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106 East College Avenue  
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September 13, 2007

**VIA HAND DELIVERY**

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

RECEIVED-FPSC  
07 SEP 13 PM 2:55  
COMMISSION  
CLERK

**Re: Docket No. 070004-GU – Energy Conservation Cost Recovery Clause**

Dear Ms. Cole:

Enclosed for filing in the above referenced Docket, please find an original and 15 copies of the Florida Division of Chesapeake Utilities Corporation's Petition and the Direct Testimony and Exhibit BSB-2 of Brian Bilinski.

Your assistance in this matter is greatly appreciated.

Sincerely,

**Beth Keating**  
**AKERMAN SENTERFITT**  
106 East College Avenue, Suite 1200  
Tallahassee, FL 32302-1877  
Phone: (850) 224-9634  
Fax: (850) 222-0103

CMP \_\_\_\_\_  
COM 5  
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OTH \_\_\_\_\_

{TL136245;1}Enclosures

DOCUMENT NUMBER-DATE

08323 SEP 13 08

FPSC-COMMISSION CLERK

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In Re: Natural Gas Conservation Cost Recovery

Docket No. 070004-GU

**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 conservation cost recovery factors listed herein below to be applied to bills rendered for meter readings taken between January 1, 2008 and December 31, 2008. 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  
Of Counsel  
Akerman Senterfitt  
106 E. College Ave., Suite 1200  
Tallahassee, Florida 32301  
(Ph) 850-224-9634  
(Fax) 850-222-0103

Attorneys for Chesapeake Utilities Corporation, Florida Division

3. The conservation cost recovery factors were calculated in accordance with the methodology that has been previously approved by the Commission. The factors are designed to recover the projected conservation program expenses of the Company for

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

the period January 1, 2008 through December 31, 2008, adjusted for the net true-up (which includes the estimated conservation true-up for the period January 1, 2007 through December 31, 2007), 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, Brian S. Bilinski.

4. The Company projects total conservation program expenses, net of all program revenues, of \$1,473,418 for the period January 2008 through December 2008. The projected net true-up is an overrecovery of \$339,335. After adding the projected conservation expenses to the amount of this overrecovery, a total of \$1,134,053 remains to be recovered during the period January 1, 2008 through December 31, 2008. 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 conservation adjustment factors for which the Company seeks approval in this petition.

Rate Class	Adjustment Factor (dollars per therm)
FTS-A	.18519
FTS-B	.15081
FTS-1	.13368
FTS-2	.07604
FTS-3	.04270
FTS-4	.03524
FTS-5	.03112
FTS-6	.02724
FTS-7	.01752
FTS-8	.01571
FTS-9	.01295

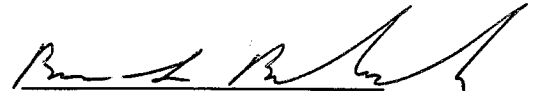
FTS-10	.01257
FTS-11	.01097
FTS-12	.00905

5. The Company also received Commission approval to implement fixed per bill conservation adjustment 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 conservation adjustment factors.

Rate Class	Adjustment Factor (dollars per bill)
FTS-A	1.63
FTS-B	2.23
FTS-1	2.87
FTS-2	5.90
FTS-3	23.16

WHEREFORE, THE FLORIDA DIVISION OF CHESAPEAKE UTILITIES CORPORATION prays the Commission will grant this petition, and approve the above conservation adjustment factors to be applied to bills rendered for meter readings taken between January 1, 2008 and December 31, 2008, inclusive.

RESPECTFULLY submitted this 13th day of September 2007.

A handwritten signature in black ink, appearing to read "Brian S. Bilinski", written over a horizontal line.

Brian S. Bilinski  
Senior Financial Analyst  
Chesapeake Utilities Corporation  
Florida Division  
1015 Sixth Street NW  
Winter Haven, Florida 33881  
(863) 293-2125 x2913

1                                   BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

2                                   In Re: Natural Gas Conservation Cost Recovery

3                                   DIRECT TESTIMONY OF BRIAN S. BILINSKI

4                                   On behalf of

5                                   The Florida Division of Chesapeake Utilities Corporation

6                                   DOCKET NO. 070004-GU

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

8    A.     My name is Brian S. Bilinski. I am the Senior Financial Analyst of the Florida Division of  
9           Chesapeake Utilities Corporation. My business address is 1015 6th Street, N. W., Winter  
10          Haven, Florida 33881.

