

Dorothy Menasco

From: Keating, Beth [BKeating@gunster.com]
Sent: Wednesday, August 01, 2012 2:51 PM
To: Filings@psc.state.fl.us
Cc: 'Napier, Michelle'
Subject: Docket No. 120004-Gu
Attachments: 20120801144427559.pdf

Attached for electronic filing, please find the Florida Division of Chesapeake Utilities Corporation's Response to Audit No. 12-010-4-5 in the referenced docket.

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a. Person responsible for this electronic filing:

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b. Docket No. 120004-GU - In re: Natural Gas Conservation Cost Recovery.

c. On behalf of: Florida Division of Chesapeake Utilities Corporation's

d. There are a total of pages: 18

e. Description: Audit Response



GUNSTER

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FPSC-COMMISSION CLERK

Writer's Direct Dial Number: (850) 521-1706
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August 1, 2012

Electronic Filing

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

Re: Docket No. 120004-GU – Natural Gas Conservation Cost Recovery Clause

Dear Ms. Cole:

Attached for filing, please find the Florida Division of Chesapeake Utilities Corporation's response to Commission Staff Audit Control No. 12-010-4-5 filed in this Docket on July 20, 2012.

Thank you for your assistance with this filing. As always, please don't hesitate to let me know if you have any questions whatsoever.

Sincerely,



Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 601
Tallahassee, FL 32301
(850) 521-1706

MEK
cc: Parties of Record

DOCUMENT NUMBER-DATE

Florida Division of Chesapeake Utilities Response to Audit Findings for 2011 Period

Reference Audit Control No. 12-010-4-5

Finding 1: Industrial Customer Revenue:

In 2010, the Company converted all of its customers from the Chesapeake billing system to the Florida Public Utilities billing system (ECis) and consolidated all of its billing processes. During the conversion, all of the customers served under the Special Contract Service (reference Original Sheet No. 19) and Flexible Gas Service (reference Original Sheet No. 20) were manually added into the ECis system. In doing so, these services were assigned the FPUC rate classification of "FTS-11" solely for the purpose of mapping how the revenues were to be recorded in the financial or general ledger system. The Company is in the process of changing this designation in order to avoid any issues in the future. These customers were, however, and continue to be billed at the Commission-approved Special Contract rates and not at the FTS-11 tariff rates. The following customers and the associated Docket Number of their respective filings for Commission-approval (if applicable), are as follows:

Polk Power Partners- Docket 050835-GU (approves Amendment No. 2, but order references several other Dockets/Orders that document the unique history with this customer)

Georgia Pacific - not a Special Contract - they are served under the Flexible Gas Service rate classification - no Commission approval necessary

NW Florida Reception Center - Docket 050327-GU

Suwannee American Cement - Docket 011620-GU

Peace River Citrus - Docket 000817-GU

Minute Maid - Docket 021174-GU

Citrosuco - Docket 991168-GU

These customers are served either under the Special Contract Service or Flexible Gas Service, because they all have alternative fuel or physical bypass options and are considered by Chesapeake to be "market based rate" customers. Each of these customers has viable alternatives for service; therefore the negotiated and Commission-approved (in the case of Special Contract Service) rates reflect the fact that only a certain level of revenues can be charged to these customers. The Company has, in all of its rate cases, shown all of the Special Contract Service revenues as base revenues, and the Commission-approved tariff rates (FTS-A, FTS-B, etc) reflect this fact. Thus, it would be inappropriate to set base rates with the Special

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Contract Service revenues entirely reflected as “base revenues,” but then include these customers for purposes of calculating the ECCR revenues. In fact, as shown on the attached Petition filed by the Company in 2010 in Docket 100004-GU, the Company has always excluded the Special Contract Service customers from the ECCR recovery factors, consistent with its general rate proceedings and consistent with the Applicability section of the tariff sheet for the ECCR factors (reference Fifth Revised Sheet No. 98). The Commission has not taken issue with the Company’s expressed application of the factors either in the ECCR Clause proceedings or in the context of any Special Contract approval.

