovery Adjustment (Experimental)  
3 factors to be applied to the customers' bills during the collection period of January 1,  
4 2009 through December 31, 2009.

5 Q. Have you prepared summaries of the Company's conservation programs and the costs  
6 associated with these programs?

7 A. Yes. Summaries of the seven programs are contained in Schedule C-4 of Exhibit TG-  
8 2. Included are the Residential New Construction Program, the Residential Appliance  
9 Replacement Program, the Residential Propane Distribution Program, the Residential  
10 Appliance Retention Program, the Natural Gas Space Conditioning for Residential  
11 Homes Program, the Gas Space Conditioning Program, and the Conservation  
12 Education Program.

13 Q. Have you prepared schedules that show the expenditures associated with the  
14 Company's energy conservation programs for the periods you have mentioned?

15 A. Yes, Schedule C-3, Exhibit TG-2 shows actual expenses for the months January  
16 through July 2008. Projections for August through December 2008 are also shown on  
17 Schedule C-3. Projected expenses for the January through December 2009 period are  
18 shown on Schedule C-2 of Exhibit TG-2.

19 Q. Have you prepared schedules that show revenues for the period January 2008 through  
20 December 2008?

21 A. Yes. Schedule C-3 (Page 4 of 5) shows actual revenues for the months January  
22 through July 2008. Projections for August through December 2008 are also shown on  
23 Schedule C-3 (Page 4 of 5).

- 1 Q. Have you prepared a schedule that shows the calculation of the Company's proposed  
2 Energy Conservation Cost Recovery Adjustment factors to be applied during billing  
3 periods from January 1, 2009 through December 31, 2009?
- 4 A. Yes. Schedule C-1 of Exhibit TG-2 shows these calculations. Net program cost  
5 estimates for the period January 1, 2009 through December 31, 2009 are used. The  
6 estimated true-up amount from Schedule C-3 (Page 4 of 5, Line 12) of Exhibit TG-2,  
7 being an over-recovery, was added to the total of the projected costs for the twelve-  
8 month period. The total amount was then divided among the Company's rate classes,  
9 excluding customers who are on market-based rates, based on total projected  
10 contribution. The results were then divided by the projected gas throughput for each  
11 rate class for the twelve-month period ending December 31, 2009. The resulting  
12 Energy Conservation Cost Recovery Adjustment factors are shown on Schedule C-1  
13 (page 1 of 2) of Exhibit TG-2.
- 14 Q. Have you prepared a schedule that shows the calculation of the Company's proposed  
15 Energy Conservation Cost Recovery Adjustment (Experimental) factors for certain  
16 rate classes on an experimental basis to be applied during billing periods from January  
17 1, 2009 through December 31, 2009?
- 18 A. Yes, experimental per bill rates were approved for rate classes FTS-A, FTS-B, FTS-1,  
19 FTS-2, and FTS-3. A similar calculation as the per therm rate described above was  
20 made; however, the projected number of bills for each rate class for the twelve-month  
21 period ending December 31, 2009 was utilized. The resulting Energy Conservation  
22 Cost Recovery Adjustment (Experimental) factors are shown on Schedule C-1 (page 2  
23 of 2) of Exhibit TG-2.
- 24 Q. Does this conclude your testimony?
- 25 A. Yes, it does.

**Docket No. 080004-GU**

**Exhibit \_\_\_\_\_ (TG-2)**

**THE FLORIDA DIVISION OF  
CHESAPEAKE UTILITIES CORPORATION  
NATURAL GAS CONSERVATION COST RECOVERY PROJECTION  
JANUARY 1, 2009 THROUGH DECEMBER 31, 2009**

ENERGY CONSERVATION ADJUSTMENT  
SUMMARY OF COST RECOVERY CLAUSE CALCULATION  
JANUARY 2009 THROUGH DECEMBER 2009  
PER THERM BASIS