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

12   A.     I have a Bachelor's of Science degree in Accounting from St. Peter's College in Jersey City,  
13          New Jersey and a Master's in Business Administration from Stetson University in Deland,  
14          Florida. I have been employed in the water and wastewater industry in Florida for over twenty  
15          years. I was first employed by the Florida Division of Chesapeake Utilities Corporation in June  
16          2002 as the Accounting and Rates Manager.

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

19   A.     Yes.

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

21   A.     To describe generally the expenditures made and projected to be made in implementing,  
22          promoting, and operating the Company's energy conservation programs. This will include  
23          recoverable costs incurred in January through August 2007 and projections of program costs to  
24          be incurred from September through December 2007. It will also include projected  
25          conservation costs for the period January 2008 through December 2008, with a calculation of

1 the conservation adjustment factors to be applied to the customers' bills during the collection  
2 period of January 1, 2008 through December 31, 2008.

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 BSB-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 BSB-2 shows actual expenses for the months January through  
13 August 2007. Projections for September through December 2007 are also shown on Schedule  
14 C-3. Projected expenses for the January 2008 through December 2008 period are shown on  
15 Schedule C-2 of Exhibit BSB-2.

16 Q. Have you prepared schedules that show revenues for the period January 2007 through  
17 December 2007?

18 A. Yes. Schedule C-3 (Page 4 of 5) shows actual revenues for the months January through August  
19 2007. Projections for September through December 2007 are also shown on Schedule C-3  
20 (Page 4 of 5).

21 Q. Have you prepared a schedule that shows the calculation of the Company's proposed  
22 conservation adjustment factors to be applied during billing periods from January 1, 2008  
23 through December 31, 2008?

24 A. Yes. Schedule C-1 of Exhibit BSB-2 shows this calculation. Net program cost estimates for the  
25 period January 1, 2008 through December 31, 2008 are used. The estimated true-up amount

1 from Schedule C-3 (Page 4 of 5, Line 12) of Exhibit BSB-2, being an overrecovery, 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, 2008. The  
6 resulting factors are shown on Schedule C-1 (page 1 of 2) of Exhibit BSB-2.

7 Q. Didn't the Company also receive Commission approval to implement fixed per bill conservation  
8 adjustment factors for certain rate classes on an experimental basis?

9 A. Yes, experimental per bill rates were approved for rate classes FTS-A, FTS-B, FTS-1, FTS-2,  
10 and FTS-3. A similar calculation as the per therm rate was made, however the projected  
11 number of bills for each rate class for the twelve-month period ending December 31, 2008 was  
12 utilized. The resulting experimental per bill factors are shown on Schedule C-1 (page 2 of 2) of  
13 Exhibit BSB-2.

14 Q. Does this conclude your testimony?

15 A. Yes, it does.



**Docket No. 070004-GU**

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

**THE FLORIDA DIVISION OF  
CHESAPEAKE UTILITIES CORPORATION  
CONSERVATION COST RECOVERY PROJECTION  
JANUARY 1, 2008 THROUGH DECEMBER 31, 2008**

ENERGY CONSERVATION ADJUSTMENT  
SUMMARY OF COST RECOVERY CLAUSE CALCULATION  
JANUARY 2008 THROUGH DECEMBER 2008  
PER THERM BASIS