The same philosophy has also been used for tariff rate classification FTS-13. There is only one customer eligible for this rate classification, the phosphate processing facility owned and operated by Mosaic at its New Wales location. This facility also has a long history with the Company and in the mid-1990’s, became a physical bypass threat when Florida Gas Transmission installed their expansion pipeline on the Mosaic New Wales property, approximately 500 feet from the facility. The Company, in its 2004 rate restructuring case, created this rate classification for the specific reasons stated in Commission Order No. PSC-05-0208-PAA-GU on Pages 5 and 6. This customer is also a “market based rate” customer and has always been excluded from the ECCR factors. In fact, on page 5 of the above-referenced order, the Commission states:

The Competitive Rate Adjustment (CRA) clause allows Chesapeake to recover 50 percent of the discount offered to CTS Rider customers from the general body of ratepayers on a cents per-therm basis. The CRA charge is included on customer bills in the cents-per-therm transportation charge. Customers taking service under the CTS Rider, Flexible Gas Service tariff or a special contract do not pay the CRA charge.

Thus, taken as a whole, the Company believes that the Commission has recognized, both implicitly and explicitly, that it is appropriate to exclude Special Contract (and also the FTS-13 rate classification) customers not only from the CRA clause but all other recovery clauses, including the ECCR, as these factors increase costs to those customers whom the Company is attempting to retain through the use of these “market” rate mechanisms.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Natural Gas Conservation Cost
Recovery

Docket No. 100004-GU
Filed: September 14, 2010

**PETITION OF THE FLORIDA DIVISION OF CHESAPEAKE UTILITIES
CORPORATION FOR APPROVAL OF
CONSERVATION COST RECOVERY FACTORS**

THE FLORIDA DIVISION OF CHESAPEAKE UTILITIES CORPORATION (the Company), pursuant to Rule 25-17.015, Florida Administrative Code, hereby submits this petition to the Commission for approval of its Energy Conservation Cost Recovery Adjustment factors listed herein below to be applied to bills rendered for meter readings taken between January 1, 2011 and December 31, 2011. In support hereof, the Company states:

1. The exact name of the Company and the address of its principal business office is:

Chesapeake Utilities Corporation
Florida Division
1015 Sixth Street NW
Winter Haven, Florida 33881

2. The name and address of the person authorized to receive notices and communications in respect to this docket is:

Beth Keating, Esquire
Akerman Senterfitt
100 E. College Ave., Suite 1200
Tallahassee, Florida 32301
(Ph) 850-224-9634
(Fax) 850-222-0103

(71257287.1)

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3. The Energy Conservation Cost Recovery Adjustment factors were calculated in accordance with the methodology that has been previously approved by the Commission. The factors are designed to recover the projected energy conservation program expenses of the Company for the period January 1, 2011 through December 31, 2011, adjusted for the net true-up (which includes the estimated energy conservation true-up for the period January 1, 2010 through December 31, 2010), as well as interest calculated in accordance with the methodology established by the Commission. The calculation of the factors and the supporting documentation is contained in the prepared testimony of the Company witness, Thomas A. Geoffroy.
4. The Company projects total energy conservation program expenses of \$753,000 for the period January 2011 through December 2011. The projected net true-up is an over-recovery of \$114,756. After adding the projected energy conservation expenses to the amount of this over-recovery, a total of \$638,244 remains to be recovered during the period January 1, 2011 through December 31, 2011. Dividing this total among the Company's rate classes, excluding customers who are on market-based rates, and then dividing this result by the projected gas throughput for the period by rate class, and expanding for taxes, results in the following Energy Conservation Cost Recovery Adjustment factors for which the Company seeks approval in this petition.

