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April 30, 2012

HAND DELIVERY

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

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COMMISSION
CLERK

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

Dear Ms. Cole:

Attached for filing, please find the original and 15 copies of the Direct Testimony and Exhibit MDN-1 of Ms. Michelle Napier, submitted in the referenced Docket on behalf of Florida Public Utilities Company – Indiantown Division, along with the original and 15 copies of the Company's Petition for Approval of Final True-Up Amount. Also enclosed for filing is a CD containing the filed documents in native format.

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

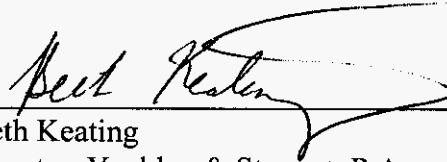
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MEK
cc: Parties of Record

DOCUMENT NUMBER DATE
02738 APR 30 2012

WHEREFORE, Indiantown respectfully requests that the Commission enter an Order approving the Company's final natural gas conservation true-up amount for the period January 1, 2011 through December 31, 2011.

RESPECTFULLY SUBMITTED this 30th day of April 2012.



Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 601
Tallahassee, FL 32301
(850) 521-1706
*Attorneys for Florida Public Utilities Company-
Indiantown Division*

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of Indiantown's Petition for Approval of the Conservation Cost Recovery True-Up Amount in Docket No. 120004-GU has been furnished by regular U.S. Mail to the following parties of record this 30th day of April 2012:

Florida Public Utilities Company Cheryl Martin 1641 Worthington Road, Suite 220 West Palm Beach, FL 33409-6703	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
Sebring Gas System, Inc. Jerry H. Melendy, Jr. 3515 U.S. Highway 27 South Sebring, FL 33870	AGL Resources Inc. Elizabeth Wade/Brian Sulmonetti Ten Peachtree Place Location 1470 Atlanta, GA 30309
Florida City Gas Carolyn Bermudez 933 East 25 th Street Hialeah, FL 33013-3498-	Jennifer Crawford/Pauline Robinson Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, FL 32399
Florida Division of Chesapeake Utilities Corporation Cheryl Martin 1641 Worthington Road, Suite 220 West Palm Beach, FL 33409-6703	



Beth Keating
 Gunster, Yoakley & Stewart, P.A.
 215 South Monroe St., Suite 601
 Tallahassee, FL 32301
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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 120004-GU
DETERMINATION OF CONSERVATION COSTS RECOVERY
FACTOR

Direct Testimony (Final
True-Up) of
MICHELLE D. NAPIER
On Behalf of
FLORIDA PUBLIC UTILITIES COMPANY –
INDIANTOWN DIVISION

- 1 Q. Please state your name and business address.
- 2 A. Michelle Napier: my business address is 1641 Worthington Road, Suite 220, West Palm
3 Beach, Florida 33409.
- 4 Q. By whom are you employed and in what capacity?
- 5 A. I am employed by Florida Public Utilities Company as Senior Regulatory Analyst.
- 6 Q. What is the purpose of your testimony at this time?
- 7 A. To advise the Commission of the actual over/under recovery of the Conservation costs
8 for the period January 1, 2011 through December 31, 2011 as compared to the amount
9 previously reported for that period which was based on seven months actual and five
10 months estimated data.
- 11 Q. Please state the actual amount of over/under recovery of Conservation Program costs for
the Indiantown Division of Florida Public Utilities Company for January 1, 2011 through
December 31, 2011.

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Ct Rep 1

DOCUMENT NUMBER DATE

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1 A. The Company over-recovered \$13,622 during that period. This amount is substantiated
2 on Schedule CT-3, page 2 of 3, Calculation of True-up and Interest Provision.