1. INCREMENTAL COSTS (SCHEDULE C-2)	1,473,388
2. TRUE-UP (SCHEDULE C-3)	<u>(339,335)</u>
3. TOTAL	<u>1,134,053</u>

RATE CLASS	BILLS	THERMS	CUSTOMER CHARGE REVENUES	ENERGY CHARGE	TOTAL	ESTIMATED ECCR	% SURCHARGE	CENTS PER THERM	EXPANSION FACTOR	ECCR ADJUSTMENT FACTORS
FTS-A	37,712	331,795	\$377,120	\$146,232	\$523,352	\$61,136	11.6816%	\$0.1843	1.00503	\$0.18519
FTS-B	30,548	452,547	\$381,856	\$199,451	\$581,307	\$67,906	11.6816%	\$0.1501	1.00503	\$0.15081
FTS-1	83,075	1,785,476	\$1,246,125	\$786,913	\$2,033,038	\$237,492	11.6816%	\$0.1330	1.00503	\$0.13368
FTS-2	21,832	1,695,244	\$600,382	\$497,656	\$1,098,038	\$128,269	11.6816%	\$0.0757	1.00503	\$0.07604
FTS-3	4,998	2,711,214	\$449,820	\$536,305	\$986,125	\$115,196	11.6816%	\$0.0425	1.00503	\$0.04270
FTS-4	2,111	2,876,892	\$348,315	\$515,165	\$863,480	\$100,869	11.6816%	\$0.0351	1.00503	\$0.03524
FTS-5	408	1,135,691	\$112,200	\$188,831	\$301,031	\$35,165	11.6816%	\$0.0310	1.00503	\$0.03112
FTS-6	204	1,075,575	\$91,800	\$157,722	\$249,522	\$29,148	11.6816%	\$0.0271	1.00503	\$0.02724
FTS-7	240	2,978,000	\$114,000	\$330,379	\$444,379	\$51,911	11.6816%	\$0.0174	1.00503	\$0.01752
FTS-8	132	3,144,900	\$99,000	\$321,786	\$420,786	\$49,155	11.6816%	\$0.0156	1.00503	\$0.01571
FTS-9	132	5,731,000	\$118,800	\$513,326	\$632,126	\$73,843	11.6816%	\$0.0129	1.00503	\$0.01295
FTS-10	36	2,256,000	\$54,000	\$187,564	\$241,564	\$28,219	11.6816%	\$0.0125	1.00503	\$0.01257
FTS-11	72	8,736,000	\$216,000	\$599,988	\$815,988	\$95,321	11.6816%	\$0.0109	1.00503	\$0.01097
FTS-12	24	6,710,000	\$96,000	\$421,254	\$517,254	\$60,424	11.6816%	\$0.0090	1.00503	\$0.00905
<b>TOTAL</b>	181,524	41,620,334	\$4,305,418	\$5,402,573	\$9,707,991	\$1,134,053	11.6816%			

ENERGY CONSERVATION ADJUSTMENT  
SUMMARY OF COST RECOVERY CLAUSE CALCULATION  
JANUARY 2008 THROUGH DECEMBER 2008  
PER BILL BASIS - Experimental

1. INCREMENTAL COSTS (SCHEDULE C-2)	1,473,388
2. TRUE-UP (SCHEDULE C-3)	<u>(339,335)</u>
3. TOTAL	<u>1,134,053</u>

RATE CLASS	BILLS	THERMS	CUSTOMER CHARGE REVENUES	ENERGY CHARGE	TOTAL	ESTIMATED ECCR	% SURCHARGE	CENTS PER BILL	EXPANSION FACTOR	ECCR ADJUSTMENT FACTORS
FTS-A	37,712	331,795	\$377,120	\$146,232	\$523,352	\$61,136	11.6816%	\$1.6211	1.00503	\$1.63
FTS-B	30,548	452,547	\$381,856	\$199,451	\$581,307	\$67,906	11.6816%	\$2.2229	1.00503	\$2.23
FTS-1	83,075	1,785,476	\$1,246,125	\$786,913	\$2,033,038	\$237,492	11.6816%	\$2.8588	1.00503	\$2.87
FTS-2	21,832	1,695,244	\$600,382	\$497,656	\$1,098,038	\$128,269	11.6816%	\$5.8753	1.00503	\$5.90
FTS-3	4,998	2,711,214	\$449,820	\$536,305	\$986,125	\$115,196	11.6816%	\$23.0483	1.00503	\$23.16
FTS-4	2,111	2,876,892	\$348,315	\$515,165	\$863,480	\$100,869				
FTS-5	408	1,135,691	\$112,200	\$188,831	\$301,031	\$35,165				
FTS-6	204	1,075,575	\$91,800	\$157,722	\$249,522	\$29,148				
FTS-7	240	2,978,000	\$114,000	\$330,379	\$444,379	\$51,911				
FTS-8	132	3,144,900	\$99,000	\$321,786	\$420,786	\$49,155				
FTS-9	132	5,731,000	\$118,800	\$513,326	\$632,126	\$73,843				
FTS-10	36	2,256,000	\$54,000	\$187,564	\$241,564	\$28,219				
FTS-11	72	8,736,000	\$216,000	\$599,988	\$815,988	\$95,321				
FTS-12	24	6,710,000	\$96,000	\$421,254	\$517,254	\$60,424				
<b>TOTAL</b>	<b>181,524</b>	<b>41,620,334</b>	<b>\$4,305,418</b>	<b>\$5,402,573</b>	<b>\$9,707,991</b>	<b>\$1,134,053</b>	<b>11.6816%</b>			



