

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 110004-GU
DETERMINATION OF CONSERVATION COSTS RECOVERY FACTOR

Direct Testimony of
JASON VAN HOFFMAN

On Behalf of
FLORIDA PUBLIC UTILITIES COMPANY -
INDIANTOWN DIVISION

1 Q. Please state your name and business address.

2 A. Jason Van Hoffman: my business address is 401 S. Dixie Highway, West Palm Beach,
3 Florida 33401.

4 Q. By whom are you employed and in what capacity?

5 A. I am employed by Florida Public Utilities Company as Energy Conservation Manager.

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, 2010 through December 31, 2010 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
12 for the Florida Public Utilities Company - Indiantown Division for January 1, 2010
13 through December 31, 2010.

14 5 A. The Company over-recovered \$17,000 during that period. This amount is substantiated
on Schedule CT-3, page 2 of 3, Calculation of True-up and Interest Provision.

16 1 Q. How does this amount compare with the estimated true-up amount which was allowed
17 by the Commission?

COM 5
APA 15
ECR 1
GCL 16
RAD 17
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1 A. We had estimated that we would over-recover \$10,169 as of December 31, 2010.

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

3 A. We have prepared and pre-filled Schedules CT-1, CT-2, CT-3, CT-4, CT-5 and CT-6

4 (Composite Exhibit JVH-1).

5 Q. Does this conclude your testimony?

6 A. Yes.

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

FOR MONTHS January-10 THROUGH December-10

1.	ADJUSTED END OF PERIOD TOTAL NET TRUE-UP		
2.	FOR MONTHS January-10 THROUGH December-10		
3.	END OF PERIOD NET TRUE-UP		
4.	PRINCIPAL	<u>(16,956)</u>	
5.	INTEREST	<u>(44)</u>	<u>(17,000)</u>
6.	LESS PROJECTED TRUE-UP		
7.	November-10 HEARINGS		
8.	PRINCIPAL	<u>(10,124)</u>	
9.	INTEREST	<u>(45)</u>	<u>(10,169)</u>
10.	ADJUSTED END OF PERIOD TOTAL TRUE-UP		<u>(6,831)</u>

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ANALYSIS OF ENERGY CONSERVATION PROGRAM COSTS
ACTUAL VS PROJECTED

	FOR MONTHS	January-10	THROUGH	December-10	
		<u>ACTUAL</u>		<u>PROJECTED</u>	<u>DIFFERENCE</u>
1.	Labor/Payroll	1,758		1,758	
2.	Advertisement			5,000	(5,000)
3.	Legal				
4.	Outside Services	2,175		3,675	(1,500)
5.	Vehicle				
6.	Materials & Supplies				
7.	Travel				
8.	General & Administrative				
9.	Incentives	4,800		5,400	(600)
10.	Other				
11.	SUB-TOTAL	8,733		15,833	(7,100)
12.	PROGRAM REVENUES				
13.	TOTAL PROGRAM COSTS	8,733		15,833	(7,100)
14.	LESS: PRIOR PERIOD TRUE-UP	(20,049)		(20,049)	
15.	AMOUNTS INCLUDED IN RATE BASE				
16.	CONSERVATION ADJ REVENUE	(5,640)		(5,908)	268
17.	ROUNDING ADJUSTMENT				
18.	TRUE-UP BEFORE INTEREST	(16,956)		(10,124)	(6,832)
19.	ADD INTEREST PROVISION	(44)		(45)	1
20.	END OF PERIOD TRUE-UP	(17,000)		(10,169)	(6,831)

() REFLECTS OVERRECOVERY

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SCHEDULE CT-2
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ACTUAL CONSERVATION PROGRAM COSTS PER PROGRAM

FOR MONTHS January-10 THROUGH December-10

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	586			725							1,311		1,311
2. Residential Appliance Replacement Program	586			725					200		1,511		1,511
3. Residential Appliance Retention Program	586			725					4,600		5,911		5,911
4. Conservation Education Program													
5. TOTAL ALL PROGRAMS	1,758			2,175					4,800		8,733		8,733

