

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 120004-GU

NATURAL GAS CONSERVATION
COST RECOVERY.

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PROCEEDINGS: HEARING

COMMISSIONERS
PARTICIPATING: CHAIRMAN RONALD A. BRISÉ
COMMISSIONER LISA POLAK EDGAR
COMMISSIONER ART GRAHAM
COMMISSIONER EDUARDO E. BALBIS
COMMISSIONER JULIE I. BROWN

DATE: Monday, November 5, 2012

TIME: Commenced at 9:30 a.m.
Concluded at 9:45 a.m.

PLACE: Betty Easley Conference Center
Room 148
4075 Esplanade Way
Tallahassee, Florida

REPORTED BY: JANE FAUROT, RPR
Official FPSC Reporter
(850) 413-6732

DOCUMENT NUMBER - DATE
07578 NOV -9th
FPSC-COMMISSION CLERK

1 APPEARANCES:

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3 South Monroe Street, Suite 601, Tallahassee, Florida
4 32301-1804, appearing on behalf of FCG, Florida Public
5 Utilities Company, Indiantown and Chesapeake.

6 PATRICIA A. CHRISTENSEN, ESQUIRE, Office of
7 Public Counsel, c/o The Florida Legislature, 111 W.
8 Madison St., Room 812, Tallahassee, Florida 32399-1400,
9 appearing on behalf of the Citizens of Florida.

10 PAULINE ROBINSON, ESQUIRE, FPSC General
11 Counsel's Office, 2540 Shumard Oak Boulevard,
12 Tallahassee, Florida 32399-0850, appearing on behalf of
13 the Florida Public Service Commission Staff.

14 SAMANTHA CIBULA, ESQUIRE, Florida Public
15 Service Commission, 2540 Shumard Oak Boulevard,
16 Tallahassee, Florida 32399-0850, Advisor to the Florida
17 Public Service Commission.

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WITNESSES

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P R O C E E D I N G S

1
2 **CHAIRMAN BRISÉ:** Good morning. We're going to
3 go ahead and call this hearing to order, and I'll
4 request that our staff read the notice.

5 **MS. BROWN:** By notice issued September 18th,
6 2012, this time and place was set for a hearing in the
7 following dockets; Docket Number 120001-EI, Docket
8 Number 120002-EG, Docket Number 120003-GU, Docket Number
9 120004-GU, Docket Number 120007-EI. The purpose of the
10 hearing is set forth in the notice.

11 **CHAIRMAN BRISÉ:** Thank you.

12 At this time we're going to go ahead and take
13 appearances. There are five dockets to address today.
14 Staff suggests that all appearances be taken at once, so
15 we will do so. All parties should enter their
16 appearance and declare the dockets that they are
17 entering an appearance for. So we will go through the
18 process with everyone from the parties, and then as
19 usual, we'll take appearances from our staff.

20 Okay. I guess we'll start from my left, your
21 right.

22 **MR. BUTLER:** Thank you, Mr. Chairman.

23 John Butler and Ken Rubin appearing on behalf
24 of Florida Power and Light Company in the 01, 02, and 07
25 dockets.

1 **CHAIRMAN BRISÉ:** Thank you.

2 **MS. TRIPLETT:** Good morning, Commissioners.

3 Diane Triplett and John Burnett appearing on
4 behalf of Progress Energy Florida in the 01, 02, and 07
5 dockets, and I would also like to enter an appearance
6 for Gary Perko in the 07 docket.

7 **CHAIRMAN BRISÉ:** Thank you.

8 **MR. BADDERS:** Good morning, Commissioners.

9 Russell Badders appearing on behalf of Gulf
10 Power in the 01, 02, and 07 dockets. I would also like
11 to enter an appearance for Jeffrey A. Stone and Steven
12 R. Griffin in the same dockets.

13 **CHAIRMAN BRISÉ:** Thank you.

14 **MR. BEASLEY:** Good morning, Commissioners.

15 Jim Beasley and Jeff Wahlen for Tampa Electric Company
16 in the 01, 02, and 07 dockets.

17 **CHAIRMAN BRISÉ:** All right.

18 **MS. KEATING:** Good morning, Commissioners.

19 Beth Keating with the Gunster law firm appearing today
20 on behalf of FPUC in the 01, 02, and 03 dockets, as well
21 as Florida City Gas in the 03 docket; and Florida City
22 Gas, Chesapeake, FPUC, and Indiantown in the 04 docket.

23 **CHAIRMAN BRISÉ:** Thank you.

24 **MR. MOYLE:** Good morning. Jon Moyle on behalf
25 of the Florida Industrial Power Users Group. I'm with

1 the Moyle law firm, and we are appearing in the 01, 02,
2 and 07 dockets.

3 **MR. BREW:** Good morning, Mr. Chairman,
4 Commissioners. I'm James Brew with the firm of
5 Brickfield, Burchette, Ritts & Stone. I'm here for
6 White Springs Agricultural Chemicals, PCS Phosphate, in
7 the 01, 02, and 07 dockets.

8 **CHAIRMAN BRISÉ:** Thank you.

9 **MR. REHWINKEL:** Good morning, Commissioners.
10 Charles Rehwinkel, Office of Public Counsel. I am
11 appearing in the 01 and 07 dockets.

12 **MS. CHRISTENSEN:** Patty Christensen with the
13 Office of Public Counsel. I'm appearing in the 01, 02,
14 03, 04, and 07 dockets. And I would also like to put in
15 an appearance for Joe McGlothlin in the 01, 02, and 07
16 dockets.

17 **CHAIRMAN BRISÉ:** Thank you.

18 **MR. WRIGHT:** Good morning, Mr. Chairman,
19 Commissioners. Robert Scheffel Wright and John T.
20 LaVia, III, appearing in the fuel docket, 120001, on
21 behalf of the Florida Retail Federation.

22 **MAJOR THOMPSON:** Good morning, Commissioners.
23 For FEA, it's Major Chris Thompson appearing in 01, 02,
24 and 07.

25 **CHAIRMAN BRISÉ:** Okay. Thank you.

1 **MS. BROWN:** Good morning, Commissioners.

2 Martha Brown and Michael Lawson appearing in the 03
3 docket.

4 **CHAIRMAN BRISÉ:** Thank you.

5 **MS. ROBINSON:** Pauline Robinson appearing in
6 the 04 docket.

7 **MS. TAN:** Lee Eng Tan appearing for the 02
8 docket.

9 **MS. BARRERA:** Martha Barrera appearing,
10 thankfully, on the 01 docket along with Lisa Bennett.

11 **CHAIRMAN BRISÉ:** Okay.

12 **MS. CIBULA:** Samantha Cibula, Advisor to the
13 Commission in all dockets.

14 **CHAIRMAN BRISÉ:** Okay. Thank you.

15 **MR. MURPHY:** Charles Murphy in the 07 docket.

16 **CHAIRMAN BRISÉ:** All right. Thank you.