PROJECTED CONSERVATION PROGRAM COSTS BY COST CATEGORY  
FOR PERIOD: JANUARY 2008 THROUGH DECEMBER 2008

PROGRAM NAME	CAPITAL INVESTMENT	PAYROLL & BENEFITS	MATERIALS & SUPPLIES	ADVERTISING	INCENTIVES	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
1. RESIDENTIAL NEW CONSTRUCTION (908E)	0	250,000	15,000	95,000	463,375	42,000	20,000	10,000	895,375
2. RESIDENTIAL APPLIANCE REPLACEMENT (908C)	0	75,000	5,000	22,000	170,625	0	3,000	2,000	277,625
3. RESIDENTIAL PROPANE DISTRIBUTION	0	0	3,000	9,000	0	0	0	0	12,000
4. RESIDENTIAL APPLIANCE RETENTION (908G)	0	100,000	6,000	0	60,000	0	8,000	4,000	178,000
5. NG SPACE CONDITIONING	0	0	0	0	0	0	0	0	0
6. GAS SPACE CONDITIONING	0	0	0	0	0	0	0	0	0
7. EDUCATION	0	75,000	10,000	16,000	4,388	0	4,000	1,000	110,388
8. COMMON COSTS	0	0	0	0	0	0	0	0	0
9. (INSERT NAME)	0	0	0	0	0	0	0	0	0
10. (INSERT NAME)	0	0	0	0	0	0	0	0	0
11. (INSERT NAME)	0	0	0	0	0	0	0	0	0
12. (INSERT NAME)	0	0	0	0	0	0	0	0	0
13. (INSERT NAME)	0	0	0	0	0	0	0	0	0
14. (INSERT NAME)	0	0	0	0	0	0	0	0	0
15. (INSERT NAME)	0	0	0	0	0	0	0	0	0
16. (INSERT NAME)	0	0	0	0	0	0	0	0	0
17. (INSERT NAME)	0	0	0	0	0	0	0	0	0
18. (INSERT NAME)	0	0	0	0	0	0	0	0	0
19. (INSERT NAME)	0	0	0	0	0	0	0	0	0
20. (INSERT NAME)	0	0	0	0	0	0	0	0	0
TOTAL ALL PROGRAMS	0	500,000	39,000	142,000	698,388	42,000	35,000	17,000	1,473,388
LESS: AMOUNT IN RATE BASE	0	0	0	0	0	0	0	0	0
RECOVERABLE CONSER.	0	500,000	39,000	142,000	698,388	42,000	35,000	17,000	1,473,388



CONSERVATION PROGRAM COSTS BY COST CATEGORY  
FOR PERIOD JANUARY 2007 THROUGH DECEMBER 2007  
EIGHT MONTHS ACTUAL AND FOUR MONTHS ESTIMATED