1. INCREMENTAL COSTS (SCHEDULE C-2)	\$1,187,055
2. TRUE-UP (SCHEDULE C-3)	<u>(\$538,645)</u>
3. TOTAL	<u>\$648,410</u>

RATE CLASS	BILLS	THERMS	CUSTOMER CHARGE REVENUES	ENERGY CHARGE	TOTAL	ESTIMATED ECCR	% SURCHARGE	CENTS PER THERM	EXPANSION FACTOR	ECCR ADJUSTMENT FACTORS
FTS-A	37,836	288,100	\$378,360	\$126,974	\$505,334	\$33,925	6.7133%	\$0.1178	1.00503	\$0.11835
FTS-B	27,192	365,541	\$339,900	\$161,105	\$501,005	\$33,634	6.7133%	\$0.0920	1.00503	\$0.09247
FTS-1	86,212	1,616,274	\$1,293,180	\$712,340	\$2,005,520	\$134,637	6.7133%	\$0.0833	1.00503	\$0.08372
FTS-2	19,930	1,614,605	\$548,075	\$473,983	\$1,022,058	\$68,614	6.7133%	\$0.0425	1.00503	\$0.04271
FTS-3	4,879	2,360,295	\$439,110	\$466,890	\$906,000	\$60,823	6.7133%	\$0.0258	1.00503	\$0.02590
FTS-4	2,206	2,731,985	\$363,990	\$489,217	\$853,207	\$57,278	6.7133%	\$0.0210	1.00503	\$0.02107
FTS-5	410	1,118,276	\$112,750	\$185,936	\$298,686	\$20,052	6.7133%	\$0.0179	1.00503	\$0.01802
FTS-6	180	888,375	\$81,000	\$130,271	\$211,271	\$14,183	6.7133%	\$0.0160	1.00503	\$0.01605
FTS-7	288	4,272,600	\$136,800	\$474,002	\$610,802	\$41,005	6.7133%	\$0.0096	1.00503	\$0.00965
FTS-8	144	3,004,068	\$108,000	\$307,376	\$415,376	\$27,886	6.7133%	\$0.0093	1.00503	\$0.00933
FTS-9	120	5,386,450	\$108,000	\$482,464	\$590,464	\$39,640	6.7133%	\$0.0074	1.00503	\$0.00740
FTS-10	48	2,722,788	\$72,000	\$226,373	\$298,373	\$20,031	6.7133%	\$0.0074	1.00503	\$0.00739
FTS-11	72	9,619,140	\$216,000	\$660,643	\$876,643	\$58,852	6.7133%	\$0.0061	1.00503	\$0.00615
FTS-12	24	7,451,956	\$96,000	\$467,834	\$563,834	\$37,852	6.7133%	\$0.0051	1.00503	\$0.00511
<b>TOTAL</b>	<b>179,541</b>	<b>43,440,453</b>	<b>\$4,293,165</b>	<b>\$5,365,408</b>	<b>\$9,658,573</b>	<b>\$648,410</b>	<b>6.7133%</b>			

ENERGY CONSERVATION ADJUSTMENT  
SUMMARY OF COST RECOVERY CLAUSE CALCULATION  
JANUARY 2009 THROUGH DECEMBER 2009  
PER BILL BASIS - Experimental

1. INCREMENTAL COSTS (SCHEDULE C-2)	\$1,187,055
2. TRUE-UP (SCHEDULE C-3)	<u>(\$538,645)</u>
3. TOTAL	<u>\$648,410</u>

RATE CLASS	BILLS	THERMS	CUSTOMER CHARGE REVENUES	ENERGY CHARGE	TOTAL	ESTIMATED ECCR	% SURCHARGE	\$ PER BILL	EXPANSION FACTOR	ECCR ADJUSTMENT FACTORS
FTS-A	37,838	288,100	\$378,360	\$126,874	\$505,334	\$33,925	6.7133%	\$0.8966	1.00503	\$0.90
FTS-B	27,192	365,541	\$339,900	\$161,105	\$501,005	\$33,634	6.7133%	\$1.2369	1.00503	\$1.24
FTS-1	86,212	1,616,274	\$1,293,180	\$712,340	\$2,005,520	\$134,837	6.7133%	\$1.5617	1.00503	\$1.57
FTS-2	19,930	1,614,605	\$548,075	\$473,983	\$1,022,058	\$68,614	6.7133%	\$3.4427	1.00503	\$3.46
FTS-3	4,879	2,360,295	\$439,110	\$466,890	\$906,000	\$60,823	6.7133%	\$12.4662	1.00503	\$12.53
FTS-4	2,206	2,731,985	\$363,990	\$489,217	\$853,207	\$57,278				
FTS-5	410	1,118,276	\$112,750	\$185,936	\$298,686	\$20,052				
FTS-6	180	888,375	\$81,000	\$130,271	\$211,271	\$14,183				
FTS-7	288	4,272,600	\$136,800	\$474,002	\$610,802	\$41,005				
FTS-8	144	3,004,068	\$108,000	\$307,376	\$415,376	\$27,886				
FTS-9	120	5,386,450	\$108,000	\$482,464	\$590,464	\$39,640				
FTS-10	48	2,722,788	\$72,000	\$226,373	\$298,373	\$20,031				
FTS-11	72	9,619,140	\$216,000	\$660,643	\$876,643	\$58,852				
FTS-12	24	7,451,956	\$96,000	\$467,834	\$563,834	\$37,852				
<b>TOTAL</b>	<b>179,541</b>	<b>43,440,453</b>	<b>\$4,293,165</b>	<b>\$5,365,408</b>	<b>\$9,658,573</b>	<b>\$648,410</b>	<b>6.7133%</b>			



