

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

Eastern Shore Natural Gas Company )

Docket No. RP07-

**PREPARED DIRECT TESTIMONY OF  
JOSEPH D. STEINMETZ**

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

2   A.   My name is Joseph D. Steinmetz, and I am the Corporate Controller for Chesapeake  
3       Utilities Corporation (“Chesapeake”). My business address is 909 Silver Lake  
4       Boulevard, Dover, Delaware 19904.

5   **Q.   Describe briefly your education and relevant professional background.**

6   A.   I received my Bachelor of Science in Accounting from Widener University in  
7       Chester, Pennsylvania in 1993 and my Masters in Business Administration from  
8       Wilmington College in New Castle, DE in 1999. In addition, I am a Certified Public  
9       Accountant, licensed in the state of Pennsylvania, with over 13 years of professional  
10      accounting experience. I spent five of my 13 years of experience in financial  
11      accounting, holding positions of Staff Accountant, Assistant Controller and  
12      Controller. My remaining eight years of experience were in audit positions,  
13      including Staff Auditor and Director of Audit. In May 2005, I assumed my current  
14      role of Corporate Controller for Chesapeake Utilities Corporation.

1   **Q.    Have you previously testified in rate proceedings?**

2    A.    I have submitted testimony on behalf of the Maryland Division of Chesapeake  
3           Utilities Corporation in Case No. 9062, filed with the Maryland Public Service  
4           Commission.

5   **Q.    What are your present duties and responsibilities?**

6    A.    As Corporate Controller, I am responsible for the management of the day-to-day  
7           accounting and reporting requirements for each of Chesapeake's business groups. I  
8           am also responsible for corporate cost allocations.

9   **Q.    What is the purpose of your direct testimony in this proceeding?**

10   A.    The purpose of my testimony is to provide support for Income Taxes in the cost of  
11          service and deferred income taxes in the rate base.

12   **Q.    Please summarize the state and federal taxes included in the cost of service.**

13   A.    The state and federal income taxes included in the Cost of Service are calculated  
14          using the tax rates for State and Federal income taxes currently in effect for Eastern  
15          Shore. They are shown on Schedule H-3 (1) and H-3 (2).

16   **Q.    Please summarize the state and federal deferred income taxes included in the**  
17          **rate base.**

18   A.    The state and federal deferred income taxes included in the rate base are the tax  
19          effect of temporary differences between the tax basis of an asset or liability and its  
20          reported amount in the financial statements that will result in taxable amounts or

1 deductible amounts in future years when the reported amount of the asset is  
2 recovered or when the reported amount of the liability is a settled liability. The  
3 temporary differences and their related tax effect are listed on Schedules B-1 and B-  
4 2.

5 **Q. Does this conclude your testimony?**

6 A. Yes, it does.

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AFFIDAVIT OF JOSEPH D. STEINMETZ

Joseph D. Steinmetz, being duly sworn according to law, on oath  
deposes and says: that he is the witness whose testimony appears on the  
preceding pages entitled “PREPARED DIRECT TESTIMONY OF JOSEPH D.  
STEINMETZ” in this proceeding; that, if asked the questions which appear in  
the text of the aforesaid testimony, affiant would give the answers that are therein  
set forth; and that affiant adopts the aforesaid testimony as his sworn testimony  
in these proceedings.

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Joseph D. Steinmetz

Subscribed and sworn to before me this \_\_\_\_\_ day of October, 2006.

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Notary Public