<u>Rate Class</u>	<u>Adjustment Factor (dollars per therm)</u>
FTS-A	\$0.11485
FTS-B	\$0.09051

FTS-1	\$0.07962
FTS-2	\$0.05997
FTS-2.1	\$0.03531
FTS-3	\$0.03983
FTS-3.1	\$0.02433
FTS-4	\$0.02081
FTS-5	\$0.01806
FTS-6	\$0.01539
FTS-7	\$0.01054
FTS-8	\$0.00942
FTS-9	\$0.00807
FTS-10	\$0.00748
FTS-11	\$0.00624
FTS-12	\$0.00547

5. The Company also received Commission approval to implement fixed per bill Energy Conservation Cost Recovery Adjustment (Experimental) factors to certain rate classes on an experimental basis. The same methodology as described above in paragraph 4 was utilized, except that the projected number of bills for the specific rate classes was used rather than gas throughput. The Company seeks approval in this petition of the following experimental per bill Energy Conservation Cost Recovery Adjustment (Experimental) factors.

<u>Rate Class</u>	<u>Adjustment (Experimental) Factor</u> <u>(dollars per bill)</u>
FTS-A	\$ 0.09
FTS-B	\$ 1.31
FTS-1	\$ 1.66
FTS-2	\$ 2.85
FTS-2.1	\$ 4.69
FTS-3	\$ 9.64
FTS-3.1	\$15.10

WHEREFORE, THE FLORIDA DIVISION OF CHESAPEAKE UTILITIES CORPORATION prays the Commission will grant this petition, and approve the above Energy Conservation Cost Recovery Adjustment and Energy Cost Recovery Adjustment (Experimental) factors to be applied to bills rendered for meter readings taken between January 1, 2011 and December 31, 2011, inclusive.

RESPECTFULLY submitted this 14th day of September 2010.


Beth Keating, Esquire
Akerman Senterfitt
106 E. College Ave., Suite 1200
Tallahassee, Florida 32301
(Ph) 850-224-9634
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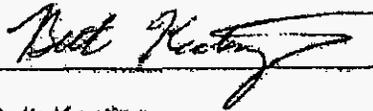
*Attorneys for Chesapeake Utilities
Corporation, Florida Division*

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the Florida Division of Chesapeake Utilities Corporation, along with the supporting Direct Testimony of Mr. Thomas A. Geoffroy and Exhibit TG-2, on behalf of the Florida Division of Chesapeake Utilities Corporation, has been furnished by U.S. Mail to the following parties of record this 14th day of September, 2010:

Florida Public Utilities Company Tom Geoffroy 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 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/David Weaver Ten Peachtree Place Location 1470 Atlanta, GA 30309
Florida City Gas Melvin Williams 933 East 25 th Street Hialeah, FL 33013-3408	Katherine Fleming Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, FL 32309

<p>Florida Division of Chesapeake Utilities Corporation Thomas A. Geoffroy P.O. Box 960 Winter Haven, FL 33882-0960</p>	<p>FPUC/Indiantown Division Tom Geoffroy P.O. Box 3395 West Palm Beach, FL 33402-3395</p>
<p>Sebring Gas System, Inc. Jerry H. Melendy, Jr. 3515 U.S. Highway 27 South Sebring, FL 33870</p>	



Beth Keating
Akerman Senfitt Attorneys at Law
106 East College Avenue
Highpoint Center, 12th Floor
Tallahassee, FL 32301
(850)224-9634

1 (Experimental) factors to be applied to the customers' bills during the collection period of
2 January 1, 2011 through December 31, 2011.

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

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

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

12 A. Yes, Schedule C-3, Exhibit TG-2 shows actual expenses for the months January through July
13 2010. Projections for August through December 2010 are also shown on Schedule C-3.
14 Projected expenses for the January through December 2011 period are shown on Schedule C-2
15 of Exhibit TG-2.

16 Q. Have you prepared schedules that show revenues for the period January through December
17 2010?

18 A. Yes. Schedule C-3 (Page 4 of 5) shows actual revenues for the months January through July
19 2010. Projections for August through December 2010 are also shown on Schedule C-3 (Page 4
20 of 5).

21 Q. Have you prepared a schedule that shows the calculation of the Company's proposed Energy
22 Conservation Cost Recovery Adjustment factors to be applied during billing periods from
23 January 1, 2011 through December 31, 2011?

