

1 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

2 In Re: Conservation Cost Recovery Clause

3 DIRECT TESTIMONY OF THOMAS A. GEOFFROY

4 On Behalf of

5 Chesapeake Utilities Corporation

6 DOCKET NO. 110004-GU

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

9 A. My name is Thomas A. Geoffroy. My business address is 1015 Sixth Street,
10 N.W. Winter Haven, Florida 33881. I am employed by Chesapeake Utilities
11 Corporation ("Chesapeake") as Vice President.

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 2010 through December 2010. 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 2010 through December

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1 2010 are contained in Schedule CT-6 of Exhibit TG-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 TG-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 2010 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 2010?

16 A. As shown in Exhibit TG-1, Schedule CT-2, page 2, total program costs were
17 \$627,734. This total is \$21,847 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 TG-1 shows these variances.

22 Q. What is Chesapeake's adjusted net true-up for the twelve months ended
23 December 2010?

1 A. As shown on Schedule CT-2, page 1, of Exhibit TG-1, we originally estimated
2 an over-recovery, including interest, of \$114,755. This projected true-up
3 amount was based on conservation revenues of \$763,393 for the period
4 January 2010 through December 2010. However, the approved energy
5 conservation rates for transportation services during this period actually
6 yielded conservation revenues of \$770,953, or \$7,560 over the projection.
7 Expenses for the period were \$21,847 less than projected. The total difference,
8 including interest of \$2, is \$29,408.

9 Q. Is the adjusted net true-up of \$29,408 an over-recovery or an under-recovery?

10 A. An over-recovery, as shown on Schedule CT-1 of Exhibit TG-1.

11 Q. Does this conclude your testimony?

12 A. Yes, it does.

Docket No. 110004-GU

Exhibit _____(TG-1)

CHESAPEAKE UTILITIES CORPORATION

CONSERVATION COST RECOVERY TRUE-UP

January 1, 2010 through December 31, 2010

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SCHEDULE CT-1

COMPANY: Chesapeake Utilities Corporation
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ADJUSTED NET TRUE-UP
FOR MONTH JANUARY 2010 THROUGH DECEMBER 2010

END OF PERIOD NET TRUE-UP

PRINCIPLE	(\$143,219)	
INTEREST	<u>(\$944)</u>	(\$144,163)

LESS PROJECTED TRUE-UP

PRINCIPLE	(\$113,809)	
INTEREST	<u>(\$946)</u>	<u>(\$114,755)</u>

ADJUSTED NET TRUE-UP		<u>(\$29,408)</u>
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() REFLECTS OVER-RECOVERY

ANALYSIS OF ENERGY CONSERVATION PROGRAM COSTS
ACTUAL VERSUS ESTIMATED

JANUARY 2010 THROUGH DECEMBER 2010

	<u>ACTUAL</u>	<u>PROJECTED*</u>	<u>DIFFERENCE</u>
CAPITAL INVESTMENT	\$0	\$0	\$0
PAYROLL & BENEFITS	\$233,294	\$247,206	(\$13,912)
MATERIALS & SUPPLIES	\$42,812	\$55,366	(\$12,554)
ADVERTISING	\$140,403	\$126,783	\$13,620
INCENTIVES	\$137,516	\$161,175	(\$23,659)
OUTSIDE SERVICES	\$51,675	\$39,689	\$11,986
VEHICLES	\$22,035	\$19,362	\$2,673
OTHER	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
SUB-TOTAL	\$627,734	\$649,581	(\$21,847)
PROGRAM REVENUES	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
TOTAL PROGRAM COSTS	\$627,734	\$649,581	(\$21,847)
LESS:			
PAYROLL ADJUSTMENTS	\$0	\$0	\$0
AMOUNTS INCLUDED IN RATE BASE	\$0	\$0	\$0
CONSERVATION REVENUES APPLICABLE TO THE PERIOD	(\$770,953)	(\$763,393)	(\$7,560)
ROUNDING ADJUSTMENT	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
TRUE-UP BEFORE INTEREST	(\$143,219)	(\$113,809)	(\$29,410)
INTEREST PROVISION	<u>(\$944)</u>	<u>(\$946)</u>	<u>\$2</u>
END OF PERIOD TRUE-UP	<u>(\$144,163)</u>	<u>(\$114,755)</u>	<u>(\$29,408)</u>