17 Is that everyone that needs to make an
18 appearance this morning? Okay.

19 For the record, there are some companies that
20 have asked to be excused from the hearing: St. Joe
21 Natural Gas in Docket 03 and 04, Peoples Gas System, 03
22 and 04, and Southern Alliance for Clean Energy in Docket
23 02.

24 Okay. The order of the dockets that we are
25 going to -- the order that we're going to take up the

1 dockets is the 03 docket, 04 docket, 02 docket, 07, and
2 then 01.

3 * * * * *

4 **CHAIRMAN BRISÉ:** We are moving on to Docket
5 Number 1200004 -- I mean, I just added a zero -- 04-GU.
6 Preliminary matters.

7 **MS. ROBINSON:** There are no preliminary
8 matters at this time. However, staff notes for the
9 record that in addition to St. Joe Natural Gas Company,
10 Peoples Gas System, Sebring Gas system, Inc. has also
11 been excused from the hearing.

12 There are proposed stipulations on all issues,
13 and OPC takes no position on any of the issues. All
14 witnesses were excused and the parties have waived
15 opening statements.

16 **CHAIRMAN BRISÉ:** Okay. Thank you very much.
17 Prefiled testimony.

18 **MS. ROBINSON:** Staff would ask that the
19 prefiled testimony of all witnesses identified in
20 Section VI of the prehearing order, which is Page 4, be
21 inserted into the record as if though read.

22 **CHAIRMAN BRISÉ:** Okay. Seeing no objections,
23 we will enter the prefiled testimony into the record as
24 though read.

25 Exhibits.

1 **MS. ROBINSON:** Staff's Stipulated
2 Comprehensive Exhibit List includes the Prefiled
3 Exhibits 1 through 14 attached to the witnesses'
4 testimony. The list has been provided to the parties,
5 the Commissioners, and the court reporter. And staff
6 recommends that exhibits be marked as set forth in the
7 chart. And after the Commission has so marked, that
8 exhibits be moved into the record.

9 **CHAIRMAN BRISÉ:** Okay. So, Staff, are you
10 prepared to move some exhibits at this point?

11 **MS. ROBINSON:** Yes, sir.

12 **CHAIRMAN BRISÉ:** What's the number that you
13 would like to move?

14 **MS. ROBINSON:** Exhibit 1 through 14. I'm
15 sorry.

16 **CHAIRMAN BRISÉ:** All right. Thank you very
17 much. So if there are no objections, and I'm not seeing
18 any, we will move Exhibits 1 through 14 into the record
19 at this time.

20 **MS. ROBINSON:** Thank you.

21 (Exhibit Numbers 1 through 14 marked for
22 identification and admitted into the record.)

23

24

25

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 120004-GU
DETERMINATION OF CONSERVATION COSTS RECOVERY FACTOR

Revised Direct
Testimony (Final
True Up) 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,
3 Suite 220, West Palm 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
6 Regulatory Analyst.

7 Q. What is the purpose of your testimony at this time?

8 A. To advise the Commission of the revised actual over/under
9 recovery of the Conservation costs for the period January 1, 2011
10 through December 31, 2011 as compared to the amount previously
11 reported for that period which was based on seven months actual
12 and five months estimated data.

COM 3
AFD 13 6 Q.
APA 14
ECO 15
ENG 15
GCL 15
IDM 16
TEL
CLK Ct Rep

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

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1 A. The Company over-recovered **\$29,729** during that period. This
2 amount is substantiated on Schedule CT-3, page 2 of 3,
3 Calculation of True-up and Interest Provision.

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

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

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

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

11 Q. Does this conclude your testimony?

12 A. Yes.

BEFORE THE
 FLORIDA PUBLIC SERVICE COMMISSION
 DOCKET NO. 120004-GU
DETERMINATION OF CONSERVATION COSTS RECOVERY FACTOR

REVISED Direct Testimony of
 Michelle D. Napier
 On Behalf of
THE FLORIDA DIVISION OF CHESAPEAKE UTILITIES CORPORATION

1

2 **Q. Please state your name and business address.**

3 A. Michelle D. Napier. My business address is 1641 Worthington Road, Suite
 4 220, West Palm Beach, Florida 33409.

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

6 A. I am employed by Florida Public Utilities Company (FPUC) as the Senior
 7 Regulatory Analyst.

8 **Q. Can you please provide a brief overview of your educational and
 9 employment background?**

10 A. I graduated from University of South Florida in 1986 with a BS degree in
 11 Finance. I have been employed by FPUC since 1987. During my employment
 12 at FPUC, I have performed various roles and functions in accounting,
 13 management and most recently, regulatory accounting (PGA, conservation,
 14 surveillance reports, regulatory reporting.

15 **Q. What is the purpose of your testimony at this time?**

16 A. To describe generally the expenditures made and projected to be made in
 17 implementing, promoting, and operating the Company's energy conservation
 18 programs. This will include recoverable costs incurred in January through
 19 July 2012 and projections of program costs to be incurred August through

1 December 2012. It will also include projected conservation costs for the
2 period January through December 2013, which a calculation of the Energy
3 Conservation Cost Recovery Adjustment and Energy Conservation Cost
4 Recovery Adjustment (Experimental) factors to be applied to the customers'
5 bills during the collection period of January 1, 2013 through December 31,
6 2013.

7 **Q. Have you included descriptions and summary information on the**
8 **Conservation Programs currently approved and available to your**
9 **customers for the Florida Division of Chesapeake Utilities Corporation?**

10 A. Yes, the Company has included summaries of the approved conservation
11 programs currently available to our customers in C-4 of Revised Exhibit
12 MDN-3.

13 **Q. Has the Company prepared summaries of the Company's Conservation**
14 **Programs and the Costs associated with these Programs?**

15 A. Yes, the Company's Energy Conservation Manager, Kira Lake, prepared the
16 summaries of the Company's Conservation Programs and costs associated
17 with these programs in C-4 of Revised Exhibit MDN-3.

18 **Q. What are the total projected costs for the period January 2013 through**
19 **December 2013 in the Florida Division of Chesapeake Utilities**
20 **Corporation?**

21 A. The total projected Conservation Program Costs are \$790,800. Please see
22 Schedule C-2, page 2, for the programmatic and functional breakdown of
23 these total costs.

24

1 **Q. What is the true-up for the period January 2012 through December**
2 **2012?**

3 A. As reflected in the Schedule C-3, Page 4 of 5, the True-up amount for the
4 Florida Division of Chesapeake Utilities Corporation is an over-recovery of
5 \$217,008.

