

1. Policy Summary	
<b>Title</b>	2022 Sales Compensation Plan
<b>Revision Date</b>	March 1, 2022
<b>Audience</b>	All Sales Representatives
<b>Risks Addressed</b>	Proper allocation of commissions paid on equipment and estimated energy usage. Maintain regulatory and internal control requirements. Meet documentation requirements for external stakeholders and regulators.

2. Purpose	
<b>Applicability</b>	<p>This compensation plan will remain in effect until such time as the Company, at its sole discretion, issues a new or revised plan. The Company reserves the right to modify, adjust or terminate individual components of the plan, including base pay/salaries, market segment incentives, commissions and variable payments or any other compensation at its sole discretion. <b>The Company also reserves the right to transition employees to compensation solely based on base pay/salary after providing the employees with written notification in advance of the effective date of any compensation changes.</b> In addition to the compensation structure identified in this plan, the Company may implement special commissions, bonuses, prizes or spiffs to encourage particular sales efforts or actions. Signing commissions for residential and commercial natural gas are based on the estimated/promised number of connected gas appliances and other unknown data. Commissions for Commercial LP are based on actual gallons used by customer and any approved installation and/or fees charged and Commissions for Residential LP are based on fees collected for programs and services. The Company may periodically review the actual number of appliances connected against estimated and make compensation adjustments if necessary. This plan does not imply or provide a contract of employment.</p> <p>This plan, in its entirety, and all portions thereof, shall take effect on <b>March 1, 2022</b>.</p>
<b>General Policy</b>	<p>Florida Public Utilities is committed to offering a competitive plan that strongly encourages and supports the sales teams to meet/exceed annual department sales goals and the financial objectives outlined in the Company's strategic business plan. The essential purpose of the compensation plan is to establish guidelines/definitions for sales team members by which they can earn compensation for their efforts and abilities to:</p> <ul style="list-style-type: none"> <li>-Identify and pursue new growth opportunities consistent with the Company's strategic growth objectives</li> <li>-Exemplify the Chesapeake brand values and provide friendly, professional service consistent with our Service Excellent standards</li> <li>-Develop relationships with prospective customers including builders, developers, architects, engineers, project managers, contractors and business influencers</li> <li>-Complete all assigned incentives goals</li> <li>-Develop new resources and creative marketing strategies for prospects and existing customers</li> <li>-Inform and educate prospects and existing customers about energy conservation and encourage participation in energy conservation programs</li> </ul>

- Continue to develop a high-performance team
- Earn and retain customer loyalty
- Consistently sign new residential, commercial and industrial propane and natural gas customers
- Consistently sell new residential, commercial and industrial gas products and services to new and existing customers
- Utilize Energy Partner program to assist customers with the installation of gas merchandise purchased from FPU
- Promote energy conservation programs; encourage the use of energy efficient appliances

### 3. Scope

In Scope:

This compensation plan is designed to outline and define opportunities for sales representative to earn commissions in addition to their base pay. Compensation varies on the particular value and function assigned to the job and the individual's job performance; is based on the growth and retention of residential and business customers and increased gas load. Each sales position has an established description/responsibilities and performance standards. In addition to base pay and commissions, Florida Public Utilities provides a formal Incentive program (Incentive Performance Plan IPP) for eligible employees that is based on three components. The IPP bonus is available for all sales and administrative personnel. The annual bonus formula criteria includes employee's individual performance, their business unit's performance and the Company's overall combined financial performance.

The Company provides a cellular phone and reasonable office supplies to all sales representatives for remote business use and reimburses for all business mileage incurred (actual miles, properly recorded and approved) while using a personal vehicle, commensurate with IRS business mileage reimbursement rates, published by HR/Accounting. A valid Florida driver's license and adequate (per the state of Florida and FPU) automobile liability insurance must be maintained and include coverage for business use of a personal vehicle with annual miles. Managers may periodically require proof of both. If you require additional information and clarification contact your Manager.

At the discretion of management, if a sales representative is absent from work for more than ten (10) consecutive business days, and a customer contacts FPU wanting to move forward with their signing/purchase, the opportunity will be reassigned in Salesforce to another sales representative and the commission will be split between the two 50%/50%.

The Company recognizes the need to compensate sales representative with sufficient base pay to retain an adequate level of professionals. Each position will have a salary and/or base pay grade associated with it.

Out of Scope:

Non-qualified compensations

### 4. Mandatory Requirements

## Commissions

To receive commissions, all sales representatives are responsible for obtaining/entering all required information and documentation into Salesforce (except referral programs). See procedure SLS 5.1 on the FPU portal (Growth & Retention tab). Signings for Natural Gas Services for Residential, Builder/ Developer and Commercial are paid commission upon signed gas agreement and account set up. Signings for Propane Residential and Builder/Developer are paid commission upon signed gas agreement, account set up, tank acquisition posted and fees billed. Signings for Propane Commercial are paid commission based on margin and gallon sales for the length of gas agreement term. Natural Gas and Propane Development signings are paid upon signed gas agreement and account set up. Merchandise sales and jobbing commissions are paid upon closed contract in billing system. Sales Commissions are paid monthly by the second pay period of each month, except for programs that are paid quarterly. With Managers approval, commissions may be divided into smaller portions. Commissions paid to Field Coordinators are paid quarterly for their services to activate residential and commercial natural gas accounts.