PROJECTED CONSERVATION PROGRAM COSTS BY COST CATEGORY  
FOR PERIOD: JANUARY 2009 THROUGH DECEMBER 2009

PROGRAM NAME	CAPITAL INVESTMENT	PAYROLL & BENEFITS	MATERIALS & SUPPLIES	ADVERTISING	INCENTIVES	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
1. RESIDENTIAL NEW CONSTRUCTION PROGRAM	\$0	\$194,677	\$43,688	\$75,521	\$340,000	\$71,466	\$21,466	\$0	\$746,805
2. RESIDENTIAL APPLIANCE REPLACEMENT PROGRAM	\$0	\$74,142	\$8,079	\$8,885	\$40,000	\$8,685	\$3,534	\$0	\$143,325
3. RESIDENTIAL PROPANE DISTRIBUTION	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4. RESIDENTIAL APPLIANCE RETENTION PROGRAM	\$0	\$74,142	\$8,079	\$20,990	\$94,500	\$20,025	\$3,534	\$0	\$221,270
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	\$61,940	\$9,010	\$0	\$0	\$0	\$4,704	\$0	\$75,654
8.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
12.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
15.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
16.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
17.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
18.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
19.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
20.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL ALL PROGRAMS	\$0	\$404,901	\$68,854	\$105,396	\$474,500	\$100,176	\$33,228	\$0	\$1,187,055
LESS: AMOUNT IN RATE BASE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
RECOVERABLE CONSER.	\$0	\$404,901	\$68,854	\$105,396	\$474,500	\$100,176	\$33,228	\$0	\$1,187,055



CONSERVATION PROGRAM COSTS BY COST CATEGORY  
FOR PERIOD JANUARY 2008 THROUGH DECEMBER 2008  
SEVEN MONTHS ACTUAL AND FIVE MONTHS ESTIMATED