6 **Q. What are the resulting net total projected conservation costs to be**
7 **recovered during this projection period?**

8 A. The total costs to be recovered are \$573,792.

9 **Q. Have you prepared a schedule that shows the calculation of the**
10 **Company's proposed Energy Conservation Cost Recovery Adjustment**
11 **factors to be applied during billing periods from January 1, 2013 through**
12 **December 31, 2013?**

13 A. Yes. Schedule C-1 of Revised Exhibit MDN-3 shows these calculations. Net
14 program cost estimates for the period January 1, 2013 through December 31,
15 2013 are used. The estimated true-up amount from Schedule C-3, page 4 of 5,
16 of Revised Exhibit MDN-3, being an over-recovery, was added to the total of
17 the projected costs for the twelve-month period. The total amount was then
18 divided among the Company's rate classes, excluding customers who are on
19 market-based rates that fall under Special Contract Services (Original Sheet
20 No. 19) and tariff rate class FTS-13, based on total projected contribution.
21 The results were then divided by the projected gas throughput for each rate
22 class for the twelve-month period ending December 31, 2013. The resulting
23 Energy Conservation Cost Recovery Adjustment factors are shown on
24 Schedule C-1, page 1 of 2 of Revised Exhibit MDN-3.

BEFORE THE
 FLORIDA PUBLIC SERVICE COMMISSION
 DOCKET NO. 120004-GU
DETERMINATION OF CONSERVATION COSTS RECOVERY FACTOR

Direct Testimony of
 Curtis D. Young
 On Behalf of
 FLORIDA PUBLIC UTILITIES COMPANY
CONSOLIDATED NATURAL GAS DIVISION

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

2 A. Curtis D. Young. My business address is 1641 Worthington Drive Suite 220,
 3 West Palm Beach, Florida 33409.

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

5 A. I am employed by Florida Public Utilities Company (FPUC) as Senior
 6 Regulatory Analyst.

7 **Q. Can you please provide a brief overview of your background and
 8 business experience?**

9 A. I graduated from Pace University in 1982 with a BBA in Accounting. I have
 10 been employed by FPUC since 2001. During my employment at FPUC, I have
 11 performed various accounting and analytical functions including regulatory
 12 filings, revenue reporting, account analysis, recovery rate reconciliations and
 13 earnings surveillance. I'm also involved in the preparation of special reports
 14 and schedules used internally by division managers for decision making
 15 projects. Additionally, I coordinate the gathering of data for the FPSC audits.

16 **Q. What is the purpose of your testimony at this time?**

17 A. To advise the Commission as to the Conservation Cost Recovery Clause

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1 Calculation for the period January 2013 through December 2013.

2 **Q. Have you included descriptions and summary information on the**
3 **Conservation Programs currently approved and available to your**
4 **customers?**

5 A. Yes, the Company has included summaries of the approved conservation
6 programs currently available to our customers in C-5 of Exhibit CDY-2.

7 **Q. Have you included descriptions and summary information on proposed**
8 **Conservation Programs for future availability to your customers for**
9 **FPUC?**

10 A. Yes, the company has included summaries of three (3) proposed programs for
11 our commercial customers: New Construction, Appliance Replacement and
12 Appliance Retention. These programs are currently under development by the
13 members of the Associated Gas Distributors of Florida (AGDF) and will
14 allow us to attract and retain commercial customers by offering incentives.
15 AGDF plans to file these new programs with the Commission later this year,
16 with an expected approval the first half of 2013. Please see C-5 of Exhibit
17 CDY-2.

18 **Q. Were the summaries of the Company's Conservation Programs and the**
19 **Costs associated with these Programs completed under your direction or**
20 **review?**

21 A. Yes, the standard review process also included the Energy Conservation
22 Supervisor, the Director of Marketing and Sales and the Director of
23 Regulatory Affairs.

24

1 **Q. What are the total projected costs for the period January 2013 through**
2 **December 2013 in the Consolidated Natural Gas Division?**

3 A. The total projected Conservation Program Costs are \$2,950,700. Please see
4 Schedule C-2, page 2, for the programmatic and functional breakdown of
5 these total costs.

6 **Q. Please explain the increases to your 2011 Conservation Program Costs?**

7 A. The Company experienced increased conservation related payroll and
8 associated conservation costs in 2011 compared to 2010 and prior years. The
9 increases related to internal changes to job functions and the Marketing
10 Department structure in association with intensified efforts to promote cost
11 saving and energy efficient conservation programs. As more fully described
12 herein, the Company has reassessed its conservation efforts and focus to better
13 align itself with current economic and market conditions. This realignment
14 has impacted not only the level of charges to the conservation program, but
15 also the positions that actually perform conservation related activities.

16 **Q. What impacts, if any, has the economy and changes in the housing**
17 **market had on conservation programs?**

18 A. The new residential housing construction market continues to be at levels well
19 below previous years' levels, foreclosures have been at record high levels and
20 existing and potential customers want help in finding ways to save money on
21 their utility bills. The Company's market assessment revealed, among other
22 things, that the Company should shift its focus to the conservation programs
23 that are designed to assist existing customers and potential customers
24 (premises) that are adjacent to natural gas infrastructure (all electric homes

1 that have a natural gas main close by), rather than the traditional new
2 residential construction markets. These conservation programs, however, are
3 more labor and resource intensive than the new residential construction
4 program. Where the new residential construction program is relationship
5 oriented (one builder/developer, many rebates), these conservation programs
6 are transactional (one customer, one rebate). As such, the Company projected
7 the effects of these changes in its recent energy conservation projection
8 filings. Actual 2011 results confirm that the Company has increased its payroll
9 and associated (travel) costs and advertisement costs to its conservation
10 programs. At the same time, however, the number of individual customers
11 assisted, as demonstrated by the number of rebates paid under these programs
12 (Residential Appliance Replacement and Residential Appliance Retention
13 Programs) has also increased by about 139% and 34%, respectively. Thus,
14 additional expenditures have resulted in more participation by customers of
15 these important energy conservation programs. Similar results and expense
16 levels are expected to continue through 2013.

17 **Q. What is the true-up for the period January 2012 through December**
18 **2012?**

19 A. As reflected in the Schedule C-3, Page 4 of 5, the True-up amount for the
20 Consolidated Natural Gas Division is an over-recovery of \$300,468.

21 **Q. What are the resulting net total projected conservation costs to be**
22 **recovered during this projection period?**

23 A. The total costs to be recovered are \$2,650,232.

24

1 **Q. What is the Conservation Adjustment Factor necessary to recover these**
 2 **projected net total costs?**

3 A. The Conservation Adjustment Factors per therm for the Consolidated Natural
 4 Gas Division are:

5	Residential	\$.08232
6	General Service & Transportation (GS1)	\$.05830
7	General Service & Transportation (GS2)	\$.04370
8	Large Volume Service	\$.03337
9	LV Service Transportation <50,000	\$.03337
10	LV Transportation Service >50,000	\$.03337

11 **Q. Do these charges apply to your entire natural gas customer base?**

12 A. No, the customer classes for Outdoor Lights, Interruptible and Interruptible
 13 Transportation have always been exempt from the Conservation Adjustment
 14 Factor due to the distinctive service provided by the Company.

15 **Q. Are there any exhibits that you wish to sponsor in this proceeding?**

16 A. Yes. I wish to sponsor as Exhibits Schedules C-1, C-2, C-3, and C-5
 17 (Composite Prehearing Identification Number CDY-2), which have been filed
 18 with this testimony.