	<u>CAPITAL INVESTMENT</u>	<u>PAYROLL &amp; BENEFITS</u>	<u>MATERIALS &amp; SUPPLIES</u>	<u>ADVERTISING</u>	<u>INCENTIVES</u>	<u>OUTSIDE SERVICES</u>	<u>VEHICLE</u>	<u>OTHER</u>	<u>TOTAL</u>
1. RESIDENTIAL NEW CONSTRUCTION (908E)									
A. ACTUAL	0	133,789	3,224	40,358	214,325	595	11,506	3,198	406,995
B. ESTIMATED	0	66,894	1,612	40,179	132,163	298	5,753	1,599	248,498
C. TOTAL	0	200,683	4,836	80,537	346,488	893	17,259	4,797	655,493
2. RESIDENTIAL APPLIANCE REPLACEMENT (908C)									
A. ACTUAL	0	31,175	1,774	8,568	10,770	595	1,165	122	54,169
B. ESTIMATED	0	15,588	887	14,284	5,385	298	583	61	37,085
C. TOTAL	0	46,763	2,661	22,852	16,155	893	1,748	182	91,253
3. RESIDENTIAL PROPANE DISTRIBUTION (908F)									
A. ACTUAL	0	130	688	0	0	175	4	0	997
B. ESTIMATED	0	0	344	0	0	88	0	0	432
C. TOTAL	0	130	1,032	0	0	263	4	0	1,429
4. RESIDENTIAL APPLIANCE RETENTION (908G)									
A. ACTUAL	0	51,624	1,685	6,738	14,150	595	4,475	1,567	80,834
B. ESTIMATED	0	25,812	843	10,000	7,075	298	2,238	0	46,265
C. TOTAL	0	77,436	2,528	16,738	21,225	893	6,713	1,567	127,098
5. NG SPACE CONDITIONING FOR RESIDENTIAL HOMES (908D)									
A. ACTUAL	0	0	0	0	0	0	0	0	0
B. ESTIMATED	0	0	0	0	0	0	0	0	0
C. TOTAL	0	0	0	0	0	0	0	0	0
6. GAS SPACE CONDITIONING (908B)									
A. ACTUAL	0	0	0	0	0	0	0	0	0
B. ESTIMATED	0	0	0	0	0	0	0	0	0
C. TOTAL	0	0	0	0	0	0	0	0	0
7. EDUCATION (908A)									
A. ACTUAL	0	31,717	2,555	9,070	0	1,514	2,394	100	47,350
B. ESTIMATED	0	15,859	1,278	4,535	0	757	1,197	50	23,675
C. TOTAL	0	47,576	3,833	13,605	0	2,271	3,591	150	71,025
8 COMMON COST									
A. ACTUAL	0	0	0	0	0	0	0	0	0
B. ESTIMATED	0	0	0	0	0	0	0	0	0
C. TOTAL	0	0	0	0	0	0	0	0	0
<b>TOTAL COSTS</b>	<b>0</b>	<b>372,588</b>	<b>14,890</b>	<b>133,732</b>	<b>383,868</b>	<b>5,211</b>	<b>29,314</b>	<b>6,696</b>	<b>946,298</b>





CONSERVATION PROGRAM COSTS - EXPENSES BY MONTH  
FOR PERIOD: JANUARY 2007 THROUGH DECEMBER 2007  
EIGHT MONTHS ACTUAL AND FOUR MONTHS PROJECTED

DESCRIPTION	JAN 2007	FEB 2007	MAR 2007	APR 2007	MAY 2007	JUN 2007	JUL 2007	AUG 2007	SEP 2007	OCT 2007	NOV 2007	DEC 2007	TOTAL
1. RES. NEW CONSTRUCTION	38,475	45,729	48,632	45,932	82,859	86,936	34,037	24,396	62,124	62,124	62,124	62,123	655,491
2. RES. APPLIANCE REPLACEMENT	7,318	5,353	5,648	7,490	7,778	4,165	9,914	6,503	9,271	9,271	9,271	9,272	91,254
3. RES PROPANE DISTRIBUTION	175	152	(18)	680	8	0	0	0	108	108	108	108	1,428
4. RES. APPLIANCE RETENTION	10,466	6,559	9,518	8,739	14,836	8,266	12,500	9,949	11,566	11,566	11,566	11,566	127,098
5. NG SPACE CONDITIONING	0	0	0	0	0	0	0	0	0	0	0	0	0
6. GAS SPACE CONDITIONING	0	0	0	0	0	0	0	0	0	0	0	0	0
7. EDUCATION	5,341	5,247	7,963	8,603	6,626	4,139	5,466	3,968	5,919	5,919	5,919	5,919	71,026
8. COMMON COSTS	0	0	0	0	0	0	0	0	0	0	0	0	0
9. (INSERT NAME)	0	0	0	0	0	0	0	0	0	0	0	0	0
10. (INSERT NAME)	0	0	0	0	0	0	0	0	0	0	0	0	0
11. (INSERT NAME)	0	0	0	0	0	0	0	0	0	0	0	0	0
12. (INSERT NAME)	0	0	0	0	0	0	0	0	0	0	0	0	0
13. (INSERT NAME)	0	0	0	0	0	0	0	0	0	0	0	0	0
14. (INSERT NAME)	0	0	0	0	0	0	0	0	0	0	0	0	0
15. (INSERT NAME)	0	0	0	0	0	0	0	0	0	0	0	0	0
16. (INSERT NAME)	0	0	0	0	0	0	0	0	0	0	0	0	0
17. (INSERT NAME)	0	0	0	0	0	0	0	0	0	0	0	0	0
18. (INSERT NAME)	0	0	0	0	0	0	0	0	0	0	0	0	0
19. (INSERT NAME)	0	0	0	0	0	0	0	0	0	0	0	0	0
20. (INSERT NAME)	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL ALL PROGRAMS	61,775	63,039	71,743	71,444	112,107	103,506	61,917	44,816	88,988	88,988	88,988	88,988	946,298
LESS: BASE RATE RECOVERY	0	0	0	0	0	0	0	0	0	0	0	0	0
NET RECOVERABLE	61,775	63,039	71,743	71,444	112,107	103,506	61,917	44,816	88,988	88,988	88,988	88,988	946,298