24 A. Yes. Schedule C-1 of Exhibit TG-2 shows these calculations. Net program cost estimates for
25 the period January 1, 2011 through December 31, 2011 are used. The estimated true-up amount

1 from Schedule C-3 (Page 4 of 5, Line 12) of Exhibit TG-2, being an over-recovery, was added
2 to the total of the projected costs for the twelve-month period. The total amount was then
3 divided among the Company's rate classes, excluding customers who are on market-based rates,
4 based on total projected contribution. The results were then divided by the projected gas
5 throughput for each rate class for the twelve-month period ending December 31, 2011. The
6 resulting Energy Conservation Cost Recovery Adjustment factors are shown on Schedule C-1
7 (page 1 of 2) of Exhibit TG-2.

8 Q. Have you prepared a schedule that shows the calculation of the Company's proposed Energy
9 Conservation Cost Recovery Adjustment (Experimental) factors for certain rate classes on an
10 experimental basis to be applied during billing periods from January 1, 2011 through December
11 31, 2011?

12 A. Yes, experimental per bill rates were approved for rate classes FTS-A, FTS-B, FTS-1, FTS-2,
13 FTS-2.1, FTS-3 and FTS-3.1. A similar calculation as the per therm rate described above was
14 made; however, the projected number of bills for each rate class for the twelve-month period
15 ending December 31, 2010 was utilized. The resulting Energy Conservation Cost Recovery
16 Adjustment (Experimental) factors are shown on Schedule C-1 (page 2 of 2) of Exhibit TG-2.

17 Q. Does this conclude your testimony?

18 A. Yes, it does.

Docket No. 100004-GU

Exhibit _____ **(TG-2)**

**THE FLORIDA DIVISION OF
CHESAPEAKE UTILITIES CORPORATION
NATURAL GAS CONSERVATION COST RECOVERY PROJECTION
JANUARY 1, 2011 THROUGH DECEMBER 31, 2011**

ENERGY CONSERVATION ADJUSTMENT
SUMMARY OF COST RECOVERY CLAUSE CALCULATION
JANUARY 2011 THROUGH DECEMBER 2011
PER THERM BASIS

1. INCREMENTAL COSTS (SCHEDULE C-2)	\$753,600
2. TRUE-UP (SCHEDULE C-3)	<u>(\$114,758)</u>
3. TOTAL	<u>\$638,842</u>

RATE CLASS	BILLS	THERMS	CUSTOMER CHARGE REVENUES	ENERGY CHARGE	TOTAL	ESTIMATED ECCR	% SURCHARGE	CENTS PER THERM	EXPANSION FACTOR	ECCR ADJUSTMENT FACTORS
FTS-A	21,816	185,082	\$281,088	\$85,805	\$366,813	\$21,152	5.7684%	\$0.1143	1.00503	\$0.11485
FTS-B	26,806	414,794	\$443,393	\$284,435	\$647,828	\$97,357	5.7684%	\$0.0801	1.00503	\$0.09051
FTS-1	93,302	1,950,545	\$1,776,539	\$903,297	\$2,679,835	\$154,631	5.7684%	\$0.0762	1.00503	\$0.07962
FTS-2	13,850	646,907	\$464,100	\$207,391	\$671,491	\$38,721	5.7684%	\$0.0597	1.00503	\$0.05997
FTS-2.1	6,850	1,173,965	\$354,000	\$362,515	\$716,515	\$41,317	5.7684%	\$0.0351	1.00503	\$0.03631
FTS-3	2,676	647,644	\$283,008	\$156,095	\$445,103	\$25,687	5.7684%	\$0.0396	1.00503	\$0.03983
FTS-3.1	2,858	1,779,430	\$684,312	\$362,701	\$747,013	\$43,078	5.7684%	\$0.0242	1.00503	\$0.02433
FTS-4	1,726	2,191,890	\$372,960	\$414,267	\$787,227	\$46,385	5.7684%	\$0.0207	1.00503	\$0.02081
FTS-5	300	781,828	\$114,000	\$129,643	\$243,643	\$14,050	5.7684%	\$0.0180	1.00503	\$0.01806
FTS-6	240	1,261,058	\$144,000	\$180,887	\$334,887	\$19,311	5.7684%	\$0.0159	1.00503	\$0.01539
FTS-7	276	3,282,442	\$193,200	\$403,746	\$596,940	\$34,422	5.7684%	\$0.0105	1.00503	\$0.01054
FTS-8	156	3,583,175	\$187,200	\$398,008	\$582,209	\$33,573	5.7684%	\$0.0084	1.00503	\$0.00842
FTS-9	132	5,506,411	\$284,000	\$503,083	\$787,083	\$44,233	5.7684%	\$0.0080	1.00503	\$0.00807
FTS-10	36	2,366,489	\$108,000	\$198,013	\$304,013	\$17,531	5.7684%	\$0.0074	1.00503	\$0.00746
FTS-11	36	5,228,019	\$198,000	\$364,829	\$562,829	\$32,455	5.7684%	\$0.0082	1.00503	\$0.00824
FTS-12	24	6,513,812	\$216,000	\$398,841	\$614,841	\$35,454	5.7684%	\$0.0054	1.00503	\$0.00547
TOTAL	174,744	37,510,600	5,789,719	5,276,551	11,068,270	638,244	5.7684%			