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

20 A. Yes.

1 **Q. Why has the Company excluded market-based rates customers from the**
2 **Energy Conservation Cost Recovery Adjustment factors?**

3 A. These customers are served either under the Special Contract Service or
4 Flexible Gas Service, because they have alternative fuel or physical bypass
5 options and are considered by Chesapeake to be “market-based rate”
6 customers. Each of these customers has viable alternatives for service;
7 therefore the negotiated and Commission-approved (in the case of Special
8 Contract Service) rates reflect the fact that only a certain level of revenues can
9 be charged to these customers. In fact, the Company has always excluded the
10 Special Contract Service and tariff rate class FTS-13 customers from the
11 ECCR recovery factors, consistent with its general rate proceedings and
12 consistent with the Applicability section of the tariff sheet for the ECCR
13 factors (Fifth Revised Sheet No. 98). The Commission has not taken issue
14 with the Company’s expressed application of the factors either in the ECCR
15 Clause proceedings or in the context of any Special Contract approval.

16 **Q. Have you prepared a schedule that shows the calculation of the**
17 **Company’s proposed Energy Conservation Cost Recovery Adjustment**
18 **(Experimental) factors for certain rate classes on an experimental basis to**
19 **be applied during billing periods from January 1, 2013 through**
20 **December 31, 2013?**

21 A. Yes, experimental per bill rates were approved for rate classes FTS-A, FTS-B,
22 FTS-1, FTS-2, FTS-2.1, FTS-3 and FTS-3.1. A similar calculation as the per
23 therm rate described above was made; however, the projected number of bills
24 for each rate class for the twelve-month period ending December 31, 2013

1 was utilized. The resulting Energy Conservation Cost Recovery Adjustment
2 (Experimental) factors are shown on Schedule C-1, page 2 of 2 of Revised
3 Exhibit MDN-3.

4 **Q. Are there any exhibits that you wish to sponsor in this proceeding?**

5 A. Yes. I wish to sponsor as Exhibits Schedules C-1, C-2, C-3, and C-4 (Revised
6 Composite Prehearing Identification Number MDN-3), which have been filed
7 with this testimony.

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

9 A. Yes.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 120004-GU
DETERMINATION OF CONSERVATION COSTS RECOVERY FACTOR

Revised Direct
Testimony (Final
True Up) of
CURTIS D. YOUNG

On Behalf of
FLORIDA PUBLIC UTILITIES COMPANY

- 1 Q. Please state your name and business address.
- 2 A. Curtis D. Young: my business address is 1641 Worthington Road,
- 3 Suite 220, West Palm 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
- 6 Regulatory Analyst.
- 7 Q. What is the purpose of your testimony at this time?
- 8 A. To advise the Commission of the actual over/under recovery of the
- 9 Conservation costs for the period January 1, 2011 through
- 10 December 31, 2011 as compared to the amount previously reported
- 11 for that period which was based on seven months actual and five
- 12 months estimated data.
- 13 Q. Please state the actual amount of over/under recovery of
- 14 Conservation Program costs for the gas divisions of Florida
- 15 Public Utilities Company for January 1, 2011 through December 31,
- 16 2011.

COM 5
 AFD 6
 APA 7
 ECO 8
 ENG 9
 GCL 10
 IDM 11
 TEL 12
 CLK Ct Ref-1

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1 A. The Company under-recovered \$566,481 during that period. This
2 amount is substantiated on Schedule CT-3, page 2 of 3,
3 Calculation of True-up and Interest Provision.

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

6 A. We had estimated that we would under-recover \$476,078 as of
7 December 31, 2011.

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

9 A. We have prepared and pre-filled Schedules CT-1, CT-2, CT-3, CT-4,
10 CT-5 and CT-6 (**Revised** Composite Exhibit CDY-1).

11 Q. Does this conclude your testimony?

12 A. Yes.

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 120004-GU
DETERMINATION OF CONSERVATION COSTS RECOVERY FACTOR

Revised Direct Testimony of
Curtis D. Young
On Behalf of
FLORIDA PUBLIC UTILITIES COMPANY
CONSOLIDATED NATURAL GAS DIVISION

1 Q. Please state your name and business address.

2 A. Curtis D. Young. My business address is 1641
3 Worthington Drive Suite 220, West Palm Beach, Florida
4 33409.

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

6 A. I am employed by Florida Public Utilities Company
7 (FPUC) as Senior Regulatory Analyst.

8 Q. Can you please provide a brief overview of your
9 background and business experience?

10 A. I graduated from Pace University in 1982 with a BBA in
11 Accounting. I have been employed by FPUC since 2001.
12 During my employment at FPUC, I have performed various
13 accounting and analytical functions including
14 regulatory filings, revenue reporting, account
15 analysis, recovery rate reconciliations and earnings
16 surveillance. I'm also involved in the preparation of
17 special reports and schedules used internally by
18 division managers for decision making projects.
19 Additionally, I coordinate the gathering of data for
20 the FPSC audits.

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1 Q. What is the purpose of your testimony at this time?

2 A. To advise the Commission as to the Conservation Cost
3 Recovery Clause Calculation for the period January
4 2013 through December 2013.

5 Q. Have you included descriptions and summary information
6 on the Conservation Programs currently approved and
7 available to your customers?

8 A. Yes, the Company has included summaries of the
9 approved conservation programs currently available to
10 our customers in C-5 of Second Revised Exhibit CDY-2.

11 Q. Were the summaries of the Company's Conservation
12 Programs and the Costs associated with these Programs
13 completed under your direction or review?

14 A. Yes, the standard review process also included the
15 Energy Conservation Supervisor, the Director of
16 Marketing and Sales and the Director of Regulatory
17 Affairs.

18 Q. What are the total projected costs for the period
19 January 2013 through December 2013 in the Consolidated
20 Natural Gas Division?

21 A. The total projected Conservation Program Costs are
22 \$2,834,500. Please see Schedule C-2, page 2, for the
23 programmatic and functional breakdown of these total
24 costs.

25

1 Q. Please explain the increases to your 2011 Conservation
2 Program Costs?

3 A. The Company experienced increased conservation related
4 payroll and associated conservation costs in 2011
5 compared to 2010 and prior years. The increases
6 related to internal changes to job functions and the
7 Marketing Department structure in association with
8 intensified efforts to promote cost saving and energy
9 efficient conservation programs. As more fully
10 described herein, the Company has reassessed its
11 conservation efforts and focus to better align itself
12 with current economic and market conditions. This
13 realignment has impacted not only the level of charges
14 to the conservation program, but also the positions
15 that actually perform conservation related activities.