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

FOR MONTHS January-10 THROUGH December-10

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				(500)					(650)		(1,150)		(1,150)
2. Residential Appliance Replacement Program				(500)							(500)		(500)
3. Residential Appliance Retention Program				(500)					50		(450)		(450)
4. Conservation Education Program		(5,000)									(5,000)		(5,000)
5. TOTAL ALL PROGRAMS		(5,000)		(1,500)					(600)		(7,100)		(7,100)

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SCHEDULE CT-3
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ENERGY CONSERVATION ADJUSTMENT CALCULATION OF TRUE-UP AND INTEREST PROVISION
SUMMARY OF EXPENSES BY PROGRAM BY MONTH

FOR MONTHS January-10 THROUGH December-10

A. CONSERVATION EXPENSE BY PROGRAM		JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
1.	Residential New Construction Program	366	75	75	120	570	60	45						1,311
2.	Residential Appliance Replacement Program	466	175	75	120	570	60	45						1,511
3.	Residential Appliance Retention Program	766	475	675	1,420	570	610	345			450	300	300	5,911
4.	Conservation Education Program													
5. TOTAL ALL PROGRAMS		1,598	725	825	1,660	1,710	730	435			450	300	300	8,733
6. LESS AMOUNT INCLUDED IN RATE BASE														
7. RECOVERABLE CONSERVATION EXPENSES		1,598	725	825	1,660	1,710	730	435			450	300	300	8,733

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CALCULATION OF TRUE-UP AND INTEREST PROVISION

FOR MONTHS January-10 THROUGH December-10

B. CONSERVATION REVENUES	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
1. RESIDENTIAL CONSERVATION													
2. CONSERVATION ADJ. REVENUES	(828)	(520)	(490)	(687)	(1,238)	(267)	(178)	(189)	(175)	(213)	(194)	(661)	(5,640)
3. TOTAL REVENUES	(828)	(520)	(490)	(687)	(1,238)	(267)	(178)	(189)	(175)	(213)	(194)	(661)	(5,640)
4. PRIOR PERIOD TRUE-UP ADJ. NOT APPLICABLE TO THIS PERIOD	(1,668)	(1,671)	(1,671)	(1,671)	(1,671)	(1,671)	(1,671)	(1,671)	(1,671)	(1,671)	(1,671)	(1,671)	(20,049)
5. CONSERVATION REVENUE APPLICABLE	(2,496)	(2,191)	(2,161)	(2,358)	(2,909)	(1,938)	(1,849)	(1,860)	(1,846)	(1,884)	(1,865)	(2,332)	(25,689)
6. CONSERVATION EXPENSES (FROM CT-3, PAGE 1, LINE 23)	1,598	725	825	1,660	1,710	730	435			450	300	300	8,733
7. TRUE-UP THIS PERIOD (LINE 5 - 6)	(898)	(1,466)	(1,336)	(698)	(1,199)	(1,208)	(1,414)	(1,860)	(1,846)	(1,434)	(1,565)	(2,032)	(16,956)
8. INTEREST PROVISION THIS PERIOD (FROM CT-3, PAGE 3, LINE 10)	(3)	(3)	(3)	(3)	(4)	(5)	(4)	(4)	(4)	(4)	(3)	(4)	(44)
9. TRUE-UP AND INTEREST PROVISION BEGINNING OF MONTH	(20,049)	(19,282)	(19,080)	(18,748)	(17,778)	(17,310)	(16,852)	(16,599)	(16,792)	(16,971)	(16,738)	(16,635)	(20,049)
9A. DEFERRED TRUE-UP BEGINNING OF PERIOD													
10. PRIOR TRUE-UP COLLECTED (REFUNDED)	1,668	1,671	1,671	1,671	1,671	1,671	1,671	1,671	1,671	1,671	1,671	1,671	20,049
11. TOTAL NET TRUE-UP (LINES 7+8+9+9A+10)	(19,282)	(19,080)	(18,748)	(17,778)	(17,310)	(16,852)	(16,599)	(16,792)	(16,971)	(16,738)	(16,635)	(17,000)	(17,000)