ENERGY CONSERVATION COST RECOVERY ADJUSTMENT  
FOR PERIOD: JANUARY 2007 THROUGH DECEMBER 2007  
EIGHT MONTHS ACTUAL AND FOUR MONTHS ESTIMATED

CONSERVATION REVS	JAN 2007	FEB 2007	MAR 2007	APR 2007	MAY 2007	JUN 2007	JUL 2007 #	AUG 2007	SEP 2007	OCT 2007	NOV 2007	DEC 2007	TOTAL
1. RCS AUDIT FEE	0	0	0	0	0	0	0	0	0	0	0	0	0
2. OTHER PROG. REVS.	0	0	0	0	0	0	0	0	0	0	0	0	0
3. CONSERV. ADJ REVS.	(128,077)	(140,564)	(131,563)	(132,100)	(109,259)	(92,424)	(79,215)	(84,057)	(85,000)	(88,000)	(92,000)	(100,000)	(1,262,259)
4. TOTAL REVENUES	(128,077)	(140,564)	(131,563)	(132,100)	(109,259)	(92,424)	(79,215)	(84,057)	(85,000)	(88,000)	(92,000)	(100,000)	(1,262,259)
5. PRIOR PERIOD TRUE- UP NOT APPLICABLE TO THIS PERIOD	(813)	(812)	(813)	(813)	(813)	(813)	(813)	(813)	(813)	(813)	(813)	(813)	(9,754)
6. CONSERV. REVS. APPLICABLE TO THE PERIOD	(128,890)	(141,376)	(132,376)	(132,913)	(110,072)	(93,237)	(80,028)	(84,870)	(85,813)	(88,813)	(92,813)	(100,813)	(1,272,013)
7. CONSERV. EXPS.	61,775	63,039	71,743	71,444	112,107	103,506	61,917	44,816	88,988	88,988	88,988	88,988	946,299
8. TRUE-UP THIS PERIOD	(67,115)	(78,337)	(60,633)	(61,469)	2,035	10,269	(18,111)	(40,054)	3,176	176	(3,824)	(11,825)	(325,713)
9. INTER. PROVISION THIS PERIOD	(188)	(504)	(807)	(1,075)	(1,206)	(1,183)	(1,200)	(1,372)	(1,509)	(1,504)	(1,516)	(1,556)	(13,622)
10. TRUE-UP AND INTEREST PROV. BEG. OF MONTH	(9,754)	(76,244)	(154,272)	(214,900)	(276,630)	(274,989)	(265,091)	(283,589)	(324,203)	(321,723)	(322,239)	(326,767)	(9,754)
11. PRIOR TRUE-UP COLLECTED OR (REFUNDED)	813	813	813	813	813	813	813	813	813	813	813	813	9,754
12. TOTAL NET TRUE-UP	(76,244)	(154,272)	(214,900)	(276,630)	(274,989)	(265,091)	(283,589)	(324,203)	(321,723)	(322,239)	(326,767)	(339,335)	(339,335)