### The Company's core compensation program components for sales representatives includes:

- Base pay
- Commission for new customer signings
- Commission for equipment, merchandise, appliances, products and services sold.
- Commission for jobbing sales
- Individual performance plan bonus
- Upon leaving the Company
  - o All commissions for properly documented sales for all sales representatives will be paid within 30 days of the final date of employment. If a sales representative transfers within the Company, all commissions for properly documented sales will be paid within 30 days of the effective date of transfer.
- Commercial NG Commission True- up
  - o Based on signings made starting from February 1, 2021 a commission true up to be completed 18 months after activation of service. Commissions will be increased or decreased based on actual usage,
  - o If annual usage estimates are over or understated during first 12 months after activation, commission values will be adjusted to reflect proper commission tier (Exhibit B). Necessary adjustments to commissions will be determined by the Growth & Retention Management Team.
  - o This true-up is limited to customers signed to the following rate classes and higher:
    - o FPUC & Ft. Meade: LVS
    - o CFG: FTS-3
    - o Indiantown: TS-3

### Cancellation of signings

All commercial signings not activated within 18 months of signing will be contacted by sales rep and will be cancelled unless sales rep provides update on completion. Builder Developer Reps will be at 18 months and Inside Sales will be at 12 months. If the project has been cancelled the commission paid will be deducted by 50%. The sales rep will earn the 50% deducted if same premise is signed after cancellation.

### Changes to LP Compensation Plan

Due to changes to LP compensation plan Commercial Sales will receive the average annual LP commission paid over the last three years. The average commission will be paid in monthly increments for 24 months. The payment will be reduced by 12.5% every three months for two years until completion. These payments will continue to be paid to sales reps currently receiving incremental payments to completion January 31, 2023.

Builder Developer Sales and Inside Sales will receive the average LP commission paid over the last three years. The average commission will be paid in monthly increments for 12 months. The

payment will be reduced by 25% every three month to completion. [These payments concluded on January 31, 2022.](#)

### **Key Fundamental Objectives**

- No cap for gross annual earnings on sales compensation
- A clear link between the Company's strategic business objectives, as identified in the annual sales plan, and the compensation for achieving those objectives
- The plan will result in a win/win for the Company and the sales representatives when goals are achieved
- Commission payments on program sales developed with suppliers and business partners will be paid when receipt of payment is received by FPU
- A flexible plan that accommodates various market and competition conditions with sales goals while encouraging sales representatives to maintain an appropriate balance of focus between energy types, merchandise and program sales
- A plan that is reviewed annually and revised as necessary
- Management may offer limited time special pricing/promotional campaigns on products/services with special commissions/spiffs to sales reps. Addendum will be created.

### **Market Segment Relationships**

Management will establish goals and expectations that encourage sales representatives to actively participate in various industry and community organizations and events that support their assigned market segment/territory. These activities are reviewed and assessed as part of the annual review process and are utilized in the scoring metrics/formulas for merit increases in base pay.

### **Commission Component for Natural and Propane Gas**

Annual goals are assigned to all sales representatives. Key objectives are highlighted below.

#### **- *Builder/Developer Account Manager***

Signs propane and natural gas service to new construction residential communities.  
Signs propane and natural gas service to new construction multi-family housing projects.  
Signs scattered (individual) propane and natural gas service to builders and developers.  
Communicates with local Field Coordinator for updates regarding initial activation within new developments  
Sells residential natural/propane gas merchandise.  
Promotes energy conservation programs; encourages the use of energy efficient appliances.  
Develops relationships with residential home owners associations and community gas residents.  
Supports builders/developers' organizations, events and activities when appropriate.  
Utilizes customer relationship management tools (CRM).  
Supports Company sponsored programs, events and activities when appropriate.  
Provides excellent customer service that reflects the Company's Service Excellence standards.  
Develops relationships with vendors, suppliers, contractors and Energy Partners.

#### **- *Business Development Account Manager***

Identifies and pursues opportunities for new natural/propane gas expansion projects.  
Identifies and pursues opportunities for new business market segments and technologies including CNG, LNG, Autogas, propane transport/wholesale, GHP and CHP  
Assists operations to insure account activations.  
Sells commercial natural/propane gas merchandise.  
Prospects and pursues large, long-range revenue increasing streams/markets/businesses.  
Manages new commercial accounts requiring special contracts.  
Builds and maintains strategic relationships with key personal and influencers of the top gas users (current FPU industrial customers) and business communities.  
Promotes energy conservation programs and encourages the use of energy efficient equipment.