3 Q. How does this amount compare with the estimated true-up amount which was allowed by
4 the Commission?

5 A. We had estimated that we would over-recover \$10,474 as of December 31, 2011.

6 Q. Have you prepared any exhibits at this time?

7 A. We have prepared and pre-filled Schedules CT-1, CT-2, CT-3, CT-4, CT-5 and CT-6
8 (Composite Exhibit MDN-1).

9 Q. Does this conclude your testimony?

10 A. Yes.

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY - INDIANTOWN DIVISION SCHEDULE CT-1
CONSERVATION ADJUSTMENT TRUE-UP
PAGE 1 OF 1

FOR MONTHS January-11 THROUGH December-11

1.	ADJUSTED END OF PERIOD TOTAL NET TRUE-UP		
2.	FOR MONTHS January-11 THROUGH December-11		
3.	END OF PERIOD NET TRUE-UP		
4.	PRINCIPAL	<u>(13,598)</u>	
5.	INTEREST	<u>(24)</u>	<u>(13,622)</u>
6.	LESS PROJECTED TRUE-UP		
7.	November-11 HEARINGS		
8.	PRINCIPAL	<u>(10,450)</u>	
9.	INTEREST	<u>(24)</u>	<u>(10,474)</u>
10.	ADJUSTED END OF PERIOD TOTAL TRUE-UP		<u>(3,148)</u>

EXHIBIT NO. _____
DOCKET NO. 120004-GU
FLORIDA PUBLIC UTILITIES COMPANY-Indiantown
(MDN-1)
PAGE 1 OF 14

ANALYSIS OF ENERGY CONSERVATION PROGRAM COSTS
ACTUAL VS PROJECTED

	FOR MONTHS	January-11	THROUGH	December-11	DIFFERENCE
		<u>ACTUAL</u>		<u>PROJECTED</u>	
1.	Labor/Payroll				
2.	Advertisement	7,479		8,200	(721)
3.	Legal	229			229
4.	Outside Services	1,849		1,479	370
5.	Vehicle				
6.	Materials & Supplies				
7.	Travel				
8.	General & Administrative				
9.	Incentives	1,800		4,400	(2,600)
10.	Other				
11.	SUB-TOTAL	11,357		14,079	(2,722)
12.	PROGRAM REVENUES				
13.	TOTAL PROGRAM COSTS	11,357		14,079	(2,722)
14.	LESS: PRIOR PERIOD TRUE-UP	(17,000)		(17,000)	
15.	AMOUNTS INCLUDED IN RATE BASE				
16.	CONSERVATION ADJ REVENUE	(7,955)		(7,529)	(426)
17.	ROUNDING ADJUSTMENT				
18.	TRUE-UP BEFORE INTEREST	(13,598)		(10,450)	(3,148)
19.	ADD INTEREST PROVISION	(24)		(24)	
20.	END OF PERIOD TRUE-UP	(13,622)		(10,474)	(3,148)

() REFLECTS OVERRECOVERY

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY - INDIANTOWN DIVISION

SCHEDULE CT-2
PAGE 2 OF 3

ACTUAL CONSERVATION PROGRAM COSTS PER PROGRAM

FOR MONTHS January-11 THROUGH December-11

PROGRAM NAME	50 LABOR/PAY	51 ADVERTISE.	52 LEGAL	53 OUT.SERV.	54 VEHICLE	55 MAT.&SUPP.	56 TRAVEL	57 G & A	58 INCENTIVES	59 OTHER	SUB TOTAL	PROGRAM REVENUES	TOTAL
1. Residential New Construction Program													
2. Residential Appliance Replacement Program		7,479							1,800		9,279		9,279
3. Conservation Education Program				1,760							1,760		1,760
4.													
6 Residential Appliance Retention													
14 Common			229	89							318		318
5. TOTAL ALL PROGRAMS		7,479	229	1,849					1,800		11,357		11,357

