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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

RECEIVED-FPSC
APR 30 PM 3:31
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-2 of Ms. Michelle Napier, submitted in the referenced Docket on behalf of Florida Division of Chesapeake Utilities Corporation, 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 exhibits 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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cc: Parties of Record

DOCUMENT NUMBER DATE
02737 APR 30 12

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Natural Gas Conservation)
Cost Recovery Clause.)
_____)
Docket No. 120004-GU
Filed: April 30, 2012

**PETITION FOR APPROVAL OF CONSERVATION COST RECOVERY
TRUE-UP AMOUNT FOR FLORIDA DIVISION OF CHESAPEAKE UTILITIES
CORPORATION**

Florida Division of Chesapeake Utilities Corporation (“CFG” or “the Company”), by and through its undersigned attorney, hereby files its petition for approval of its natural gas conservation cost recovery true-up amount related to the twelve-month period ended December 31, 2011. In support of this Petition, CFG states:

1. The Company is a natural gas utility with its principal office located at:

Chesapeake Utilities Corporation/Florida Division
1641 Worthington Road, Suite 220
West Palm Beach, Florida 33409

2. The name and mailing address of the persons authorized to receive notices are:

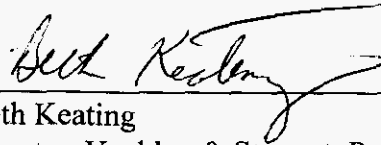
Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 601
Tallahassee, FL 32301

Cheryl Martin/Aleida Socarras
1641 Worthington Road, Suite 220
West Palm Beach, Florida 33409

3. Pursuant to the requirements in this docket, CFG, concurrently with the filing of this petition, files testimony and conservation cost recovery true-up schedules (Exhibit MDN-2) for the period, consisting of the CT schedule reporting forms supplied by the Commission Staff.
4. As indicated in the testimony of Ms. Michelle Napier, for the period January 2011 through December 2011, the Company under-recovered \$5,739, as compared to its estimated over-recovery of \$82,150, resulting in an adjusted end of period total true up amount of \$87,889.

WHEREFORE, CFG 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.

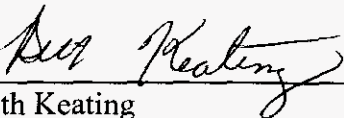


Beth Keating
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215 South Monroe St., Suite 601
Tallahassee, FL 32301
(850) 521-1706
*Attorneys for Florida Division of Chesapeake
Utilities Corporation*

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of CFG'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
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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 120004-GU
DETERMINATION OF CONSERVATION COSTS RECOVERY
FACTOR

Direct Testimony of
MICHELLE D. NAPIER

On Behalf of
CHESAPEAKE UTILITIES CORPORATION
- FLORIDA 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, for the Florida Division of
9 Chesapeake Utilities Corporation, as compared to the amount previously reported for that
10 period which was based on seven months actual and five months estimated data. To be
11 clear, Florida Public Utilities Company, by whom I am directly employed, and the
Florida Division of Chesapeake Utilities Corporation, share a common corporate parent.
Consequently, I am charged with calculating the actual over/under recovery for the
Florida Division of Chesapeake Utilities, as well as Florida Public Utilities-Indiantown.

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DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

1 Q. Please state the actual amount of over/under recovery of Conservation Program costs for
2 the Florida Division of Chesapeake Utilities Corporation for January 1, 2011 through
3 December 31, 2011.

4 A. The Company under-recovered \$5,739 during that period. This amount is substantiated
5 on Schedule CT-3, page 2 of 3, Calculation of True-up and Interest Provision.

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

8 A. We had estimated that we would over-recover \$82,150 as of December 31, 2011.

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

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

12 Q. Does this conclude your testimony?

13 A. Yes.

CONSERVATION ADJUSTMENT TRUE-UP

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>5,992</u>	
5.	INTEREST	<u>(253)</u>	<u>5,739</u>
6.	LESS PROJECTED TRUE-UP		
7.	November-11 HEARINGS		
8.	PRINCIPAL	<u>(81,869)</u>	
9.	INTEREST	<u>(281)</u>	<u>(82,150)</u>
10.	ADJUSTED END OF PERIOD TOTAL TRUE-UP		<u><u>87,889</u></u>