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CALCULATION OF TRUE-UP AND INTEREST PROVISION

FOR MONTHS January-10 THROUGH December-10

C. INTEREST PROVISION	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
1. BEGINNING TRUE-UP (LINE B-9)	(20,049)	(19,282)	(19,080)	(18,748)	(17,778)	(17,310)	(16,852)	(16,599)	(16,792)	(16,971)	(16,738)	(16,635)	(20,049)
2. ENDING TRUE-UP BEFORE INTEREST (LINES B7+B9+B9A+B10)	(19,279)	(19,077)	(18,745)	(17,775)	(17,306)	(16,847)	(16,595)	(16,788)	(16,967)	(16,734)	(16,632)	(16,996)	(16,956)
3. TOTAL BEG. AND ENDING TRUE-UP	(39,328)	(38,359)	(37,825)	(36,523)	(35,084)	(34,157)	(33,447)	(33,387)	(33,759)	(33,705)	(33,370)	(33,631)	(37,005)
4. AVERAGE TRUE-UP (LINE C-3 X 50%)	(19,664)	(19,180)	(18,913)	(18,262)	(17,542)	(17,079)	(16,724)	(16,694)	(16,880)	(16,853)	(16,685)	(16,816)	(18,503)
5. INTEREST RATE - FIRST DAY OF REPORTING BUSINESS MONTH	0.20%	0.20%	0.21%	0.21%	0.23%	0.34%	0.35%	0.28%	0.28%	0.25%	0.25%	0.25%	
6. INTEREST RATE - FIRST DAY OF SUBSEQUENT BUSINESS MONTH	0.20%	0.21%	0.21%	0.23%	0.34%	0.35%	0.28%	0.28%	0.25%	0.25%	0.25%	0.25%	
7. TOTAL (LINE C-5 + C-6)	0.40%	0.41%	0.42%	0.44%	0.57%	0.69%	0.63%	0.56%	0.53%	0.50%	0.50%	0.50%	
8. AVG. INTEREST RATE (C-7 X 50%)	0.20%	0.21%	0.21%	0.22%	0.29%	0.35%	0.32%	0.28%	0.27%	0.25%	0.25%	0.25%	
9. MONTHLY AVERAGE INTEREST RATE	0.017%	0.017%	0.018%	0.018%	0.024%	0.029%	0.026%	0.023%	0.022%	0.021%	0.021%	0.021%	
10. INTEREST PROVISION (LINE C-4 X C-9)	(3)	(3)	(3)	(3)	(4)	(5)	(4)	(4)	(4)	(4)	(3)	(4)	(44)

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SCHEDULE CT-4
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SCHEDULE OF CAPITAL INVESTMENT, DEPRECIATION & RETURN

FOR MONTHS January-10 THROUGH December-10

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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COMPANY: FLORIDA PUBLIC UTILITIES COMPANY - INDIANTOWN DIVISION

SCHEDULE CT-5
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RECONCILIATION AND EXPLANATION OF
DIFFERENCES BETWEEN FILING AND PSC AUDIT

FOR MONTHS January-10 THROUGH December-10

AUDIT EXCEPTION: TO OUR KNOWLEDGE, NONE EXIST

COMPANY RESPONSE:

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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 Water Heater
\$450 Tankless Water Heater
\$350 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, 2010 through December 31, 2010 were \$1,311.

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:

\$525 Water Heater
\$525 Tankless Water Heater
\$625 Furnace
\$100 Range
\$100 Dryer

PROGRAM ACCOMPLISHMENTS: For the reporting period a total of two incentives were paid.

PROGRAM FISCAL EXPENDITURES: The expenditures for the reporting period of January 1, 2010 through December 31, 2010 were \$1,511.

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:

\$525 Water Heater
\$525 Tankless Water Heater
\$625 Furnace
\$100 Range
\$100 Dryer

PROGRAM ACCOMPLISHMENTS: For the reporting period 36 incentives were paid.

PROGRAM FISCAL EXPENDITURES: The expenditures for the reporting period of January 1, 2010 through December 31, 2010 were \$5,911.

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 725 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.

PROGRAM FISCAL EXPENDITURES: The expenditures for the reporting period of January 1, 2010 through December 31, 2010 were \$-0-.

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3. Residential Appliance Retention Program
4. Conservation Education Program

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