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COMPANY: FLORIDA PUBLIC UTILITIES COMPANY - INDIANTOWN DIVISION

SCHEDULE CT-2
PAGE 3 OF 3

CONSERVATION COSTS PER PROGRAM--VARIANCE ACTUAL VS PROJECTED
VARIANCE ACTUAL VS PROJECTED

FOR MONTHS January-11 THROUGH December-11

PROGRAM NAME	LABOR/PAY	ADVERTISE.	LEGAL	OUT.SERV.	VEHICLE	MAT.&SUPP.	TRAVEL	G & A	INCENTIVES	OTHER	SUB TOTAL	PROGRAM REVENUES	TOTAL
1. Residential New Construction Program				(416)							(416)		(416)
2. Residential Appliance Replacement Program		7,479		(416)					590		7,653		7,653
3. Conservation Education Program		(8,200)		1,760							(6,440)		(6,440)
4.													
6. Residential Appliance Retention				(418)					(3,190)		(3,608)		(3,608)
14 Common			229	(140)							89		89
5. TOTAL ALL PROGRAMS		(721)	229	370					(2,600)		(2,722)		(2,722)

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COMPANY: FLORIDA PUBLIC UTILITIES COMPANY - INDIANTOWN DIVISION

SCHEDULE CT-3
PAGE 1 OF 3

ENERGY CONSERVATION ADJUSTMENT CALCULATION OF TRUE-UP AND INTEREST PROVISION
SUMMARY OF EXPENSES BY PROGRAM BY MONTH

FOR MONTHS January-11 THROUGH December-11

A. CONSERVATION EXPENSE BY PROGRAM	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
1. Residential New Construction Program													
2. Residential Appliance Replacement Program	450		450		700	100	100						1,800
3. Conservation Education Program										1,525	152	83	1,760
4.													
6 Residential Appliance Retention													
14 Common			3,800		229					2,589		1,179	7,797
5 TOTAL ALL PROGRAMS	450		4,250		929	100	100			4,114	152	1,262	11,357
6. LESS AMOUNT INCLUDED IN RATE BASE													
7. RECOVERABLE CONSERVATION EXPENSES	450		4,250		929	100	100			4,114	152	1,262	11,357

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COMPANY: FLORIDA PUBLIC UTILITIES COMPANY - INDIANTOWN DIVISION

SCHEDULE CT-3
PAGE 2 OF 3

CALCULATION OF TRUE-UP AND INTEREST PROVISION

FOR MONTHS January-11 THROUGH December-11

B. CONSERVATION REVENUES	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
1. RESIDENTIAL CONSERVATION													
2. CONSERVATION ADJ. REVENUES	(955)	(704)	(838)	(725)	(662)	(663)	(217)	(210)	(572)	(200)	(1,087)	(1,122)	(7,955)
3. TOTAL REVENUES	(955)	(704)	(838)	(725)	(662)	(663)	(217)	(210)	(572)	(200)	(1,087)	(1,122)	(7,955)
4. PRIOR PERIOD TRUE-UP ADJ. NOT APPLICABLE TO THIS PERIOD	(1,413)	(1,417)	(1,417)	(1,417)	(1,417)	(1,417)	(1,417)	(1,417)	(1,417)	(1,417)	(1,417)	(1,417)	(17,000)
5. CONSERVATION REVENUE APPLICABLE	(2,368)	(2,121)	(2,255)	(2,142)	(2,079)	(2,080)	(1,634)	(1,627)	(1,989)	(1,617)	(2,504)	(2,539)	(24,955)
6. CONSERVATION EXPENSES (FROM CT-3, PAGE 1, LINE 23)	450		4,250		929	100	100			4,114	152	1,262	11,357
7. TRUE-UP THIS PERIOD (LINE 5 - 6)	(1,918)	(2,121)	1,995	(2,142)	(1,150)	(1,980)	(1,534)	(1,627)	(1,989)	2,497	(2,352)	(1,277)	(13,598)
8. INTEREST PROVISION THIS PERIOD (FROM CT-3, PAGE 3, LINE 10)	(4)	(4)	(3)	(2)	(2)	(2)	(2)	(1)	(1)	(1)	(1)	(1)	(24)
9. TRUE-UP AND INTEREST PROVISION BEGINNING OF MONTH	(17,000)	(17,509)	(18,217)	(14,808)	(15,535)	(15,270)	(15,835)	(15,954)	(16,165)	(16,738)	(12,825)	(13,761)	(17,000)
9A. DEFERRED TRUE-UP BEGINNING OF PERIOD													
10. PRIOR TRUE-UP COLLECTED (REFUNDED)	1,413	1,417	1,417	1,417	1,417	1,417	1,417	1,417	1,417	1,417	1,417	1,417	17,000
11. TOTAL NET TRUE-UP (LINES 7+8+9+9A+10)	(17,509)	(18,217)	(14,808)	(15,535)	(15,270)	(15,835)	(15,954)	(16,165)	(16,738)	(12,825)	(13,761)	(13,622)	(13,622)