ENERGY CONSERVATION ADJUSTMENT
SUMMARY OF COST RECOVERY CLAUSE CALCULATION
JANUARY 2011 THROUGH DECEMBER 2011
PER BILL BASIS - Experimental

1. INCREMENTAL COSTS (SCHEDULE C-2)	\$753,000
2. TRUE-UP (SCHEDULE C-3)	<u>(\$14,756)</u>
3. TOTAL	<u>\$538,244</u>

RATE CLASS	BILLS	THERMS	CUSTOMER CHARGE REVENUES	ENERGY CHARGE	TOTAL	ESTIMATED ECOR	% SURCHARGE	\$ PER BILL	EXPANSION FACTOR	EDCR ADJUSTMENT FACTORS
FTS-A	21,616	165,992	\$281,008	\$85,805	\$366,813	\$21,162	5.7664%	\$0.9785	1.00503	\$0.98
FTS-B	28,608	414,794	\$448,383	\$204,435	\$652,818	\$37,357	5.7664%	\$1.3059	1.00503	\$1.31
FTS-1	93,502	1,960,545	\$1,775,538	\$903,297	\$2,678,835	\$154,631	5.7664%	\$1.6527	1.00503	\$1.66
FTS-2	13,650	648,907	\$484,100	\$207,391	\$691,491	\$38,721	5.7664%	\$2.8367	1.00503	\$2.88
FTS-2.1	8,880	1,175,985	\$354,000	\$382,515	\$736,515	\$41,317	5.7664%	\$4.6688	1.00503	\$4.69
FTS-3	2,676	847,844	\$289,005	\$196,095	\$485,100	\$25,697	5.7664%	\$9.5914	1.00503	\$9.64
FTS-3.1	2,888	1,779,430	\$384,312	\$362,701	\$747,013	\$43,078	5.7664%	\$15.0495	1.00503	\$15.10
FTS-4	1,776	2,191,890	\$372,960	\$414,267	\$787,227	\$45,395				
FTS-5	300	781,828	\$114,900	\$129,643	\$244,543	\$14,950				
FTS-6	240	1,281,068	\$144,000	\$199,897	\$343,897	\$19,311				
FTS-7	276	3,282,442	\$193,200	\$403,740	\$596,940	\$34,422				
FTS-8	156	3,583,175	\$187,200	\$395,009	\$582,209	\$33,573				
FTS-9	132	5,596,411	\$254,000	\$589,083	\$843,083	\$44,233				
FTS-10	36	2,356,489	\$108,000	\$196,013	\$304,013	\$17,621				
FTS-11	26	5,229,019	\$198,000	\$364,829	\$562,829	\$32,455				
FTS-12	24	6,813,812	\$216,000	\$398,841	\$614,841	\$35,454				
TOTAL	174,744	37,510,800	\$5,789,719	\$5,278,551	\$11,068,270	\$638,244	5.7664%			