CALCULATION OF TRUE-UP AND INTEREST PROVISION  
FOR PERIOD: JANUARY 2007 THROUGH DECEMBER 2007  
EIGHT MONTHS ACTUAL AND FOUR MONTHS PROJECTED

INTEREST PROVISION	JAN 2007	FEB 2007	MAR 2007	APR 2007	MAY 2007	JUN 2007 2	JUL 2007	AUG 2007 #	SEP 2007	OCT 2007	NOV 2007	DEC 2007	TOTAL
1. BEGINNING TRUE-UP	(9,754)	(76,244)	(154,272)	(214,900)	(276,630)	(274,989)	(265,091)	(283,589)	(324,203)	(321,723)	(322,239)	(326,767)	
2. ENDING TRUE-UP BEFORE INTEREST	(76,056)	(153,768)	(214,092)	(275,556)	(273,783)	(263,908)	(282,389)	(322,831)	(320,214)	(320,735)	(325,251)	(337,779)	
3. TOTAL BEGINNING & ENDING TRUE-UP	(85,810)	(230,012)	(368,365)	(490,455)	(550,413)	(538,897)	(547,480)	(606,420)	(644,417)	(642,458)	(647,490)	(664,546)	
4. AVERAGE TRUE-UP (LINE 3 TIMES 50%)	(42,905)	(115,006)	(184,182)	(245,228)	(275,207)	(269,448)	(273,740)	(303,210)	(322,208)	(321,229)	(323,745)	(332,273)	
5. INTEREST RATE FIRST DAY OF REPORTING MONTH	5.27%	5.26%	5.26%	5.26%	5.26%	5.26%	5.28%	5.24%	5.62%	5.62%	5.62%	5.62%	
6. INTER. RATE - FIRST DAY SUBSEQUENT MONTH	5.26%	5.26%	5.26%	5.26%	5.26%	5.28%	5.24%	5.62%	5.62%	5.62%	5.62%	5.62%	
7. TOTAL (SUM LINES 5 & 6)	10.53%	10.52%	10.52%	10.52%	10.52%	10.54%	10.52%	10.86%	11.24%	11.24%	11.24%	11.24%	
8. AVG. INTEREST RATE (LINE 7 TIMES 50%)	5.27%	5.26%	5.26%	5.26%	5.26%	5.27%	5.26%	5.43%	5.62%	5.62%	5.62%	5.62%	
9. MONTHLY AVG INTEREST RATE	0.44%	0.44%	0.44%	0.44%	0.44%	0.44%	0.44%	0.45%	0.47%	0.47%	0.47%	0.47%	
10. INTEREST PROVISION	(188)	(504)	(807)	(1,075)	(1,206)	(1,183)	(1,200)	(1,372)	(1,509)	(1,504)	(1,516)	(1,556)	(13,622)

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CHESAPEAKE UTILITIES CORPORATION  
Program Description and Progress

Program Title:  
Residential New Construction Program

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

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

Program Activity and Projections:  
During the eight-month period January through August 2007, 465 residences qualified under the Residential New Construction Program. We estimate 287 new homes will qualify during the period September through December 2007.

Program Fiscal Expenditures:  
For the eight-month period January through August 2007, CUC incurred costs of \$406,995 for the Residential New Construction Program. For September through December 2007, costs are estimated to be \$248,498.

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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 eight-month period January through August 2007, 33 residences qualified under the Residential Appliance Replacement Program. We estimate an additional 17 residences will qualify for incentives during the period September through December 2007.

Program Fiscal Expenditures:

For the eight-month period January through August 2007, CUC incurred costs of \$54,169 for the Residential Appliance Replacement Program. During September through December 2007 costs are estimated to be \$37,085.

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CHESAPEAKE UTILITIES CORPORATION  
Program Description and Progress

Program Title:

Residential Propane Distribution Program

Program Description:

The program is designed to promote the use of "gas" within developments that are built beyond the economic extension of the Company's existing natural gas infrastructure. The concept of installing an underground propane system, which includes distribution mains, service laterals and meter sets that are capable of supplying either propane or natural gas, is a viable method of encouraging installation of "gas" appliances in the residential subdivision at the time of construction. This program is designed to provide Builders and Developers a cash incentive to encourage the installation of "gas" appliances in the newly constructed house.