Supports and participates in B2B networking and prospecting activities and events.  
Develops and maintains productive relationships with key accounts to identify new sales opportunities and unusual energy consumption activity.  
Utilizes CRM.  
Develops, maintains and provides accurate reporting tools to management of goal achievement.  
Provides excellent customer service that reflects the Company's Service Excellence standards.

- **Commercial Sales Account Manager**

Signs new commercial propane and natural gas service.  
Signs new service to existing multi-family housing projects.  
Assists operations to insure account activations  
Sells new commercial natural/propane gas merchandise and programs.  
Promotes energy conservation programs and encourages the use of energy efficient equipment CNG, LNG, Autogas, propane transport/wholesale, GHP and CHP.  
Develops and maintains productive relationships with key accounts to identify new sales opportunities and unusual energy consumption activity.  
Works to shorten sales cycle, increase cross-selling and closed-won ration of leads to opportunities.  
Supports and participates in B2B networking and prospecting activities and events  
Utilizes CRM.  
Supports Company sponsored programs, activities and events when appropriate.  
Broadens market base, supports business development role and efforts, and solicits/generates new business.  
Provides excellent customer service that reflects the Company's Service Excellence standards.

- **Inside Sales Residential Representative**

Signs new residential propane and natural gas service.  
Assists operations to insure account activations.  
Sells residential natural and propane gas merchandise and programs.  
Supports marketing campaigns and initiatives.  
Utilizes the Energy Partner program for installation of merchandise sold.  
Develops relationships between customers, vendors, suppliers and Energy Partners.  
Promotes energy conservation programs and encourages the use of energy efficient merchandise.  
Provides excellent customer service that reflects the Company's Service Excellence standards  
Utilizes CRM.  
Supports Company sponsored programs, activities and events when appropriate.

**General Commission Structure, Guidelines and Definitions**

Structure

All sales representatives are eligible for commissions outside their individual sales profiles and for programs that may be offered periodically by the Company, with manager pre-approval. Special programs will be added as an addendum to this document when issued. Commissions are earned when all required documentation is recorded/verified in Salesforce, except for referral programs. The sales/marketing administrative team is responsible for processing commissions.

Commission Rates are defined in attached:

Exhibit A- Residential Merchandise Mark-up Schedule

Exhibit AA- Residential Commission Schedule

Exhibit B- Commercial/Industrial Signings Commissions (natural gas and propane)

Exhibit C- Residential Builder Developer, Residential Builder Developer Multi-family, Residential Scattered, and Residential New Construction Signings

Exhibit D- Commercial Propane Calculator

## Guidelines & Definitions

- Residential/Existing home

Definition of 'existing home'- residence that is not presently under construction. Renovations occur in an existing home.

- Residential Propane Fuel Line Maintenance

All sales representatives are eligible to receive commissions as outlined in the Fuel Line Maintenance Program Procedures. See procedure SLS 4.4.1 on the FPU portal (Growth & Retention tab).

- Commercial Propane/Natural Gas Fuel Lines (Jobbing)

Commission is paid (see Exhibit A) on commercial fuel line sales when pre-approved by Growth & Retention Manager; the cost of the piping job exceeds \$1,000.00 and follows the minimum tiered mark-up structure. Commissions are earned when all required documentation is entered/verified in Salesforce, including a copy of the contractor quote attached to the sales contract. Must be approved by Manager prior to signing. Sales representative is required to copy Sales Administrator. Commission rates follow residential appliance mark-up. Payment must be made at the time of the signed agreement by check, cash or credit card. Any amount to be billed to customer's account must be pre-approved by Manager. With Manager pre-approval, sales rep. may deviate from standard markup schedule and commission value will be determined by Manager.

- Merchandise Sales

Commissions are paid on residential merchandise sales as outlined in Exhibit A when all required documents are entered/verified in Salesforce by administrative team. When more than one appliance is sold, the combined amount is used for both minimum mark-up and commission. If items are sold for less than minimum mark-up, commission may be paid at the discretion of Growth and Retention Manager. Sale of items not included on current FPU price list require a copy of the vendor quote and invoice attached to sales contract. Payment for merchandise must be made in advance of delivery by check, cash or credit card. Sales representative must get pre-approval from Growth & Retention Manager for any amount to be billed to customer's account; total amount due must be paid before commission is paid. With Manager pre-approval, sales representative may deviate from standard markup schedule and commission value will be determined by Manager.

- New Construction

Definition of new residential construction: building/constructing a new residential structure on raw/unimproved land and renovation of existing homes that are uninhabitable.

Definition of new commercial construction: building/constructing a new business structure on raw/unimproved land and renovation/repurpose of existing business structures.

New propane/natural gas service and/or gas appliances sold for newly constructed residential and commercial buildings. Requirement for eligibility: new premise in ECIS and/or ADDS.