SCHEDULE C-3
PAGE 5 OF 5

Sheet No. _____
DocId: 316, 10866-021
California DBM's Corp.
11/05/07
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CALCULATION OF TRUE-UP AND INTEREST PROVISION
FOR PERIODS JANUARY 2010 THROUGH DECEMBER 2010
SEVEN MONTHS ACTUAL AND FIVE MONTHS ESTIMATED

	JAN 2010	FEB 2010	MAR 2010	APR 2010	MAY 2010	JUN 2010	JUL 2010	AUG 2010	SEP 2010	OCT 2010	NOV 2010	DEC 2010	TOTAL
1. BEGINNING TRUE-UP	(\$23,117)	(\$696,822)	(\$687,548)	(\$822,018)	(\$484,394)	(\$418,425)	(\$759,584)	(\$324,558)	(\$283,415)	(\$240,894)	(\$181,706)	(\$168,731)	
2. ENDING TRUE-UP BEFORE INTEREST	(\$288,521)	(\$587,450)	(\$537,829)	(\$256,188)	(\$408,230)	(\$358,175)	(\$338,458)	(\$293,544)	(\$240,000)	(\$197,851)	(\$155,388)	(\$114,724)	(\$714,724)
3. TOTAL BEGINNING & ENDING TRUE-UP	(\$1,227,938)	(\$1,184,043)	(\$1,088,489)	(\$1,078,206)	(\$892,624)	(\$776,600)	(\$1,098,042)	(\$618,102)	(\$523,415)	(\$438,745)	(\$337,094)	(\$283,455)	(\$270,499)
4. AVERAGE TRUE-UP (LINE 3 TIMES 90%)	(\$1,105,144)	(\$1,065,639)	(\$979,640)	(\$970,385)	(\$803,362)	(\$698,940)	(\$988,238)	(\$556,292)	(\$471,074)	(\$394,871)	(\$303,385)	(\$255,110)	(\$243,449)
5. INTEREST RATE FIRST DAY OF REPORTING MONTH	0.20%	0.20%	0.24%	0.21%	0.25%	0.24%	0.26%	0.29%	0.28%	0.28%	0.28%	0.28%	0.28%
6. INTEREST RATE - FIRST DAY SUBSEQUENT MONTH	0.20%	0.21%	0.21%	0.22%	0.24%	0.26%	0.28%	0.29%	0.29%	0.29%	0.29%	0.29%	0.29%
7. TOTAL (SUM LINES 5 & 6)	0.40%	0.41%	0.45%	0.43%	0.49%	0.50%	0.54%	0.58%	0.57%	0.57%	0.57%	0.57%	0.57%
8. AVG. INTEREST RATE (LINE 7 TIMES 90%)	0.36%	0.37%	0.41%	0.39%	0.44%	0.45%	0.49%	0.52%	0.51%	0.51%	0.51%	0.51%	0.51%
9. MONTHLY AVG INTEREST RATES	0.02%	0.02%	0.02%	0.02%	0.02%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%
10. INTEREST PROVISION	(\$162)	(\$99)	(\$86)	(\$89)	(\$103)	(\$117)	(\$88)	(\$71)	(\$81)	(\$81)	(\$81)	(\$81)	(\$332)

Schedule C-4
Page 1 of 7

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 2010, 62 residences qualified under the Residential New Construction Program. We estimate 24 new homes will qualify during the period August through December 2010.

Program Fiscal Expenditures:

For the seven-month period January through July 2010, CUC incurred costs of \$181,602 for the Residential New Construction Program. For August through December 2010, program costs are estimated to be \$118,751.

Exhibit No. _____

Docket No. 100004-GU

CHESAPEAKE UTILITIES CORPORATION

(TG-2)

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Schedule C-4

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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 2010, 34 residences qualified under the Residential Appliance Replacement Program. We estimate an additional 12 residences will qualify for incentives during the period August through December 2010.

Program Fiscal Expenditures:

For the seven-month period January through July 2010, CUC incurred costs of \$79,707 for the Residential Appliance Replacement Program. For August through December 2010, program costs are estimated to be \$50,810.