Allowances:

Conservation allowances are currently:

- \$275 Energy efficient natural gas water heater installation.
- \$275 Natural Gas home heating.
- \$75 Energy efficient natural gas range or dryer stub outlet.

Program Activity and Projections:

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

Program Fiscal Expenditures:

For the eight-month period January through August 2007, CUC incurred costs of \$997 for the Residential Propane Distribution Program. During September through December 2007 costs are estimated to be \$432.

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CHESAPEAKE UTILITIES CORPORATION  
Program Description and Progress

Program Title:  
Residential Appliance Retention Program

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

Allowances:  
Conservation allowances are currently:

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

Program Activity and Projections:  
For the eight-month period January through August 2007, CUC paid allowances on 70 appliances. We estimate we will pay allowances on 35 additional appliances during the period of September through December 2007.

Program Fiscal Expenditures:  
For the eight-month period January through August 2007, CUC incurred program costs of \$80,834 for this program. For September through December 2007, expenditures totaling \$46,265 are anticipated.

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CHESAPEAKE UTILITIES CORPORATION  
Program Description and Progress

Program Title:

Natural Gas Space Conditioning for Residential Homes Program

Program Description:

The program is intended to encourage the use of energy efficient natural gas air conditioning products in residential homes. The program is designed to offer a \$1,200 per unit allowance to qualifying participants to compensate for the higher initial costs of natural gas space conditioning equipment and its installation.

Program Activity and Projections:

For the eight-month period January through August 2007, CUC didn't pay any allowances on this program. Minimal activity is projected in this program for the remainder of 2007.

Program Fiscal Expenditures:

For the eight-month period January through August 2007, CUC incurred zero program costs for the Natural Gas Space Conditioning for Residential Homes Program. No costs are estimated for the period September through December 2007.



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CHESAPEAKE UTILITIES CORPORATION  
Program Description and Progress

Program Title:

Gas Space Conditioning Program

Program Description:

The program is intended to encourage the use of energy efficient natural gas air conditioning products to non-residential customers. The program provides an allowance of \$50 per ton of natural gas space conditioning up to a maximum of 500 tons per system, to qualifying participants to compensate for the higher initial costs of natural gas space conditioning equipment and installation.

Program Activity and Projections:

For the eight-month period January through August 2007, CUC didn't pay any allowances on this program.

Program Fiscal Expenditures:

For the eight-month period January through August 2007, CUC incurred zero costs for the Gas Space Conditioning Program. No costs are estimated for September through December 2007.

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CHESAPEAKE UTILITIES CORPORATION  
Program Description and Progress

Program Title:  
Conservation Education Program

Program Description:  
The objective of this program is to teach adults and young people conservation measures designed to reduce energy consumption and consequently reduce their family's overall energy cost.

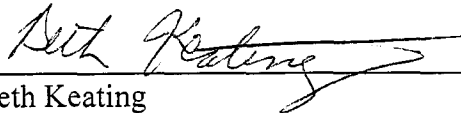
Program Activity and Projections:  
We have created community outreach programs designed to inform and educate the general public as well as business interest in the communities we serve as to the value of natural gas and the availability of our conservation allowance programs. Examples of these types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

Program Fiscal Expenditures:  
During the eight-month period January through August 2007, CUC incurred program costs of \$47,350 for this program. For September through December 2007, expenditures are estimated to be \$23,675 for this program.

## CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the Petition of the Florida Division of Chesapeake Utilities, as well as the Direct Testimony and Exhibit of Brian Bilinski, has been furnished by U.S. Mail to the following parties of record this 13<sup>th</sup> day of September, 2007:

Florida Public Utilities Company John T. English/Cheryl Martin 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	Thomas A. Geoffroy Florida Division of Chesapeake Utilities P.O. Box 960 Winter Haven, FL 33882-0960
Florida City Gas Jay Sutton 955 East 25 <sup>th</sup> Street Hialeah, FL 33013-3498	St. Joe Natural Gas Company, Inc. Mr. Stuart L. Shoaf P.O. Box 549 Port St. Joe, FL 32457-0549
TECO Energy, Inc. Paula K. Brown/Matthew Costa P.O. Box 111 Tampa, FL 33601-0111	AGL Resources Inc. Elizabeth Wade/Melvin Williams Ten Peachtree Place Location 1470 Atlanta, GA 30309
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