ANALYSIS OF ENERGY CONSERVATION PROGRAM COSTS
ACTUAL VS PROJECTED

	FOR MONTHS	January-11	THROUGH	December-11	
		<u>ACTUAL</u>		<u>PROJECTED</u>	<u>DIFFERENCE</u>
1.	Labor/Payroll	98,034		112,830	(14,796)
2.	Advertisement	364,293		388,054	(23,761)
3.	Legal	859			859
4.	Outside Services	62,154		49,825	12,329
5.	Vehicle	8,330		8,378	(48)
6.	Materials & Supplies	6,717		9,678	(2,961)
7.	Travel	15,816			15,816
8.	General & Administrative	7			7
9.	Incentives	194,609		120,459	74,150
10.	Other	4,960		15,331	(10,371)
11.	SUB-TOTAL	755,779		704,555	51,224
12.	PROGRAM REVENUES				
13.	TOTAL PROGRAM COSTS	755,779		704,555	51,224
14.	LESS: PRIOR PERIOD TRUE-UP	(144,163)		(144,163)	
15.	AMOUNTS INCLUDED IN RATE BASE				
16.	CONSERVATION ADJ REVENUE	(605,624)		(642,261)	36,637
17.	ROUNDING ADJUSTMENT				
18.	TRUE-UP BEFORE INTEREST	5,992		(81,869)	87,861
19.	ADD INTEREST PROVISION	(253)		(281)	28
20.	END OF PERIOD TRUE-UP	5,739		(82,150)	87,889

() REFLECTS OVERRECOVERY

COMPANY: FLORIDA DIVISION OF CHESAPEAKE UTILITIES CORPORATION

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 Home Builder	33,535	247,357	99	6,100	2,203	1,238	5,075	1	53,036	2,732	351,376		351,376
2. Residential Appliance Replacement	21,010	43,702		45,000	1,959	1,280	3,302	2	44,159	127	160,541		160,541
3. Residential Propane Distribution													
4. Residential Water Heater Retention	21,614	54,495			1,757	1,192	2,946	3	96,357	194	178,558		178,558
5. NG Space Conditioning For Res Homes													
6. Gas Space Conditioning													
7. Conservation Education	26,256	14,166	891	11,054	2,411	3,007	4,493	1		192	62,471		62,471
8. CFG Common	(4,381)	4,573	(131)						1,057	1,715	2,833		2,833
5. TOTAL ALL PROGRAMS	98,034	364,293	859	62,154	8,330	6,717	15,816	7	194,609	4,960	755,779		755,779

EXHIBIT NO. _____
DOCKET NO. 120004-GU
CHESAPEAKE UTILITIES CORPORATION
(MDN-2)
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COMPANY: FLORIDA DIVISION OF CHESAPEAKE UTILITIES CORPORATION

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 Home Builder	(2,193)	(96,900)	99	2,122	357	(202)	5,075	1	(67,423)	(3,599)	(162,663)		(162,663)
2. Residential Appliance Replacement	(5,772)	34,535		(2)	(173)	(547)	3,302	2	44,159	(3,083)	72,421		72,421
3. Residential Propane Distribution													
4. Residential Water Heater Retention	(3,205)	44,151		(2)	(337)	(583)	2,946	3	96,357	(2,609)	136,721		136,721
5. NG Space Conditioning For Res Homes													
6. Gas Space Conditioning	755	(10,120)	891	10,211	105	(1,629)	4,493	1		(2,795)	1,912		1,912
7. Conservation Education													
8. CFG Common	(4,381)	4,573	(131)						1,057	1,715	2,833		2,833
5. TOTAL ALL PROGRAMS	(14,796)	(23,761)	859	12,329	(48)	(2,961)	15,816	7	74,150	(10,371)	51,224		51,224

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(MDN-2)
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COMPANY: FLORIDA DIVISION OF CHESAPEAKE UTILITIES CORPORATION

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										TOTAL	
A. CONSERVATION EXPENSE BY PROGRAM		JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
1.	Residential Home Builder	6,774	7,665	11,791	40,178	100,157	83,388	50,784	16,869	14,807	25,180	20,760	(26,977)	351,376
2.	Residential Appliance Replacement	11,411	8,087	8,016	5,725	452	12,424	5,288	17,882	14,264	19,380	17,115	40,497	160,541
3.	Residential Propane Distribution													
4.	Residential Water Heater Retention	4,457	3,337	4,159	4,402	3,196	2,025	2,830	8,055	14,498	30,583	15,947	85,069	178,558
5.	NG Space Conditioning For Res Homes													
6.	Gas Space Conditioning													
7.	Conservation Education	3,931	6,755	11,427	4,732	3,446	1,160	3,875	2,809	11,969	3,014	4,994	4,359	62,471
8.	CFG Common	(1,113)	98	1,529	645	(3,715)	1,194	481	4,333	(4,655)	1,827	6,786	(4,577)	2,833
<hr/>														
5.	TOTAL ALL PROGRAMS	25,460	25,942	36,922	55,682	103,536	100,191	63,258	49,948	50,883	79,984	65,602	98,371	755,779
6.	LESS AMOUNT INCLUDED IN RATE BASE													
<hr/>														
7.	RECOVERABLE CONSERVATION EXPENSES	25,460	25,942	36,922	55,682	103,536	100,191	63,258	49,948	50,883	79,984	65,602	98,371	755,779