- Electric to Gas (E-2-G)

Definition of E-2-G: natural gas customer requiring new service due to service line abandonment. Propane definition: when an electric appliance is converted to propane.

New propane/natural gas service and/or replacement of electric appliances in existing residential and commercial buildings with no previous natural/propane gas service. Requirement for eligibility:



new premise in ECIS and/or ADDS, county property appraiser's documentation verifying address and proper tax district.

Sales representative is eligible for commission when they convinces a commercial prospect to change from electric to gas appliances/service. Requirement for eligibility: New premise in ECIS and/or ADDS, original construction plans showing electric service/appliances and/or signed affidavit from the customer confirming original plans were for electric service/appliances and GSA.

Replacement of electric appliances in existing residential and commercial buildings that currently have natural/propane gas service. Requirement for eligibility: new premise in ECIS and/or ADDS competitive takeover signing, photos of existing electric appliances or signed affidavit from customer confirming previous appliance(s) as electric.

- Gas to Gas (G-2-G)

Conversion from propane to natural gas service and/or replacement of gas appliances or the addition of new ones for existing residential and commercial buildings that currently have propane/natural gas service. Requirement for eligibility: existing premise in ECIS and/or ADDS or competitive takeover signing.

Commercial and Builder Developer Representatives selling natural gas merchandise must have a minimum markup of 30%, 25% on propane merchandise, unless pre-approved by Growth & Retention Manager; mark-up and commissions are calculated as follows:

3%- G-2-G    8%- E-2-G

New Construction Commercial and Builder Developer Representatives commissions (see Exhibit A). Payment for merchandise must be made in advance of delivery by check, cash or credit card. Sales representative must get pre-approval from Growth & Retention Manager for any amount to be billed to customer's account; total amount due must be paid before commission is paid.

## **Residential Signings**

### **Authorization to Update Cost Estimate**

To facilitate the natural gas scattered residential new service process and provide service excellence to potential customers requesting estimates for new natural gas service, Inside Sales Representatives and Builder/Developer Account Managers are authorize to update cost estimates received from Field Coordinators based on the criteria and procedures below.

1. Sales Representatives/Account Managers will forward appropriate Salesforce documentation (that includes anticipated appliances to be connected and any special instructions) to the Field Coordinators.
2. Field Coordinators will provide cost estimates per established procedures and return to Sales Representatives/Account Managers.
3. When MACC (maximum allowable construction costs) calculation results in a CIAC (contribution in aid of construction) of less than \$50.00, Sales Representatives/Account Managers are authorized to update the estimated cost up to \$50.00; will note the revision on the cost estimate document and return it to the appropriate Field Coordinator with the revised estimate to the RNGS.
4. Field Coordinators will reflect new cost estimate in their files and will forward documentation to the appropriate supervisor.

### **Reactivation Commission Policy**

Sales representatives are eligible for a commission when:

- A new residential propane/natural gas service agreement is signed in conjunction with a merchandise sales contract. If the service line was abandoned, the commission is paid as a new service.
- The residence is a former FPU natural gas customer, inactive for a minimum of 24 months.
- The residence is a former FPU propane customer (propane tank has been removed) and a new, signed propane gas agreement has been received.

### **New Development Policy**

Commission is paid based on the number of gas compliant units and appliance mix as stipulated in the agreement with a maximum of \$5,000.00 per agreement/phase at signing. Sales representative is eligible for commission when agreement is signed and executed by all parties (FPU & builder/developer). Supporting documents to include the GSA, header, project package and proof of document retention.

### **HOA or Special Tax District Communities**

Commissions are paid to sales representatives, after main installation construction costs are received and upon submitting completed and signed agreements with entities that represent communities seeking a natural gas main extension. After presenting a formal proposal, the sales representative is eligible for a \$25 commission for each vote in favor of the project (\$5,000.00 maximum). If no official vote is made, management will determine the applicable compensation. Commission is paid upon completion/verification of signed agreement and payment for gas main installation. Commissions are earned upon completion and submission of signed gas agreement and after payment for main installation is received and verified by the Sales Administrator.

### **Residential Builder Developer Development Signings criteria for commission:**

Commission is paid bases on the number of gas compliant units and appliance mix as stipulated in the signed gas agreement with a maximum of \$5,000.00 per agreement/phase. Sales Representative is eligible for commission when agreement is signed and executed by all parties (FPU & builder/developer). Supporting documents to include the GSA, header, project package and proof of document retention.

-Signed Builder Development Natural Gas Agreement or Propane Community Gas Agreement with Manager approval, account set-up.

-In Salesforce, stage equals "Closed Won" and type equals "Builder Developer –NG or Builder Developer – LP" and commission month equals "Current Month" and commission year equals "Current Year".