	CAPITAL INVESTMENT	PAYROLL & BENEFITS	MATERIALS & SUPPLIES	ADVERTISING	INCENTIVES	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
1. RESIDENTIAL NEW CONSTRUCTION PROGRAM									
A. ACTUAL	\$0	\$96,104	\$18,887	\$7,830	\$83,200	\$33,883	\$9,857	\$0	\$229,781
B. ESTIMATED	\$0	\$68,645	\$13,491	\$65,593	\$270,150	\$34,202	\$7,041	\$0	\$459,122
C. TOTAL	\$0	\$164,749	\$32,378	\$73,423	\$333,350	\$68,085	\$16,897	\$0	\$688,883
2. RESIDENTIAL APPLIANCE REPLACEMENT PROGRAM									
A. ACTUAL	\$0	\$20,219	\$3,348	\$5,038	\$29,550	\$8,589	\$825	\$0	\$67,569
B. ESTIMATED	\$0	\$14,442	\$2,391	\$3,599	\$10,000	\$6,135	\$589	\$0	\$37,157
C. TOTAL	\$0	\$34,660	\$5,739	\$8,637	\$39,550	\$14,724	\$1,415	\$0	\$104,726
3. RESIDENTIAL PROPANE DISTRIBUTION PROGRAM									
A. ACTUAL	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
B. ESTIMATED	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
C. TOTAL	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4. RESIDENTIAL APPLIANCE RETENTION PROGRAM									
A. ACTUAL	\$0	\$31,559	\$6,936	\$4,617	\$18,050	\$8,408	\$3,099	\$0	\$72,669
B. ESTIMATED	\$0	\$22,542	\$4,954	\$15,000	\$50,000	\$6,006	\$2,213	\$0	\$100,716
C. TOTAL	\$0	\$54,102	\$11,891	\$19,617	\$68,050	\$14,414	\$5,312	\$0	\$173,385
5. NG SPACE CONDITIONING FOR RESIDENTIAL HOMES PROGRAM									
A. ACTUAL	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
B. ESTIMATED	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
C. TOTAL	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6. GAS SPACE CONDITIONING PROGRAM									
A. ACTUAL	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
B. ESTIMATED	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
C. TOTAL	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7. CONSERVATION EDUCATION PROGRAM									
A. ACTUAL	\$0	\$19,914	\$7,599	\$1,261	\$0	\$2,699	\$1,308	\$0	\$32,781
B. ESTIMATED	\$0	\$14,225	\$5,428	\$901	\$0	\$1,928	\$934	\$0	\$23,415
C. TOTAL	\$0	\$34,139	\$13,027	\$2,162	\$0	\$4,626	\$2,242	\$0	\$56,196
<b>TOTAL COSTS</b>	<b>\$0</b>	<b>\$287,650</b>	<b>\$63,035</b>	<b>\$103,839</b>	<b>\$440,950</b>	<b>\$101,849</b>	<b>\$25,866</b>	<b>\$0</b>	<b>\$1,023,190</b>



CONSERVATION PROGRAM COSTS - EXPENSES BY MONTH  
FOR PERIOD: JANUARY 2008 THROUGH DECEMBER 2008  
SEVEN MONTHS ACTUAL AND FIVE MONTHS ESTIMATED

DESCRIPTION	JAN 2008	FEB 2008	MAR 2008	APR 2008	MAY 2008	JUN 2008	JUL 2008	AUG 2008	SEP 2008	OCT 2008	NOV 2008	DEC 2008	TOTAL
1. RES. NEW CONSTRUCTION	\$22,434	\$50,017	\$20,589	\$38,868	\$16,313	\$47,489	\$34,050	\$91,824	\$91,824	\$91,824	\$91,824	\$91,824	\$688,883
2. RES. APPLIANCE REPLACEMENT	\$5,851	\$9,248	\$8,402	\$11,674	\$18,545	\$4,012	\$11,837	\$7,431	\$7,431	\$7,431	\$7,431	\$7,432	\$104,726
3. RES PROPANE DISTRIBUTION	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4. RES. APPLIANCE RETENTION	\$11,586	\$13,880	\$14,927	\$14,388	\$11,447	\$2,810	\$3,831	\$20,143	\$20,143	\$20,143	\$20,143	\$20,143	\$173,385
5. NG SPACE CONDITIONING	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6. GAS SPACE CONDITIONING	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7. EDUCATION	\$5,284	\$4,157	\$8,151	\$2,579	\$8,833	\$5,731	\$2,048	\$4,683	\$4,683	\$4,683	\$4,683	\$4,683	\$56,196
8.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
12.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
15.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
16.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
17.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
18.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
19.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
20.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL ALL PROGRAMS	\$45,155	\$77,303	\$48,088	\$87,509	\$53,139	\$80,042	\$51,565	\$124,082	\$124,082	\$124,082	\$124,082	\$124,083	\$1,023,190
LESS:													
BASE RATE RECOVERY	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
NET RECOVERABLE	\$45,155	\$77,303	\$48,088	\$87,509	\$53,139	\$80,042	\$51,565	\$124,082	\$124,082	\$124,082	\$124,082	\$124,083	\$1,023,190

ENERGY CONSERVATION COST RECOVERY ADJUSTMENT  
FOR PERIOD: JANUARY 2008 THROUGH DECEMBER 2008  
SEVEN MONTHS ACTUAL AND FIVE MONTHS ESTIMATED