16 Q. What impacts, if any, has the economy and changes in
17 the housing market had on conservation programs?

18 A. The new residential housing construction market
19 continues to be at levels well below previous years'
20 levels, foreclosures have been at record high levels
21 and existing and potential customers want help in
22 finding ways to save money on their utility bills. The
23 Company's market assessment revealed, among other
24 things, that the Company should shift its focus to the
25 conservation programs that are designed to assist

1 existing customers and potential customers (premises)
2 that are adjacent to natural gas infrastructure (all
3 electric homes that have a natural gas main close by),
4 rather than the traditional new residential
5 construction markets. These conservation programs,
6 however, are more labor and resource intensive than
7 the new residential construction program. Where the
8 new residential construction program is relationship
9 oriented (one builder/developer, many rebates), these
10 conservation programs are transactional (one customer,
11 one rebate). As such, the Company projected the
12 effects of these changes in its recent energy
13 conservation projection filings. Actual 2011 results
14 confirm that the Company has increased its payroll and
15 associated (travel) costs and advertisement costs to
16 its conservation programs. At the same time, however,
17 the number of individual customers assisted, as
18 demonstrated by the number of rebates paid under these
19 programs (Residential Appliance Replacement and
20 Residential Appliance Retention Programs) has also
21 increased by about 139% and 34%, respectively. Thus,
22 additional expenditures have resulted in more
23 participation by customers of these important energy
24 conservation programs. Similar results and expense
25 levels are expected to continue through 2013.

1 Q. What is the true-up for the period January 2012
2 through December 2012?

3 A. As reflected in the Schedule C-3, Page 4 of 5, the
4 True-up amount for the Consolidated Natural Gas
5 Division is an over-recovery of \$282,792.

6 Q. What are the resulting net total projected
7 conservation costs to be recovered during this
8 projection period?

9 A. The total costs to be recovered are \$2,551,708.

10 Q. What is the Conservation Adjustment Factor necessary
11 to recover these projected net total costs?

12 A. The Conservation Adjustment Factors per therm for the
13 Consolidated Natural Gas Division are:

14	Residential	\$.07926
15	General Service & Transportation (GS1)	\$.05613
16	General Service & Transportation (GS2)	\$.04208
17	Large Volume Service	\$.03213
18	LV Service Transportation <50,000	\$.03213
19	LV Transportation Service >50,000	\$.03213

20 Q. Do these charges apply to your entire natural gas
21 customer base?

22 A. No, the customer classes for Outdoor Lights,
23 Interruptible and Interruptible Transportation have
24 always been exempt from the Conservation Adjustment

1 Factor due to the distinctive service provided by the
2 Company.

3 Q. Are there any exhibits that you wish to sponsor in
4 this proceeding?

5 A. Yes. I wish to sponsor as Exhibits Schedules C-1,
6 C-2, C-3, and C-5 (Second Revised Composite Prehearing
7 Identification Number CDY-2), which have been filed
8 with this testimony. I am also including as Exhibits
9 for reference purposes, Schedules CT-1, CT-2, CT-3,
10 CT-4 and CT-5 (Second Revised Composite Prehearing
11 Identification Number CDY-1)

12 Q. Does this conclude your testimony?

13 A. Yes.

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

COM 5
 APA 12 1
 ECR 7
 GCL 13 1
 RAD
 SRC
 ADM
 OPC
 CLK
 Ct Rep 1

the Indiantown Division of Florida Public Utilities Company for January 1, 2011 through
December 31, 2011.

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FPSC-COMMISSION CLERK

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.

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 120004-GU
DETERMINATION OF CONSERVATION COSTS RECOVERY FACTOR

Revised Direct Testimony of
Michelle D. Napier
On Behalf of
FLORIDA PUBLIC UTILITIES COMPANY
INDIANTOWN NATURAL GAS DIVISION

1

2 **Q. Please state your name and business address.**

3 A. Michelle D. Napier. My business address is 1641 Worthington Road, Suite
4 220, West Palm Beach, Florida 33409.

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

6 A. I am employed by Florida Public Utilities Company (FPUC) as the Senior
7 Regulatory Analyst.

8 **Q. Can you please provide a brief overview of your educational and**
9 **employment background?**

10 A. I graduated from University of South Florida in 1986 with a BS degree in
11 Finance. I have been employed with FPUC since 1987. During my
12 employment at FPUC, I have performed various roles and functions in
13 accounting, management and most recently, regulatory accounting (PGA,
14 conservation, surveillance reports, regulatory reporting).

15 **Q. What is the purpose of your testimony at this time?**

16 A. To advise the Commission as to the Conservation Cost Recovery Clause
17 Calculation for the period January 2013 through December 2013.

18 **Q. Have you included descriptions and summary information on the**
19 **Conservation Programs currently approved and available to your**

1 **customers for the Indiantown Natural Gas Division?**

2 A. Yes, the Company has included summaries of the approved conservation
3 programs currently available to our customers in C-4 of Revised Exhibit
4 MDN-4.

5 **Q. Has the Company prepared summaries of the Company's Conservation
6 Programs and the Costs associated with these Programs?**

7 A. Yes, the Company's Energy Conservation Manager, Kira Lake, prepared the
8 summaries of the Company's Conservation Programs and costs associated
9 with these programs in C-4 of Revised Exhibit MDN-4.

10 **Q. What are the total projected costs for the period January 2013 through
11 December 2013 in the Indiantown Natural Gas Division?**

12 A. The total projected Conservation Program Costs are \$11,100, which includes
13 projected costs for the new proposed Conservation Programs. Please see
14 Schedule C-2, page 2, for the programmatic and functional breakdown of
15 these total costs.

16 **Q. What is the true-up for the period January 2012 through December
17 2012?**

18 A. As reflected in the Schedule C-3, Page 4 of 5, the True-up amount for the
19 Indiantown Natural Gas Division is an over-recovery of \$9,774.

20 **Q. What are the resulting net total projected conservation costs to be
21 recovered during this projection period?**

22 A. The total costs to be recovered are \$1,326.

23 **Q. What is the Conservation Adjustment Factor necessary to recover these
24 projected net total costs?**

1 A. The Conservation Adjustment Factors per therm for the Indiantown Natural
2 Gas Division are:

3 TS1 \$.00212

4 TS2 \$.00035

5 TS3 \$.00132

6 TS4 \$.00013

7 **Q. Are there any exhibits that you wish to sponsor in this proceeding?**

8 A. Yes. I wish to sponsor as Exhibits Schedules C-1, C-2, C-3, and C-4 (Revised
9 Composite Prehearing Identification Number MDN-4), which have been filed
10 with this testimony.

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

12 A. Yes.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

REVISED DIRECT TESTIMONY OF MIGUEL BUSTOS

ON BEHALF OF

FLORIDA CITY GAS

DOCKET NO. 120004-GU

September 18, 2012

1 Q. Please state your name, business address, by whom you are employed, and in
2 what capacity.

3
4 A. My name is Miguel Bustos and my business address is 955 East 25th Street, Hialeah,
5 Florida 33013-3498. I am employed by Florida City Gas as Energy Efficiency Program
6 Manager. I have been with the Company for approximately 9 1/2 years.

7
8 Q. Are you familiar with the energy conservation programs of Florida City Gas?

9
10 A. Yes, I am.

11
12 Q. Are you familiar with the costs that have been incurred and are projected to be
13 incurred by Florida City Gas in implementing its energy conservation programs?