### **Residential Builder Developer Multi-family Signings criteria for commission:**

-When using a residential rate, the sales representative is compensated based on the number of gas compliant units and the appliance mix is stipulated in the agreement. When a central water heating system is utilized, compensation for water heaters sold will be based on the commission rate for standard tank-style water heaters. (Exhibit C)

-When a commercial rate is used, for a master meter account, commission will be paid on commercial sales rate. (Exhibit B) When a residential rate is used, commission is paid as per (Exhibit C)

-A commission payment will be made on all Multi-Family Sales based on the inclusion on water heating, whether central or individual units. Payment will be made at the time of signing and paid using the table below:



Number of Units

Change/Converted	Payment
1-20 Units	\$250.00
21-50 Units	\$350.00
51-100 Units	\$500.00
101-200 Units	\$750.00
201 and up	\$1,000.00

-Signed Builder Development Natural Gas Agreement or Propane Community Gas Agreement with Manager approval.

-In Salesforce, stage equals "Closed Won" and type equals "Builder Developer NG or Builder Developer LP" and commission month equals "Current Month" and commission year equals "Current Year" and number of development units equals the number of gas compliant units as specified in the master builder/developer agreement.

When a NG multi-family project is master-metered, it is treated as a commercial natural gas account. When a propane multi-family project is master-metered, it is treated as a commercial propane account.

**Residential Natural Gas Scattered Existing and New Construction Signings criteria for commission:**

**\$60.00 per signing plus additional applicable appliance commission**

-Signed Natural Gas Agreement with Manager approval and account set up.

-In Salesforce, stage equals "Closed Won" and type equals "Inside Sales NG or Residential Existing NG or New Construction NG" and commission month equals "Current Month" and commission year equals "Current Year"

**Residential Propane Existing CGS Signings criteria for commission:**

**\$40.00 per signing, 10% of meter charges (if applicable) for two years, and monitor fees for two years, 10% of installation charges paid by customer**

-Signed Propane Gas Agreement with Manager approval, account set up and fees paid.

-Sharp Energy Salesman Program Commission Report to calculate monthly commission value

-In Salesforce, stage equals "Closed Won" and type equals "Inside Sales LP or Residential Existing LP or New Construction LP" and commission month equals "Current Month" and commission year equals "Current Year"

**Residential Propane Metered Signings criteria for commission:**

**\$40.00 per signing, 10% of meter charges for two years, 10% of LP tank size and 10% of installation charges paid by customer**

-Signed Propane Gas Agreement with Manager approval, account set up and fees paid.

-Sharp Energy Salesman Program Commission Report to calculate monthly commission value

-In Salesforce, stage equals "Closed Won" and type equals "Inside Sales LP or Residential Existing LP or New Construction LP" and commission month equals "Current Month" and commission year equals "Current Year"

**Residential Propane Scattered Existing Signings criteria for commission:**

**10% of lease fees for two years, 10% of LP tank size and 10% of installation charges paid by customer**

-Signed Propane Gas Agreement with Manager approval, account set up and fees paid.

-Sharp Energy Salesman Program Commission Report to calculate monthly commission value  
-In Salesforce, stage equals "Closed Won" and type equals "Inside Sales LP or Residential Existing LP or New Construction LP" and commission month equals "Current Month" and commission year equals "Current Year"

**Residential Propane Customer Owned criteria for commission:**

**\$40.00 per signing, 10% of LP tank size, and 10% of installation charges and monitor fees paid by customer with BPC Rate 25:**

-Signed Propane Gas Agreement with Manager approval, account set up and fees paid.

-Sharp Energy Salesman Program Commission Report to calculate monthly commission value  
-In Salesforce, stage equals "Closed Won" and type equals "Inside Sales LP or Residential Existing LP or New Construction LP" and commission month equals "Current Month" and commission year equals "Current Year"

**Builder Developer Propane New Construction Signings criteria for commission:**

Signed New Construction single tanks be paid \$40.00 per signing for single tank LP signings. Additionally 10% commission will be paid for installation, lease charges and monitor fees.

Builders and builder customer signings may apply the following Installation credits:

- \$250 for tank and/or tankless water heaters
- \$200 for pool heaters
- \$150 for generators
- \$100 per additional credit for multiple water heaters
- \$100 for ranges/ cooktops
- \$100 for dryers.

Builder Developer Reps and [Inside Sales](#) will receive monthly commission based on the average commission earned on LP Signings over the last three years (2018-2020). The average commission will be divided by 12 months to determine monthly commission and paid for one year. The monthly commission will be reduced by 25% each quarter until payment is completed.

-Signed Propane Gas Agreement with Manager approval, account set up and fees billed.

-Sharp Energy Salesman Program Commission Report to calculate monthly commission value  
-In Salesforce, stage equals "Closed Won" and type equals "New Construction LP" and commission month equals "Current Month" and commission year equals "Current Year"

**Residential Short Main Extension criteria for commission:**

When a short main extension (up to 11 residences) is initiated by Builder-Developer or Inside Sales Representative: the originating sales representative receives commission for individual gas and merchandise signings. Each sales representative has the ability to assign customers to different/appropriate sales representatives to assist customer. When more than twelve residents are interested in obtaining natural gas, the project is managed by a Builder/Developer Representative.