CONSERVATION REVS	JAN 2008	FEB 2008	MAR 2008	APR 2008	MAY 2008	JUN 2008	JUL 2008	AUG 2008	SEP 2008	OCT 2008	NOV 2008	DEC 2008	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.	(\$142,459)	(\$129,136)	(\$60,223)	(\$110,255)	(\$95,132)	(\$74,899)	(\$67,637)	(\$70,000)	(\$85,000)	(\$97,000)	(\$104,000)	(\$124,000)	(\$1,159,742)
4. TOTAL REVENUES	(\$142,459)	(\$129,136)	(\$60,223)	(\$110,255)	(\$95,132)	(\$74,899)	(\$67,637)	(\$70,000)	(\$85,000)	(\$97,000)	(\$104,000)	(\$124,000)	(\$1,159,742)
5. PRIOR PERIOD TRUE- UP NOT APPLICABLE TO THIS PERIOD	(\$32,173)	(\$32,173)	(\$32,173)	(\$32,173)	(\$32,173)	(\$32,173)	(\$32,173)	(\$32,173)	(\$32,173)	(\$32,173)	(\$32,173)	(\$32,173)	(\$386,079)
6. CONSERV. REVS. APPLICABLE TO THE PERIOD	(\$174,632)	(\$161,309)	(\$92,366)	(\$142,429)	(\$127,305)	(\$107,073)	(\$99,810)	(\$102,173)	(\$117,173)	(\$129,173)	(\$136,173)	(\$156,173)	(\$1,545,820)
7. CONSERV. EXPS.	\$45,155	\$77,303	\$48,068	\$67,509	\$53,139	\$60,042	\$51,565	\$124,082	\$124,082	\$124,082	\$124,082	\$124,083	\$1,023,190
8. TRUE-UP THIS PERIOD	(\$129,478)	(\$84,008)	(\$44,328)	(\$74,919)	(\$74,167)	(\$47,031)	(\$48,248)	\$21,909	\$6,909	(\$5,091)	(\$12,091)	(\$32,090)	(\$522,631)
9. INTER. PROVISION THIS PERIOD	(\$1,460)	(\$1,313)	(\$1,297)	(\$1,306)	(\$1,354)	(\$1,314)	(\$1,351)	(\$1,315)	(\$1,225)	(\$1,160)	(\$1,114)	(\$1,805)	(\$18,014)
10. TRUE-UP AND INTEREST PROV. BEG. OF MONTH	(\$386,079)	(\$484,844)	(\$537,989)	(\$551,441)	(\$595,493)	(\$638,840)	(\$655,011)	(\$672,435)	(\$619,668)	(\$581,811)	(\$555,890)	(\$536,922)	(\$386,079)
11. PRIOR TRUE-UP COLLECTED OR (REFUNDED)	\$32,173	\$32,173	\$32,173	\$32,173	\$32,173	\$32,173	\$32,173	\$32,173	\$32,173	\$32,173	\$32,173	\$32,173	\$386,079
12. TOTAL NET TRUE-UP	(\$484,844)	(\$537,989)	(\$551,441)	(\$595,493)	(\$638,840)	(\$655,011)	(\$672,435)	(\$619,668)	(\$581,811)	(\$555,890)	(\$536,922)	(\$538,645)	(\$538,645)

CALCULATION OF TRUE-UP AND INTEREST PROVISION  
FOR PERIOD: JANUARY 2008 THROUGH DECEMBER 2008  
SEVEN MONTHS ACTUAL AND FIVE MONTHS ESTIMATED