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FLORIDA PUBLIC UTILITIES COMPANY
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CALCULATION OF TRUE-UP AND INTEREST PROVISION

FOR MONTHS January-11 THROUGH December-11

C. INTEREST PROVISION	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
1. BEGINNING TRUE-UP (LINE B-9)	(17,000)	(17,509)	(18,217)	(14,808)	(15,535)	(15,270)	(15,835)	(15,954)	(16,165)	(16,738)	(12,825)	(13,761)	(17,000)
2. ENDING TRUE-UP BEFORE INTEREST (LINES B7+B9+B9A+B10)	(17,505)	(18,213)	(14,805)	(15,533)	(15,266)	(15,833)	(15,952)	(16,164)	(16,737)	(12,824)	(13,760)	(13,621)	(13,598)
3. TOTAL BEG. AND ENDING TRUE-UP	(34,505)	(35,722)	(33,022)	(30,341)	(30,803)	(31,103)	(31,787)	(32,118)	(32,902)	(29,562)	(26,585)	(27,382)	(30,598)
4. AVERAGE TRUE-UP (LINE C-3 X 50%)	(17,253)	(17,861)	(16,511)	(15,171)	(15,402)	(15,552)	(15,894)	(16,059)	(16,451)	(14,781)	(13,293)	(13,691)	(15,299)
5. INTEREST RATE - FIRST DAY OF REPORTING BUSINESS MONTH	0.25%	0.25%	0.25%	0.20%	0.19%	0.16%	0.16%	0.12%	0.07%	0.04%	0.09%	0.09%	
6. INTEREST RATE - FIRST DAY OF SUBSEQUENT BUSINESS MONTH	0.25%	0.25%	0.20%	0.19%	0.16%	0.16%	0.12%	0.07%	0.04%	0.09%	0.09%	0.07%	
7. TOTAL (LINE C-5 + C-6)	0.50%	0.50%	0.45%	0.39%	0.35%	0.32%	0.28%	0.19%	0.11%	0.13%	0.18%	0.16%	
8. AVG. INTEREST RATE (C-7 X 50%)	0.25%	0.25%	0.23%	0.20%	0.18%	0.16%	0.14%	0.10%	0.06%	0.07%	0.09%	0.08%	
9. MONTHLY AVERAGE INTEREST RATE	0.021%	0.021%	0.019%	0.016%	0.015%	0.013%	0.012%	0.008%	0.005%	0.005%	0.008%	0.007%	
10. INTEREST PROVISION (LINE C-4 X C-9)	(4)	(4)	(3)	(2)	(2)	(2)	(2)	(1)	(1)	(1)	(1)	(1)	(24)

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY - INDIANTOWN DIVISION

SCHEDULE CT-4
PAGE 1 OF 1

SCHEDULE OF CAPITAL INVESTMENT, DEPRECIATION & RETURN

FOR MONTHS January-11 THROUGH December-11

PROGRAM NAME:	BEGINNING OF PERIOD	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
1. INVESTMENT														
2. DEPRECIATION BASE														
3. DEPRECIATION EXPENSE														
4. CUMULATIVE INVESTMENT														
5. LESS: ACCUMULATED DEPRECIATION														
6. NET INVESTMENT														
7. AVERAGE INVESTMENT														
8. RETURN ON AVERAGE INVESTMENT														
9. RETURN REQUIREMENTS														
10. TOTAL DEPRECIATION AND RETURN														NONE