**\$60.00 per signing plus additional applicable appliance commission:**

-Signed Natural Gas Agreement with Manager approval and account set up.

-In Salesforce, stage equals "Closed Won" and type equals "Inside Sales NG or Residential Existing NG or New Construction NG and commission month equals "Current Month" and commission year equals "Current Year." Commission is paid after submission/verification per individual customer of: a signed natural gas service and extension of facilities agreement, Manager approval and account set-

up.

**Residential Merchandise Sales criteria for commission:**

-Signed Merchandise Contract and account set up with MDSE Order

-In Salesforce, stage equals "Closed Won" and type equals "Merchandise NG or LP" and commission month equals "Current Month" and commission year equals "Current Year". Commission is paid after submission/verification/closing of contract/agreement, with Manager approval and account set-up, customer turn-ons, and/or when payment is made to FPU, whichever is applicable.

**Added Load Residential Signing criteria for commission:**

Added Load to existing natural gas customers when sales representatives actively participate in adding the load. Participation is defined as directly selling a piece of merchandise or collaborating with a vendor who sells equipment or merchandise to the customer for the purposes of signing an Extension or Improvement agreement to accommodate the added load. Only the added load is commissionable, not the previous connected load. (See Exhibit AA).

-In Salesforce, stage equals "Closed Won" and Marketing Classification equals "Residential Add Load" and commission month equals "Current Month" and commission year equals "Current Year." With Manager approval and account set-up.

## **Commercial / Industrial**

### **Propane Signings**

Commercial Sales LP signings will be paid based on 10% of margin on gallons delivered, will be paid for three years after signing, based on a three year signed gas agreement. Agreements of shorter duration will be paid 10% of margin based on agreement length. Commission payments will be made the month following the first fill.

Commercial reps will have a two year transition period to new commission program. During the two year period monthly commission will be paid based on the sales reps average annual propane payout over last three years (Annual propane commissions/12 months). The commission will be paid in addition to any commissions earned that month. The commission will be reduced by 12.5% per quarter unit the end of year 2.

Commercial sales reps can also receive 10% commission for fees and services for installation charges, meter charges and lease charges.

Sales representatives will continue to use Commercial Propane Calculator to quote and size propane storage (See Exhibit D)

**Commercial Propane Signings criteria for commission:**

-Signed Propane Gas Agreement with Manager approval, account set up and fees paid.

-Sharp Energy Salesman Program Commission Report to calculate monthly commission value

-In Salesforce, stage equals "Closed Won" and type equals "Commercial LP" and commission month equals "Current Month" and commission year equals "Current Year"

**Conversions**

Sales representative are eligible for commissions for a natural gas signing when propane service is used on a temporary basis to secure future conversions to natural gas service. Commission is paid on the natural gas agreement; propane signing will count towards propane goals.

Commission is paid after submission of propane and natural gas agreements, manager approval and account set-up.

### **Expired Agreements/Retention**

Sales representatives will require [approval from local propane managers](#) to retain commercial propane customers.

When a sales representative successfully renegotiates a new contract, they are eligible for a commission based on 10% of margin on gas deliveries for the term of new agreement. When sales representatives increase the length of term from the original, they are eligible for commission based on standard 10% of margin on gas deliveries when providing Retention of Service-Supporting documentation from propane operations Manager is required and ADDS account documentation showing original contract/expiration date is provided. (Exhibit B).

### **Commercial/Industrial Change of Account**

Sales Representatives are eligible to receive a commission when they successfully negotiate and obtain a new signed propane gas contract for a change of ownership at an existing premise.

[Customer Care personnel](#) are also eligible to sign new propane gas contracts to ensure account retention. Sales representatives are eligible for commission based on standard 10% margin on gas deliveries. Current cost of existing assets will be used to determine internal margin.

### **Wholesale Customers**

Sales representatives are eligible to receive commissions when they obtain a new signed wholesale propane agreement. When annual consumption cannot be accurately estimated, commissions are based on estimated value of the contract. For renewals, commission amounts are based on actual usage. Based on wholesale rates from Chesapeake, Commercial Sales Representatives are paid commission on sales margin less transportation cost. Copy of propane quote from Chesapeake and approval of Contract must be provided to Growth and Retention Manager prior to contract being presented to customer.

Commission Schedule:

For new wholesale accounts One- year contract calculation; estimated annual gallons x margin (less transportation cost) x 5% = commission. Two- year contract calculation x 12%. Three- year contract calculation x 17%

For wholesale account renewals One- year contract calculation; estimated annual gallons x margin (less transportation cost) x 2 % = commission. Two- year contract calculation x 5 %. Three- year contract calculation x 8%

Thereafter, calculation is based on actual (not estimated) twelve month consumption following the above formula/calculation.