INTEREST PROVISION	JAN 2008	FEB 2008	MAR 2008	APR 2008	MAY 2008	JUN 2008	JUL 2008	AUG 2008	SEP 2008	OCT 2008	NOV 2008	DEC 2008	TOTAL
1. BEGINNING TRUE-UP	(\$388,079)	(\$484,844)	(\$537,989)	(\$551,441)	(\$595,493)	(\$638,840)	(\$655,011)	(\$672,435)	(\$819,668)	(\$581,811)	(\$555,890)	(\$536,822)	
2. ENDING TRUE-UP BEFORE INTEREST	(\$483,384)	(\$538,676)	(\$550,144)	(\$594,187)	(\$637,486)	(\$653,697)	(\$671,084)	(\$818,353)	(\$580,586)	(\$554,728)	(\$535,608)	(\$536,840)	
3. TOTAL BEGINNING & ENDING TRUE-UP	(\$869,463)	(\$1,021,520)	(\$1,088,134)	(\$1,145,628)	(\$1,232,979)	(\$1,292,537)	(\$1,326,095)	(\$1,290,787)	(\$1,200,254)	(\$1,136,541)	(\$1,091,898)	(\$1,073,782)	
4. AVERAGE TRUE-UP (LINE 3 TIMES 50%)	(\$434,731)	(\$510,760)	(\$544,067)	(\$572,814)	(\$616,489)	(\$646,268)	(\$663,047)	(\$645,394)	(\$600,127)	(\$568,270)	(\$545,849)	(\$536,881)	
5. INTEREST RATE FIRST DAY OF REPORTING MONTH	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
6. INTER. RATE - FIRST DAY SUBSEQUENT MONTH	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
7. TOTAL (SUM LINES 5 & 6)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
8. AVG. INTEREST RATE (LINE 7 TIMES 50%)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
9. MONTHLY AVG INTEREST RATE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
10. INTEREST PROVISION	(\$1,460)	(\$1,313)	(\$1,297)	(\$1,306)	(\$1,354)	(\$1,314)	(\$1,351)	(\$1,315)	(\$1,225)	(\$1,160)	(\$1,114)	(\$1,805)	(\$16,014)

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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 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:

During the seven-month period January through July 2008, 90 residences qualified under the Residential New Construction Program. We estimate 300 new homes will qualify during the period August through December 2008.

Program Fiscal Expenditures:

For the seven-month period January through July 2008, CUC incurred costs of \$229,761 for the Residential New Construction Program. For August through December 2008, program costs are estimated to be \$459,122.

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CHESAPEAKE UTILITIES CORPORATION  
Program Description and Progress

Program Title:

Residential Appliance Replacement Program

Program Description:

This program is designed to encourage the replacement of inefficient non-natural gas residential appliances with energy efficient natural gas appliances. Incentives are offered 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.

Allowance:

Conservation allowances are currently:

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

Program Activity and Projections:

During the seven-month period January through July 2008, 21 residences qualified under the Residential Appliance Replacement Program. We estimate an additional 10 residences will qualify for incentives during the period August through December 2008.

Program Fiscal Expenditures:

For the seven-month period January through July 2008, CUC incurred costs of \$67,569 for the Residential Appliance Replacement Program. For August through December 2008, program costs are estimated to be \$37,157.

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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 Activity and Projections:  
During this year we intend to distribute promotional materials aimed at the builder market in order to educate and inform as to the values of a propane distribution system.

Program Fiscal Expenditures:  
For the seven-month period January through July 2008, CUC incurred costs of \$0 for the Residential Propane Distribution Program. For August through December 2008, program costs are estimated to be \$0.

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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 seven-month period January through July 2008, CUC paid allowances on 72 appliances. We estimate we will pay allowances on 200 additional appliances during the period of August through December 2008.

Program Fiscal Expenditures:  
For the seven-month period January through July 2008, CUC incurred costs of \$72,669 for the Residential Appliance Retention Program. For August through December 2008, program costs are estimated to be \$100,716.

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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 Activity and Projections:

For the seven-month period January through July 2008, CUC didn't pay any allowances on this program. No activity is projected in this program for the remainder of 2008.

Program Fiscal Expenditures:

For the seven-month period January through July 2008, CUC incurred costs of \$0 for the Natural Gas Space Conditioning for Residential Homes Program. For August through December 2008, program costs are estimated to be \$0.

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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 Activity and Projections:

For the seven-month period January through July 2008, CUC didn't pay any allowances on this program.

Program Fiscal Expenditures:

For the seven-month period January through July 2008, CUC incurred costs of \$0 for the Gas Space Conditioning Program. For August through December 2008, program costs are estimated to be \$0.

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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 have created community outreach programs designed to inform and educate the general public as well as business interest in the communities we serve as to the value of natural gas and the availability of our conservation allowance programs. Examples of these types of programs: energy plus home builders program, energy plus partners program, appliance retention programs, and energy smart kids.

Program Fiscal Expenditures:

During the seven-month period January through July 2008, CUC incurred costs of \$32,781 for the Conservation Education Program. For August through December 2008, program costs are estimated to be \$23,415.