() REFLECTS OVER-RECOVERY
* 7 MONTHS ACTUAL AND 5 MONTHS PROJECTED

ACTUAL CONSERVATION PROGRAM COSTS PER PROGRAM
FOR MONTHS: JANUARY 2010 THROUGH DECEMBER 2010

PROGRAM NAME	CAPITAL INVESTMENT	PAYROLL & BENEFITS	MATERIALS & SUPPLIES	ADVERTISING	INCENTIVES	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
PROGRAM 1: RESIDENTIAL NEW CONSTRUCTION	\$0	\$140,493	\$23,324	\$69,888	\$37,309	\$8,040	\$12,868	\$0	\$291,922
PROGRAM 2: RESIDENTIAL APPLIANCE REPLACEMENT	\$0	\$28,974	\$6,411	\$31,721	\$26,079	\$38,401	\$2,694	\$0	\$134,280
PROGRAM 3: RESIDENTIAL PROPANE DISTRIBUTION	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PROGRAM 4: RESIDENTIAL APPLIANCE RETENTION	\$0	\$51,591	\$8,822	\$38,793	\$74,129	\$4,184	\$5,043	\$0	\$182,562
PROGRAM 5: NG SPACE CONDITIONING FOR RES HOMES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PROGRAM 6: GAS SPACE CONDITIONING	\$0	\$229	\$36	\$0	\$0	\$4	\$61	\$0	\$329
PROGRAM 7: CONSERVATION EDUCATION	\$0	\$12,007	\$4,219	\$0	\$0	\$1,047	\$1,368	\$0	\$18,641
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	\$233,294	\$42,812	\$140,403	\$137,516	\$51,675	\$22,035	\$0	\$627,734

CONSERVATION COSTS PER PROGRAM - VARIANCE ACTUAL VERSUS PROJECTED
FOR MONTHS: JANUARY 2010 THROUGH DECEMBER 2010

PROGRAM NAME	CAPITAL INVESTMENT	PAYROLL & BENEFITS	MATERIALS & SUPPLIES	ADVERTISING	INCENTIVES	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL	
PROGRAM 1: RESIDENTIAL NEW CONSTRUCTION	\$0	(\$9,591)	(\$8,092)	\$7,017	(\$6,841)	\$8,040	\$1,036	\$0	(\$8,431)	
PROGRAM 2: RESIDENTIAL APPLIANCE REPLACEMENT	\$0	(\$6,280)	(\$280)	\$4,886	\$5,504	(\$170)	\$105	\$0	\$3,765	
PROGRAM 3: RESIDENTIAL PROPANE DISTRIBUTION	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
PROGRAM 4: RESIDENTIAL APPLIANCE RETENTION	\$0	\$2,112	(\$3,541)	\$1,716	(\$22,321)	\$4,184	\$1,064	\$0	(\$16,786)	
PROGRAM 5: NG SPACE CONDITIONING FOR RES HOMES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
PROGRAM 6: GAS SPACE CONDITIONING	\$0	\$229	\$36	\$0	\$0	\$4	\$61	\$0	\$329	
PROGRAM 7: CONSERVATION EDUCATION	\$0	(\$382)	(\$677)	\$0	\$0	(\$71)	\$406	\$0	(\$724)	
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	(\$13,912)	(\$12,554)	\$13,620	(\$23,659)	\$11,986	\$2,673	\$0	(\$21,847)

() 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 2010 THROUGH DECEMBER 2010