## **Commercial / Industrial**

### **Natural Gas Signings**

#### **Therms/Gallons Calculation Formula**

Accuracy in calculating the consumption of new commercial customers is extremely important. For propane or oil takeover customers, verifiable consumption (invoices from current provider) documentation is used. When a corporate or franchised business, energy level consumption is verified with data from a similar facility. If comparable energy usage is unable to be accurately estimated, the rate will be determined using FPU data (BTU equipment ratings and estimated hourly use). For new accounts with an estimated annual therm/gallon consumption greater than 250,000, sales representatives are paid a commission of \$300.00 per each additional 100,000 therms/gallons. Maximum commission is \$5,000.00, unless pre-approved by Manager. Sales representatives are to use approved Commercial Propane Calculator. (See Exhibit D)

#### **Added Load Commercial Signing criteria for commission:**

Added Load to existing natural gas customers when sales representatives successfully and actively participate in adding the load. Participation is defined as directly selling a piece of merchandise or collaborating with a vendor who sells equipment or merchandise to the customer for the purposes of signing an Extension or Improvement agreement to accommodate the added load. Only the added load is commissionable, not the previous connected load. (See Exhibit AA).

-In Salesforce, stage equals "Closed Won" and Type equals "Commercial NG" and Marketing Classification equals "Commercial Add Load" and commission month equals "Current Month" and commission year equals "Current Year" With Manager approval and account set-up.

**Commercial Reactivation Signing criteria for commission:**

Sales representative are eligible for commission, in accordance with the current rate policy, when: They obtain a signed natural gas agreement for a Commercial/Industrial account that has been inactive (disconnected in billing system and/or no gas usage) for 12 months or more and when there is a new business opening at an inactive premise location.

-In Salesforce, stage equals "Closed Won" and Type equals "Commercial NG" and Marketing Classification equals "Commercial Reactivated Service" and commission month equals "Current Month" and commission year equals "Current Year" With Manager approval and account set-up.

**Commercial / Industrial Merchandise**

**Commercial Merchandise Sales criteria for commission:**

-Signed Merchandise Contract and account set up with MDSE Order

-In Salesforce, stage equals "Closed Won" and type equals "Merchandise NG or LP" and commission month equals "Current Month" and commission year equals "Current Year". Commission is paid after submission/verification/closing of contract/agreement, with Manager approval and account set-up, customer turn-ons, and/or when payment is made to FPU, whichever is applicable.

**5. Policy Governance & Compliance**

Any individual found in violation of this Policy could be subject to discipline, up to and including termination. Any exceptions to this Policy must be approved in writing by the appropriate Growth and Retention Manager.

**6. Definitions & Applicability**


ECIS: Customer Information System software for accessing FPU natural gas customers  
 ADDS: Advanced Digital Data Systems software for accessing propane gas customers

**7. Supporting Materials**

Materials	Location
Procedure documents supporting Policy SLS	SharePoint: <a href="http://fpu.cpk.chpk.com/growth/Pages/default.aspx">http://fpu.cpk.chpk.com/growth/Pages/default.aspx</a> Growth & Retention Procedures/Sales/SLS 5.0 – Commissions
ECIS Program	FPU Natural Gas Billing System

ADDS Program	FPU Propane Gas Billing System
Exhibit A- Residential Merchandise Mark-up Schedule	End of document
Exhibit AA- Residential Merchandise Commission Schedule	End of document
Exhibit B- Commercial Signings Commissions Schedule	End of document
Exhibit C- Natural Gas Residential Builder Developer Development, Residential Builder Developer Multi-family, Residential Existing Scattered Signings	End of document
Exhibit D- Commercial Propane Calculator	End of document

8. Contacts	
Shane Breakie	Assistant Vice President, Chesapeake Utilities Corporation
Doug Moreland	Manager, Gas Operations
Johnny Hill	Manager, Gas Operations
Ben Semchuck	Manager, Growth and Retention
Kira Lake	Director, Growth, Retention and Analysis

9. Approval and Signoff		
Name / Title	Signature	Date
Kira Lake Director, Growth, Retention and Analysis		03/01/2022



**EXHIBIT: A**  
**Residential Merchandise Mark-up Schedule**

Natural Gas Wholesale Cost/Mark-up

\$0.00-\$999.99	1.65%
\$1,000.00-\$1,499.99	1.50%
\$1,500.00-\$1,999.99	1.45%
\$2,000.00-\$2,499.99	1.40%
\$2,500.00-\$20,000.99	1.35%
\$20,001.00+	1.25%

Propane Wholesale Cost/Mark-up

\$0.00-\$999.99	1.45%
\$1,000.00-\$1,499.99	1.40%
\$1,500.00-\$1,999.99	1.35%
\$2,000.00-\$2,499.99	1.30%
\$2,500.00+	1.25%

**Exhibit AA**  
**Residential Merchandise Commission Schedule**

Natural Gas, Electric and Propane

Retail sales price	Commission
\$0.00-\$1,650.99	6%
\$1,651.00-2,250.99	5%
\$2,251.00-\$2,900.99	5%
\$2,901.00--\$3,500.99	5%
\$3,501.00-\$27,000.99	4%
\$27,001.00+	3%

Criteria for commission:

Signed merchandise sales contract with copy of payment receipt

In Salesforce, stage equals "Closed Won" and type equals "Merchandise NG or LP" and commission month equals "Current Month" and commission year equals "Current Year".