EXHIBIT NO. _____
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COMPANY: FLORIDA DIVISION OF CHESAPEAKE UTILITIES CORPORATION

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	(77,176)	(60,660)	(59,328)	(53,626)	(43,998)	(42,601)	(38,937)	(35,088)	(40,898)	(47,088)	(49,560)	(56,664)	(605,624)
3.	TOTAL REVENUES	(77,176)	(60,660)	(59,328)	(53,626)	(43,998)	(42,601)	(38,937)	(35,088)	(40,898)	(47,088)	(49,560)	(56,664)	(605,624)
4.	PRIOR PERIOD TRUE-UP ADJ. NOT APPLICABLE TO THIS PERIOD	(12,009)	(12,014)	(12,014)	(12,014)	(12,014)	(12,014)	(12,014)	(12,014)	(12,014)	(12,014)	(12,014)	(12,014)	(144,163)
5.	CONSERVATION REVENUE APPLICABLE	(89,185)	(72,674)	(71,342)	(65,640)	(56,012)	(54,615)	(50,951)	(47,102)	(52,912)	(59,102)	(61,574)	(68,678)	(749,787)
6.	CONSERVATION EXPENSES (FROM CT-3, PAGE 1, LINE 23)	25,460	25,942	36,922	55,682	103,536	100,191	63,258	49,948	50,883	79,984	65,902	98,371	755,779
7.	TRUE-UP THIS PERIOD (LINE 5 - 6)	(63,725)	(46,732)	(34,420)	(9,958)	47,524	45,576	12,307	2,846	(2,029)	20,882	4,028	29,693	5,992
8.	INTEREST PROVISION THIS PERIOD (FROM CT-3, PAGE 3, LINE 10)	(35)	(44)	(45)	(41)	(32)	(22)	(14)	(8)	(4)	(4)	(3)	(1)	(253)
9.	TRUE-UP AND INTEREST PROVISION BEGINNING OF MONTH	(144,163)	(195,914)	(230,676)	(253,127)	(251,112)	(191,606)	(134,038)	(109,731)	(94,879)	(84,898)	(52,006)	(35,967)	(144,163)
9A.	DEFERRED TRUE-UP BEGINNING OF PERIOD													
10.	PRIOR TRUE-UP COLLECTED (REFUNDED)	12,009	12,014	12,014	12,014	12,014	12,014	12,014	12,014	12,014	12,014	12,014	12,014	144,163
11.	TOTAL NET TRUE-UP (LINES 7+8+9+9A+10)	(195,914)	(230,676)	(253,127)	(251,112)	(191,606)	(134,038)	(109,731)	(94,879)	(84,898)	(52,006)	(35,967)	5,739	5,739

EXHIBIT NO. _____
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CHESAPEAKE UTILITIES CORPORATION
(MDN-2)
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COMPANY: FLORIDA DIVISION OF CHESAPEAKE UTILITIES CORPORATION

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)	(144,163)	(195,914)	(230,676)	(253,127)	(251,112)	(191,606)	(134,038)	(109,731)	(94,879)	(84,898)	(52,006)	(35,967)	(144,163)
2. ENDING TRUE-UP BEFORE INTEREST (LINES B7+B9+B9A+B10)	(195,879)	(230,632)	(253,082)	(251,071)	(191,574)	(134,016)	(109,717)	(94,871)	(84,894)	(52,002)	(35,964)	5,740	5,992
3. TOTAL BEG. AND ENDING TRUE-UP	(340,042)	(426,546)	(483,758)	(504,198)	(442,686)	(325,622)	(243,755)	(204,602)	(179,773)	(136,900)	(87,970)	(30,227)	(138,171)
4. AVERAGE TRUE-UP (LINE C-3 X 50%)	(170,021)	(213,273)	(241,879)	(252,099)	(221,343)	(162,811)	(121,878)	(102,301)	(89,887)	(68,450)	(43,985)	(15,114)	(69,086)
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%	0.08%	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)	(35)	(44)	(45)	(41)	(32)	(22)	(14)	(8)	(4)	(4)	(3)	(1)	(253)

COMPANY: FLORIDA DIVISION OF CHESAPEAKE UTILITIES CORPORATION

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

EXHIBIT NO. _____
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CHESAPEAKE UTILITIES CORPORATION
(MDN-2)
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COMPANY: FLORIDA DIVISION OF CHESAPEAKE UTILITIES CORPORATION

**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
CHESAPEAKE UTILITIES CORPORATION
(MDN-2)
PAGE 9 OF 17

1. Residential New Construction Program
2. Residential Appliance Replacement Program
3. Residential Appliance Retention Program
4. Natural Gas Space Conditioning for Residential Homes Program
5. Gas Space Conditioning Program
6. Conservation Education Program

PROGRAM TITLE: Residential New Construction Program

PROGRAM DESCRIPTION: The Residential New Construction Program (formerly, Full House Residential New Construction Program) promotes the use of natural gas in single and multi-family residential new construction projects to developers, builders, and homebuyers. The program is designed to increase the overall energy efficiency in the new construction home market through the installation of efficient gas appliances. The programs incentives are used to overcome market barriers created by the split incentive between the builders who are purchasing the appliances and the homeowners who are benefiting from reduced utility costs.