EXPENSES:	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
PROGRAM 1: RESIDENTIAL NEW CONSTRUCTION	\$17,164	\$24,783	\$26,720	\$36,874	\$22,487	\$33,454	\$20,121	\$27,279	\$14,773	\$18,215	\$24,584	\$25,469	\$291,922
PROGRAM 2: RESIDENTIAL APPLIANCE REPLACEMENT	\$17,268	\$10,138	\$3,945	\$18,585	\$15,693	\$5,031	\$9,047	\$8,851	\$12,405	\$12,929	\$14,015	\$6,373	\$134,280
PROGRAM 3: RESIDENTIAL PROPANE DISTRIBUTION	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PROGRAM 4: RESIDENTIAL APPLIANCE RETENTION	\$19,698	\$7,630	\$29,123	\$19,792	\$17,697	\$16,798	\$11,185	\$12,085	\$12,161	\$11,356	\$13,563	\$11,475	\$182,562
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	\$329	\$0	\$0	\$329
PROGRAM 7: CONSERVATION EDUCATION	\$0	\$898	\$2,732	\$2,500	\$974	\$3,347	\$844	\$1,109	\$679	\$2,259	\$2,044	\$1,254	\$18,641
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	\$54,130	\$43,449	\$62,519	\$77,750	\$56,850	\$58,629	\$41,197	\$49,324	\$40,018	\$45,088	\$54,206	\$44,571	\$627,734
LESS AMOUNT INCLUDED IN RATE BASE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
RECOVERABLE CONSERVATION EXPENSES	\$54,130	\$43,449	\$62,519	\$77,750	\$56,850	\$58,629	\$41,197	\$49,324	\$40,018	\$45,088	\$54,206	\$44,571	\$627,734

ENERGY CONSERVATION ADJUSTMENT CALCULATION OF TRUE-UP AND INTEREST PROVISION
JANUARY 2010 THROUGH DECEMBER 2010

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	(\$19,234)	(\$14,286)	(\$16,881)	(\$11,932)	(\$9,893)	(\$8,671)	(\$8,079)	(\$9,005)	(\$7,028)	(\$8,334)	(\$10,245)	(\$15,946)	(\$139,536)
4. TOTAL REVENUES	(\$19,234)	(\$14,286)	(\$16,881)	(\$11,932)	(\$9,893)	(\$8,671)	(\$8,079)	(\$9,005)	(\$7,028)	(\$8,334)	(\$10,245)	(\$15,946)	(\$139,536)
5. PRIOR PERIOD TRUE-UP NOT APPLICABLE TO THIS PERIOD	(\$52,618)	(\$52,618)	(\$52,618)	(\$52,618)	(\$52,618)	(\$52,618)	(\$52,618)	(\$52,618)	(\$52,618)	(\$52,618)	(\$52,618)	(\$52,618)	(\$631,417)
6. CONSERVATION REVS APPLICABLE TO THE PERIOD	(\$71,853)	(\$66,904)	(\$69,499)	(\$64,550)	(\$62,511)	(\$61,290)	(\$60,698)	(\$61,623)	(\$59,646)	(\$60,952)	(\$62,863)	(\$68,564)	(\$770,953)
7. CONSERVATION EXPS (FROM CT-3, PAGE 1)	\$54,130	\$43,449	\$62,519	\$77,750	\$56,850	\$58,629	\$41,197	\$49,324	\$40,018	\$45,088	\$54,206	\$44,571	\$627,734
8. TRUE-UP THIS PERIOD	(\$17,722)	(\$23,455)	(\$6,979)	\$13,200	(\$5,661)	(\$2,660)	(\$19,500)	(\$12,299)	(\$19,628)	(\$15,864)	(\$8,657)	(\$23,993)	(\$143,219)
9. INTER. PROV. THIS PERIOD (FROM CT-3, PAGE 3)	(\$102)	(\$99)	(\$95)	(\$90)	(\$103)	(\$111)	(\$90)	(\$71)	(\$60)	(\$49)	(\$41)	(\$33)	(\$944)
10. TRUE-UP & INTER. PROV. BEGINNING OF MONTH	(\$631,417)	(\$596,624)	(\$567,560)	(\$522,017)	(\$456,288)	(\$409,434)	(\$359,586)	(\$326,558)	(\$286,311)	(\$253,381)	(\$216,676)	(\$172,755)	
11. PRIOR TRUE-UP (COLLECTED)/REFUNDED	\$52,618	\$52,618	\$52,618	\$52,618	\$52,618	\$52,618	\$52,618	\$52,618	\$52,618	\$52,618	\$52,618	\$52,618	
12. TOTAL NET TRUE-UP (SUM LINES 8+9+10+11)	(\$596,624)	(\$567,560)	(\$522,017)	(\$456,288)	(\$409,434)	(\$359,586)	(\$326,558)	(\$286,311)	(\$253,381)	(\$216,676)	(\$172,755)	(\$144,163)	(\$144,163)