**Exhibit B**  
**Commercial Natural Gas Signings Commission Schedule**

<b>Therms</b>	<b><u>Commission</u></b>
0-500	\$60.00
501-1,000	\$70.00
1,000- 2,500	\$140.00
2,501- 5,000	\$185.00
5,001- 10,000	\$275.00
10,001- 25,000	\$490.00
25,001- 50,000	\$810.00
50,001- 100,000	\$1,400.00
100,001- 250,000	\$2,500.00

Additional \$100.00 commission is paid for CHP or GHP sales.

Criteria for commission:

Signed merchandise sales contract with copy of payment receipt

In Salesforce, stage equals "Closed Won" and type equals "Commercial NG" and commission month equals "Current Month" and commission year equals "Current Year".

**EXHIBIT: C**

**Natural Gas Residential Builder Developer Development, Residential Builder Developer Multi-family, Residential Existing Scattered Signings Commission Schedule**

<u>Appliance</u>	<u>Therms</u>	<u>Gallons</u>	<u>Commission</u>
Clothes dryer	50	55	\$5.00
Cooktop	20	22	\$2.50
Comb.heat & power (CHP)	500	550	\$100.00
Fire logs/fireplace	40	44	\$2.50
Fire pit	19	21	\$2.50
Furnace	150	165	\$10.00
Gas heat pump (GHP)	500	550	\$100.00
Generator (standby)	40	44	\$2.50
Grill	20	22	\$2.50
Lights	19	21	\$2.50
Oven	15	16	\$2.50
Patio heater	19	21	\$2.50
Pool heater	252	277	\$12.50
Range	35	39	\$5.00
Spa heater	126	139	\$7.50
Space heater	126	139	\$7.50
Tiki torches	19	210	\$2.50
Water heater, tank (reg.)	82	90	\$10.00
Water heater, tankless (reg.)	170	187	\$12.50
Water heater tank (hydro)	70	77	\$10.00
Water heater tankless (hydro)	199	219	\$12.50

Criteria for commission:

-Signed residential natural gas, developer and/or propane community gas agreement

-In Salesforce, stage equals "Closed Won" and type equals "Builder Developer NG" OR "Inside Sales NG" OR "Residential Existing NG" OR "New Construction NG" and commission month equals "Current Month" and commission year equals "Current Year".

For Builder/Developer projects only- add an additional \$2.50 commission per the agreed upon number of gas compliant units.

**EXHIBIT: D**

**Commercial Propane Calculator**

Customer: Pumphouse  
 Address: 1016 Clare Avenue, Suite 4  
 City & Zip: WPB 33401

**COMMERCIAL PROPANE RETURN ON INVESTMENT CALCULATOR**

Mauro Ruini

Commercial Sales Account Manager

Tuesday, September 29, 2020

<--- ENTER LAID IN COST IN TO THIS FIELD.

<--- ENTER THE COST PER DROP FOR BOBTAIL DELIVER.

Fixed Parameters	
Key-In Laid-In LP cost / Gallon	\$0.67
Key-In Per Stop Cost of Delivery	\$44.00

User Inputs	
Key-In Annual Consumption Gallons	2,792
Key-In Monthly Tank Lease / Meter Charge	\$0.00
Yearly Customer Tank Charge	\$0.00
Key-In Laid-In LP cost / Gallon	\$0.67
Total Margin	\$1.58
Sell Price per Gallon to Customer	\$2.25
Annual Margin	\$4,411.36

Results	
To Qualify Internal Rate of Return >13.0	104.39%
	Qualified

<input type="checkbox"/> Check box to show commission values	Contract Length	3.00
	Sales Commission by Margin	\$1,102.84

Expenses	
Click to Select Tank from List	Lantana-120-AG-Bulk
Key-In Number of Tanks	4
Tank(s) Installation Cost	\$3,915.00
Key-In Project Cost Adjustment Amount +/-	\$0.00
Installation Cost with Adjustments	\$3,915.00
80% Tank(s) Volume Content First Fill	384
55% Tank(s) Volume Content Subsequent Fills	264
Delivery Stops per year to service account	10
Annual Propane Delivery Cost	\$ 440.00

Scroll Up/Down to Adjust Margin

Scroll Up/Down Adjust Tank Qt

\* Delivery stops should be 19 per year or less

<---The Internal Rate of Return (IRR) Value Must be greater than 13% to qualify

Life of the tanks, expenses and income are calculated over ten years