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 January 1, 2011 through December 31, 2011, 245 incentives were paid. There were 37 Tank Water Heaters, 0 High Efficiency Tank Water Heaters, 57 Tankless Water Heaters, 36 Furnaces, 50 Ranges and 65 Dryers.

PROGRAM FISCAL EXPENDITURES: The expenditures for the reporting period of January 1, 2011 through December 31, 2011 were \$351,376.

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 January 1, 2011 through December 31, 2011, 98 incentives were paid. There were 5 Tank Water Heaters, 0 High Efficiency Tank Water Heaters, 31 Tankless Water Heaters, 4 Furnaces, 39 Ranges and 19 Dryers.

PROGRAM FISCAL EXPENDITURES: The expenditures for the reporting period of January 1, 2011 through December 31, 2011 were \$160,541.

PROGRAM PROGRESS SUMMARY: Since inception, 624 appliances have qualified for this program.

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 January 1, 2011 through December 31, 2011, 257 incentives were paid. There were 93 Tank Water Heaters, 4 High Efficiency Tank Water Heaters, 43 Tankless Water Heaters, 36 Furnaces, 46 Ranges and 35 Dryers.

PROGRAM FISCAL EXPENDITURES: The expenditures for the reporting period of January 1, 2011 through December 31, 2011 were \$178,558.

PROGRAM PROGRESS SUMMARY: Since inception, 1839 natural gas appliances have been retained through this program. The Company will continue to work closely with homeowners to promote the continued use of energy efficient natural gas.

**PROGRAM TITLE: Natural Gas Space Conditioning for Residential Homes
Program**

PROGRAM DESCRIPTION: This 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 ACCOMPLISHMENTS: For the reporting period January 1, 2011 through December 31, 2011, 0 incentives were paid.

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

PROGRAM PROGRESS SUMMARY: Five residential gas space conditioning units have been installed since the inception of this program.

PROGRAM TITLE: Gas Space Conditioning Program

PROGRAM DESCRIPTION: This 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 ACCOMPLISHMENTS: For the reporting period January 1, 2011 through December 31, 2011, 0 incentives were paid.

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

PROGRAM PROGRESS SUMMARY: Eight natural gas space conditioning units have been installed since the inception of this program.

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 ACCOMPLISHMENTS: We continue to develop branded programs and expand community outreach programs designed to inform and educate the general public as well as businesses in the community about the availability of our conservation programs and the benefits and value of natural gas. Examples of these types of programs are:

Energy Plus Home Program: This program is designed to encourage the replacement of inefficient non-natural gas residential appliances with energy efficient natural gas appliances. Often residential consumers only consider the higher installation costs, and not the operating savings associated with natural gas appliances and therefore do not convert to energy efficient natural gas appliances. The brand supports several conservation programs: Residential Appliance Replacement Program, Residential Appliance Retention Program and the Natural Gas Space Conditioning for Residential Homes Program.

Energy Plus Home Builder Program: This program promotes the Residential New Construction Program whose purpose is to promote energy efficient natural gas encouraging the selection of appliances most suitable in reducing the ultimate consumer's overall energy costs. Incentives are offered in the form of cash allowances on the installation of those chosen appliances. The program offers builders and developers incentives to assist in defraying the additional costs associated with the installation of natural gas appliances.

Energy Plus Partners Program: This program is the new name of the Preferred Partners Program that was launched in late 2001. The program works to remove market barriers, expand consumer choice and create synergy between the trades and businesses linked to natural gas. The program supports awareness of our conservation allowance programs. Examples of business entities that support the gas system and are potential partners for the gas company are: builders, developers, retailers, HVAC providers, plumbers and architects. The brand supports several conservation programs: Residential Appliance Replacement

PROGRAM TITLE: Conservation Education Program (Continued)

Program, Residential Appliance Retention Program, Natural Gas Space Conditioning for Residential Homes Program and the Residential New Construction Program.

Energy Smart Kids Program: This program educates and engages young minds in an in-school setting. The classroom-based program provides poster, classroom activities, gas education booklets, pencils and teaching plans. A “school board” approved curriculum offers teachers a balanced five day lesson plan ending with an in-classroom demonstration. Energy conservation is the main theme of this program.

PROGRAM FISCAL EXPENDITURES: The expenditures for the reporting period of January 1, 2011 through December 31, 2011 were \$62,471.