COM 5
AFD 6
APA 7
ECO 8
ENG 9
GCL 10
IDM 11
TEL 12
CLK 13

A. Yes, I am.

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

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FPSC-COMMISSION CLERK

1 A. To submit the conservation cost recovery true-up for the final true-up period January 1,
2 2011 through December 31, 2011, and for the actual and estimated period of January 1,
3 2012, through December 31, 2012. I will also present the total level of costs Florida
4 City Gas seeks to recover through its conservation factors during the period January 1,
5 2013 through December 31, 2013, as well as the conservation factors which, when
6 applied to our customer's bills during the period January 1, 2013 through December 31,
7 2013, will permit recovery of total ECCR costs.

8

9 **Q. What is the Company's estimated true-up for the period January 1, 2012 through**
10 **December 31, 2012?**

11

12 A. An under-recovery of \$419,833. This amount is calculated on page 4 of Schedule C-3
13 and takes into account the final true-up for the year ended December 31, 2011, which
14 was an under-recovery of \$1,076,076, including interest. For the period January 1,
15 2011 through December 31, 2011, the Company's revised Adjusted Net True-Up is an
16 over-recovery of \$532,733, as reflected in Revised Exhibit MB-1.

17

18 **Q. What is the total cost Florida City Gas seeks to recover during the period January**
19 **1, 2013 through December 31, 2013?**

20

21 A. \$4,956,394. This represents the projected costs of \$4,536,561 to be incurred during
22 2013, plus the estimated true-up of \$419,833 for calendar year 2012.

23

1

2 **Q. What conservation factors does Florida City Gas need to permit recovery of these**
3 **costs?**

4

5	A.	GS-1, GS-100, GS-220, RSG, CSG (Sales & Transportation)	\$0.147 <u>28</u>
6		GS-600 (Sales & Transportation)	\$0.0781 <u>4</u>
7		GS-1200 (Sales & Transportation)	\$0.0465 <u>0</u>
8		GS-6k (Sales & Transportation)	\$0.0383 <u>0</u>
9		GS-25000 (Sales & Transportation)	\$0.0379 <u>6</u>
10		GS-60000 (Sales & Transportation)	\$0.0370 <u>4</u>
11		Gas Lights	\$0.0740 <u>7</u>
12		GS-120000 (Sales & Transportation)	\$0.0262 <u>6</u>
13		GS-250000 (Sales & Transportation)	\$0.0253 <u>5</u>

14

15 **Q. Has Florida City Gas prepared schedules to support its requested Conservation**
16 **Cost Recovery Factor?**

17

18 A. Yes. I have prepared and filed together with this testimony Schedules C-1 through C-5
19 as prescribed by Commission Staff.

20

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

22

23 A. Yes, it does.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET 120004-GU

DIRECT TESTIMONY OF

JERRY H. MELENDY

ON BEHALF OF SEBRING GAS SYSTEM, INC.

MAY 2, 2012

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Jerry H. Melendy. My business address is Sebring Gas System,
3 Inc., P.O. Box 8, US Highway 27 South, Sebring FL 33870

4 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

5 A. I am Vice President of Sebring Gas System, Inc. (the "Company").

6 **Q. ARE YOU FAMILIAR WITH THE COMPANY'S CURRENT**
7 **ENERGY CONSERVATION PROGRAMS?**

8 A. Yes.

9 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

10 A. My testimony presents data and summaries that describe the planned and
11 actual activities and expenses for the Company's energy conservation
12 programs incurred during the period January 2011 through December 2011. I
13 will also identify the final conservation true-up amount for the above
14 referenced period.

COM	5
APA	1
ECR	2
GCL	1
EAD	_____
SRC	_____
ADM	_____
OPC	_____
CLK	_____
Gt Rep	1

DOCUMENT NUMBER DATE

02815 MAY-2 2012

FPSC-COMMISSION CLERK

1 **Q. HAVE YOU PREPARED A SUMMARY OF THE COMPANY'S**
2 **CONSERVATION PROGRAMS AND THE COSTS ASSOCIATED**
3 **WITH THESE PROGRAMS?**

4 A. Yes. Summaries of the Company's four approved programs for which costs
5 were incurred during the period January 2011 through December 2011 are
6 included in Schedule CT-6 of Exhibit JHM-1. Included are the Residential
7 New Construction Program, the Residential Appliance Replacement Program,
8 the Residential Appliance Retention Program and the Conservation Education
9 Program.

10 **Q. HAVE YOU PREPARED SCHEDULES WHICH SHOW THE**
11 **EXPENDICTURES ASSOCIATED WITH THE COMPANY'S**
12 **ENERGY CONSERVATION PROGRAMS FOR THE APPLICABLE**
13 **PERIOD?**

14 A. Yes. Exhibit JHM-1 includes schedules CT-1, CT-2 and CT-3 detail the
15 Company's actual conservation related expenditures for the period, along with
16 a comparison of the actual program costs and true-up to the projected costs
17 and true-up for the period.

18 **Q. WHAT WAS THE TOTAL COST INCURRED BY THE COMPANY**
19 **TO ADMINISTER ITS FOUR CONSERVATION PROGRAMS FOR**
20 **THE TWELVE MONTH PERIOD ENDING DECEMBER 2010?**

21 A. As indicated on Schedule CT-2, page 2, of Exhibit JHM-1, the Company's
22 total 2011 programs costs were \$34,640.

1 **Q. HAVE YOU PREPARED A SCHEDULE WHICH SHOWS THE**
2 **VARIANCE OF ACTUAL FROM PROJECTED COSTS BY**
3 **CATEGORIES OF EXPENSES?**

4 A. Yes. Schedule CT-2, page 3, of Exhibit JHM-1, displays these variances.

5 **Q. WHAT IS THE COMPANY'S FINAL TRUE-UP FOR THE TWELVE**
6 **MONTHS ENDING DECEMBER 2011?**

7 A. The final true-up amount as shown on Schedule CT-1, of Exhibit JHM-1 is an
8 overrecovery of \$11,173.

9 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

10 A. Yes.

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Energy Conservation Cost Recovery Factors

Direct Testimony of Jerry H. Melendy, Jr.

On Behalf of

Sebring Gas System, Inc.

Docket No.120004-GU

September 11, 2012

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Jerry H. Melendy, Jr. My business address is Sebring Gas System, Inc., US Highway 27 South, Sebring, FL 33870.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am Vice President of Sebring Gas Company, Inc. (the "Company").

Q. ARE YOU FAMILIAR WITH THE COMPANY'S APPROVED ENERGY CONSERVATION PROGRAMS AND THE REVENUES AND COSTS THAT ARE ASSOCIATED WITH THESE PROGRAMS?