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(MDN-1)
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COMPANY: FLORIDA PUBLIC UTILITIES COMPANY - INDIANTOWN DIVISION

**SCHEDULE CT-5
PAGE 1 OF 1**

**RECONCILIATION AND EXPLANATION OF
DIFFERENCES BETWEEN FILING AND PSC AUDIT**

FOR MONTHS January-11 THROUGH December-11

AUDIT EXCEPTION: TO OUR KNOWLEDGE, NONE EXIST

COMPANY RESPONSE:

EXHIBIT NO. _____
DOCKET NO. 120004-GU
FLORIDA PUBLIC UTILITIES COMPANY
(MDN-1)
PAGE 9 OF 14

1. Residential New Construction Program
2. Residential Appliance Replacement Program
3. Residential Appliance Retention Program
4. Conservation Education Program

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 builder or developer who installs the below listed energy efficient appliances.

Current Approved Allowances:

\$350 Tank Water Heater
\$400 High Efficiency Tank Water Heater
\$550 Tankless Water Heater
\$500 Furnace
\$150 Range
\$100 Dryer

PROGRAM ACCOMPLISHMENTS: For the reporting period, 0 incentives were paid.

PROGRAM FISCAL EXPENDITURES: The expenditures for the reporting period of January 1, 2011 through December 31, 2011 were \$0.

PROGRAM TITLE: Residential Appliance Replacement Program

PROGRAM DESCRIPTION: This program is designed to encourage the replacement of inefficient non-natural gas appliances with energy efficient natural gas appliances. The program offers financial incentives to residential customers to defray the additional costs associated with installing natural gas appliances.

Current Approved Allowances:

\$500 Tank Water Heater
\$550 High Efficiency Tank Water Heater
\$675 Tankless Water Heater
\$725 Furnace
\$200 Range
\$150 Dryer

PROGRAM ACCOMPLISHMENTS: For the reporting period, a total of 6 incentives were paid. There were 2 Tankless Water Heaters, 2 Tank Water Heaters, 1 Range and 1 Dryer.

PROGRAM FISCAL EXPENDITURES: The expenditures for the reporting period of January 1, 2011 through December 31, 2011 were \$1,800.

PROGRAM TITLE: Residential Appliance Retention Program

PROGRAM DESCRIPTION: The purpose of the Residential Appliance Retention Program is to encourage homeowners with existing natural gas appliances to retain natural gas appliances at time of replacement. The program was expanded during the reporting period to include additional appliances to include furnaces, tankless hot water heaters, ranges, and dryers. The programs incentives defray the cost of purchase the more expensive energy-efficient natural gas appliances.

Current Approved Allowances:

\$350 Tank Water Heater
\$400 High Efficiency Tank Water Heater
\$550 Tankless Water Heater
\$500 Furnace
\$100 Range
\$100 Dryer

PROGRAM ACCOMPLISHMENTS: For the reporting period, 0 incentives were paid.

PROGRAM FISCAL EXPENDITURES: The expenditures for the reporting period of January 1, 2011 through December 31, 2011 were \$0.

PROGRAM TITLE: Conservation Education Program

PROGRAM DESCRIPTION: The purpose of the Conservation Education Program is to educate consumers, businesses, and contractors to make wise energy choices. For consumers to make educated choices they must know the benefits of conserving energy and have a basic understanding of energy as well as the measures and behavioral practices needed to make these choices.

PROGRAM ACCOMPLISHMENTS: The Company continues to communicate with several homebuilders, appliance retailers and contractors in its service area to provide information on its programs. A large percentage (estimated at 75%) of the Company's approximately 711 customers visit its office location in Indiantown to pay monthly bills. The Company's office staff personally describes the programs and allowance amounts to these customers. In addition, signage in the office has provided program and allowance information. In 2009, the company began participation in the Get Gas Florida consumer education program supported by the Florida Natural Gas Association.

PROGRAM FISCAL EXPENDITURES: The expenditures for the reporting period of January 1, 2011 through December 31, 2011 were \$1,760.