CALCULATION OF TRUE-UP AND INTEREST PROVISION
FOR MONTHS: JANUARY 2010 THROUGH DECEMBER 2010

INTEREST PROVISION	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
1. BEGINNING TRUE-UP	(\$631,417)	(\$596,624)	(\$567,560)	(\$522,017)	(\$456,288)	(\$409,434)	(\$359,586)	(\$326,558)	(\$286,311)	(\$253,381)	(\$216,676)	(\$172,755)	
2. ENDING TRUE-UP BEFORE INTEREST	(\$596,521)	(\$567,461)	(\$521,922)	(\$456,199)	(\$409,331)	(\$359,476)	(\$326,468)	(\$286,240)	(\$253,321)	(\$216,627)	(\$172,714)	(\$144,130)	
3. TOTAL BEGINNING & ENDING TRUE-UP	(\$1,227,938)	(\$1,164,084)	(\$1,089,482)	(\$978,216)	(\$865,620)	(\$768,910)	(\$686,055)	(\$612,798)	(\$539,632)	(\$470,007)	(\$389,390)	(\$316,885)	
4. AVERAGE TRUE-UP (LINE 3 TIMES 50%)	(\$613,969)	(\$582,042)	(\$544,741)	(\$489,108)	(\$432,810)	(\$384,455)	(\$343,027)	(\$306,399)	(\$269,816)	(\$235,004)	(\$194,695)	(\$158,442)	
5. INTER. RATE - 1ST DAY OF REPORTING MONTH	0.20%	0.20%	0.21%	0.21%	0.23%	0.34%	0.35%	0.28%	0.28%	0.25%	0.25%	0.25%	
6. INTER. RATE - 1ST DAY OF SUBSEQUENT MONTH	0.20%	0.21%	0.21%	0.23%	0.34%	0.35%	0.28%	0.28%	0.25%	0.25%	0.25%	0.25%	
7. TOTAL (SUM LINES 5 & 6)	0.40%	0.41%	0.42%	0.44%	0.57%	0.69%	0.63%	0.56%	0.53%	0.50%	0.50%	0.50%	
8. AVG INTEREST RATE (LINE 7 TIMES 50%)	0.20%	0.21%	0.21%	0.22%	0.29%	0.35%	0.32%	0.28%	0.27%	0.25%	0.25%	0.25%	
9. MONTHLY AVG INTEREST RATE	0.02%	0.02%	0.02%	0.02%	0.02%	0.03%	0.03%	0.02%	0.02%	0.02%	0.02%	0.02%	
10. INTEREST PROVISION (LINE 4 TIMES LINE 9)	(\$102)	(\$99)	(\$95)	(\$90)	(\$103)	(\$111)	(\$90)	(\$71)	(\$60)	(\$49)	(\$41)	(\$33)	(\$944)

Schedule CT-5

CHESAPEAKE UTILITIES CORPORATION

Reconciliation and Explanation of Differences between Filing and PSC Audit
Report for January 2010 through December 2010.

NO DIFFERENCES AS OF THE DATE OF THIS FILING

Schedule CT-6
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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:

- \$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 2010 through December 2010, The Company estimated that 86 homes would be connected to the system. During this period, allowances were actually paid for building 56 new homes equipped with natural gas appliances.

Program Fiscal Expenditures:

During the twelve-month period, expenditures for this program totaled \$291,922.

Program Progress Summary:

Since the program's inception, 10,354 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.

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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.

Allowances:

Conservation allowances 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 2010 through December 2010, we estimated that 46 residential appliances would qualify for incentives during this period. In actuality, 39 residential appliances qualified for incentives.

Program Fiscal Expenditures:

For this twelve-month period, CUC incurred program costs of \$134,280.

Program Summary:

Since inception, 526 residential appliances 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:

- \$275 Gas Water Heater (Tank or Tankless)
- \$275 Gas Heat
- \$ 75 Gas Cooking
- \$ 75 Gas Clothes Drying

Program Fiscal Expenditures:

Program cost totaled \$0 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:

- \$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 2010 through December 2010, we estimated that 375 natural gas appliances would qualify for this program. In actuality, 112 rebates were paid for retaining natural gas appliances.

Program Fiscal Expenditures:

For this twelve-month period, CUC incurred program costs of \$182,562.

Program Summary:

Since inception, 1,582 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 \$329.

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

CHESAPEAKE UTILITIES CORPORATION

Program Description and Progress

market 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 \$18,641 for this twelve-month period.