A. Yes.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS DOCKET?

A. My testimony will present actual and projected expenditures and revenues related to promoting and administering the Company's energy conservation programs in 2012 and 2013. I will provide the

COM _____
AED _____
APA _____
ECO _____
ENG _____
GCL _____
IDM _____
TEL _____
CLK _____

1 adjusted net true-up amount associated with program administration
2 for the January 2011 through December 2011 period. Actual program
3 costs are provided for the period January 1, 2012 through August
4 2012, as well as the costs the Company expects to incur from
5 September 1, 2012 through December 31, 2012. I will also indicate
6 the total costs the Company seeks to recover through its conservation
7 factors during the period January 1, 2013 through December 31,
8 2013. Finally, I will also propose the energy conservation cost
9 recovery factors which, when applied to consumer bills during the
10 period January 1, 2013 through December 31, 2013, will permit
11 recovery of the Company's total conservation costs.

12 **Q. HAVE YOU PREPARED A SUMMARY OF THE COMPANY'S**
13 **CONSERVATION PROGRAMS AND THE COSTS ASSOCIATED**
14 **WITH THESE PROGRAMS?**

15 A. Yes. Summaries of the Company's four approved programs are
16 included in Schedule C-5 of Exhibit JHM-1. Included are the
17 Residential New Construction Program, the Residential Appliance
18 Replacement Program, the Residential Appliance Retention Program
19 and the Conservation Education Program.

20 **Q. HAVE YOU PREPARED SCHEDULES THAT INCLUDE THE**
21 **COMPANY'S CONSERVATION PROGRAM EXPENDITURES FOR**
22 **THE CURRENT (2012) AND PROJECTED (2013) PERIODS?**

1 A. Yes. Schedule C-3, Exhibit JHM-1 provides actual conservation
2 expenses for the January 2012 through August 2012 period and
3 projected expenses for the September 2012 through December 2012
4 period. Projected expenses for the January 2013 through December
5 2013 period are included in Schedule C-2, Exhibit JHM-1.

6 **Q. HAVE YOU PREPARED A SCHEDULE THAT INCLUDES THE**
7 **COMPANY'S CONSERVATION RELATED REVENUES FOR 2013?**

8 A. Yes. Schedule C-3 (page 4 of 5), Exhibit JHM-1, provides actual
9 conservation revenue for the January 2012 through August 2012
10 period, and projected conservation revenues for the September 2012
11 through December 2012 period.

12 **Q. WHAT IS THE COMPANY'S ESTIMATED TRUE-UP FOR THE**
13 **PERIOD JANUARY 1, 2012 THROUGH DECEMBER 31, 2012?**

14 A. The Company is over-recovered by \$26,515, as calculated on
15 Schedule C-3, Page 4, line 11, Exhibit JHM-1.

16 **Q. WHAT IS THE TOTAL COST THE COMPANY SEEKS TO**
17 **RECOVER DURING THE PERIOD JANUARY 1, 2013 THROUGH**
18 **DECEMBER 31, 2013?**

19 A. As indicated on Schedule C-1, Exhibit JHM-1, the Company seeks to
20 recover \$25,485 during the referenced period. This amount represents
21 the projected costs of \$52,000 to be incurred during 2013, plus the
22 estimated true-up of \$25,485 for calendar year 2012.

1 **Q. WHAT ARE THE COMPANY'S PROPOSED ENERGY**
2 **CONSERVATION COST RECOVERY FACTORS FOR EACH RATE**
3 **CLASS FOR THE JANUARY 2012 THROUGH DECEMBER 2012**
4 **PERIOD?**

5 A. Schedule C-1, Exhibit JHM-1, provides the calculation of the
6 Company's proposed ECCR factors for 2013.

7 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

8 A. Yes.

PEOPLES GAS SYSTEM
DOCKET NO. 120004-GU
FILED: 09/12/2012

1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **PREPARED DIRECT TESTIMONY**

3 **OF**

4 **KANDI M. FLOYD**

5
6 **Q.** Please state your name, business address, by whom you
7 are employed, and in what capacity?

8
9 **A.** My name is Kandi M. Floyd. My business address is
10 Peoples Gas System, 702 North Franklin Street, P.O. Box
11 2562, Tampa, Florida 33601-2562. I am employed by
12 Peoples Gas System ("Peoples" or the "Company") and am
13 the Manager of State Regulatory.

14
15 **Q.** Please describe your educational and employment
16 background.

17
18 **A.** I have a Bachelor of Arts Degree in Business
19 Administration from Saint Leo University. From 1995 to
20 1997, I was employed in a series of positions within the
21 regulatory affairs department of Tampa Electric Company.
22 In 1998, I joined Peoples Gas System as a Regulatory
23 Coordinator in the Regulatory and Gas Supply Department.
24 In 2001, I became the Energy Conservation / Regulatory
25 Administrator and in 2003 became the Manager of State

1 Regulatory for Peoples Gas System. In this role, I am
2 responsible for managing the Energy Conservation Cost
3 Recovery ("ECCR") Clause and the Purchased Gas
4 Adjustment as well as various other regulatory
5 activities for Peoples.

6
7 **Q.** What is the purpose of your testimony in this docket?

8
9 **A.** My testimony addresses Peoples' conservation programs,
10 the expenses that Peoples has incurred, the revenues
11 recovered by Peoples through the ECCR clause from
12 January 2012 through August 2012, and the costs that
13 Peoples seeks to recover through the ECCR clause in
14 2013.

15
16 First, my testimony describes generally the actual and
17 projected expenditures made for the purpose of
18 implementing, promoting and operating Peoples' energy
19 conservation programs for the current period. This
20 information includes the adjusted net true-up amounts
21 associated with those programs for the period January
22 2011 through December 2011. Next, my testimony
23 addresses the actual costs incurred from January 2012
24 through August 2012, and revised projections of program
25 costs that Peoples expects to incur from September 2012

1 through December 2012. In addition, my testimony
2 presents projected conservation program costs for the
3 period January 2013 through December 2013.

4
5 Finally, my testimony presents the calculation of the
6 conservation cost recovery adjustment factors to be
7 applied to customers' bills during the period beginning
8 with the first billing cycle for January 2013 and
9 continuing through the last billing cycle for December
10 2013.

11
12 **Q.** Are you sponsoring any exhibits with your testimony?

13
14 **A.** Yes. I am sponsoring two exhibits produced under my
15 direction and supervision. Exhibit ____ (KMF-1) contains
16 the conservation cost recovery true-up data for the
17 period January 2011 through December 2011, and Exhibit
18 ____ (KMF-2) contains the conservation cost recovery
19 true-up data for the period January 2012 through August
20 2012 as well as re-projected expenses for the period
21 September 2012 through December 2012. Exhibit ____ (KMF-
22 2) consists of Schedules C-1 through C-5, which contain
23 information related to the calculation of the ECCR
24 factors to be applied to customers' bills during the
25 period January 2013 through December 2013.

- 1 Q. Have you prepared schedules showing the expenditures
2 associated with Peoples' energy conservation programs
3 for the period January 2011 through December 2011?
4
- 5 A. Yes. Actual expenses for the period January 2011
6 through December 2011 are shown on Schedule CT-2, page
7 2, of Exhibit ____ (KMF-1). Schedule CT-2, page 1
8 presents a comparison of the actual program costs and
9 true-up amount to the projected costs and true-up amount
10 for the same period.
11
- 12 Q. What are the Company's true-up amounts for the period
13 January 2011 through December 2011?
14
- 15 A. As shown on Schedule CT-1 of Exhibit ____ (KMF-1), the
16 end-of-period net true-up for the period is an over-
17 recovery of \$702,452 including both principal and
18 interest. The projected true-up for the period, as
19 approved by Commission Order No. PSC-11-0523-FOF-GU, was
20 an over-recovery of \$682,283 (including interest).
21 Subtracting the projected true-up over-recovery from the
22 actual over-recovery yields the adjusted net true-up of
23 \$20,169 over-recovery (including interest).
24
- 25 Q. Have you prepared summaries of the Company's

1 conservation programs and the projected costs associated
2 with these programs?

3

4 **A.** Yes. Summaries of the Company's programs are presented
5 in Schedule C-5 of Exhibit ____ (KMF-2).

6

7 **Q.** Have you prepared schedules required for the calculation
8 of Peoples' proposed conservation adjustment factors to
9 be applied during the billing periods from January 2013
10 through and including December 2013?

11

12 **A.** Yes. Schedule C-3 of Exhibit ____ (KMF-2) shows actual
13 expenses for the period January 2012 through August 2012
14 and projected expenses for the period September 2012
15 through December 2012.

16

17 Projected expenses for the January 2013 through December
18 2013 period are shown on Schedule C-2 of Exhibit
19 ____ (KMF-2). The total annual cost projected represents
20 a continuation of Peoples' efforts to expand the
21 availability of natural gas throughout Florida, and to
22 retain its existing natural gas customers. Schedule C-1
23 shows the calculation of the conservation adjustment
24 factors to be applied to all customers of the Company
25 who are subject to the factors. The estimated true-up

1 amount from Schedule C-3 (Page 4) of Exhibit ____ (KMF-2),
2 an under-recovery, was added to the total of the
3 projected costs for the January 2013 through December
4 2013 period. The resulting total of \$9,463,342 is the
5 expense to be recovered during calendar year 2013. This
6 total expense was then allocated to the Company's
7 affected rate classes pursuant to the methodology
8 previously approved by the Commission, divided by the
9 expected consumption of each rate class, and then
10 adjusted for the regulatory assessment fee.

11
12 Schedule C-1 of Exhibit ____ (KMF-2) shows the resulting
13 estimated ECCR revenues and adjustment factors by rate
14 class for the period January 2013 through December 2013.

15
16 **Q.** Does this conclude your prefiled direct testimony?

17
18 **A.** Yes, it does.
19
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24
25

1. **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**2. In Re: Conservation Cost
3. Recovery ClauseDocket No. 120004-GU
Filing Date: May 2, 2012

4. _____ /

5.

6. **DIRECT TESTIMONY OF DEBBIE STITT ON**
BEHALF OF ST. JOE NATURAL GAS COMPANY, INC.7. Q. Please state your name, business address, by whom you are
8. employed and in what capacity.9. A. Debbie Stitt, 301 Long Avenue, Port St. Joe, Florida 32456
10. St. Joe Natural Gas Company in the capacity of Energy
11. Conservation Analyst.

12. Q. What is the purpose of your testimony?

13. A. My purpose is to submit the expenses and revenues
14. associated with the Company's conservation programs
15. during the twelve month period ending December 31, 2011
16. and to identify the final true-up amount related to that
17. period.18. Q. Have you prepared any exhibits in conjunction with your
19. testimony?20. A. Yes, I have prepared and filed together with this testi-
21. mony this 2nd day of May, 2012 Schedules CT-1 through
22. CT-5 prescribed by the Commission Staff which have
23. collectively been entitled "Adjusted Net True-up for
24. twelve months ending December 31, 2011" for identi-
25. fication

DOCUMENT NUMBER DATE

02883 MAY-7 2012

FPSC-COMMISSION CLERK

1. Q. What amount did St. Joe Natural Gas spend on conser-
2. vation programs during the period?

3. A. \$106,300.00

4. Q. What is the final true-up amount associated with this
5. twelve month period ending December 31, 2011?

6. A. The final true-up amount for December 31, 2011 is
7. an under-recovery of \$46,898.00.

8. Q. Does this conclude your testimony?

9. A. Yes

10.

11.

12.

13.

14.

15.

16.

17.

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19.

20.

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1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **In Re: Conservation Cost)** **Docket No.120004-GU**
3 **Recovery Clause)** **Submitted for Filing**
4 **)** **September 12, 2012**

4

5 **DIRECT TESTIMONY OF DEBBIE STITT ON BEHALF OF**
6 **ST. JOE NATURAL GAS COMPANY, INC.**

6

7 Q. Please state your name, business address, by whom you
8 are employed and in what capacity.

9 A. Debbie Stitt, 301 Long Avenue, Port St. Joe, Florida
10 32456, St Joe Natural Gas Company in the capacity of
11 Energy Conservation Analyst.

12 Q. What is the purpose of your testimony?

13 A. My purpose is to submit the known and projected expenses and
14 revenues associated with SJNG's conservation programs incurred
15 in January thru August 2012 and projection costs to be incurred
16 from September 2012 through December 2012. It will also include
17 projected conservation costs for the period January 1, 2013
18 through December 31, 2013 with a calculation of the conservation
19 adjustment factors to be applied to the customers' bills during
20 the January 1, 2013 through December 31, 2013 period.

21 Q. Have you prepared any exhibits in conjunction with your testimony?

22 A. Yes, I have prepared and filed to the Commission the 12th day of
23 September 2012 Schedule C-1 prescribed by the Commission Staff
24 which has collectively been titled Energy Conservation Adjustment
25 Summary of Cost Recovery Clause Calculation for months January

1 1, 2013 through December 31, 2013 for identification.

2 Q. What Conservation Adjustment Factor does St. Joe Natural Gas
3 seek approval through its petition for the twelve month period
4 ending December 31, 2013?

5 A. \$.24830 per therm for RS-1, \$.16415 per therm for RS-2, and
6 \$.12791 per therm for RS-3, \$0.11250 per therm for GS-1, \$0.04645
7 per therm for GS-2, and \$0.02180 per therm for GS-4/FTS-4

8 Q. Does this conclude your testimony?

9 A. Yes.

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1 **CHAIRMAN BRISÉ:** I think we are in the proper
2 posture for a decision. Thank you very much, Staff.

3 Commissioners, considering that all the issues
4 here have been stipulated, I'm ready to entertain a
5 motion if there are no questions.

6 Okay. Commissioner Balbis.

7 **COMMISSIONER BALBIS:** Thank you, Mr. Chairman.
8 Again, I want to thank all the parties for coming
9 together and working on stipulations for all of these
10 issues. And with that, I move that we approve all of
11 the issues as stipulated in Docket 120004.

12 **CHAIRMAN BRISÉ:** All right. It has been
13 moved. Is there a second?

14 **COMMISSIONER EDGAR:** Second.

15 **CHAIRMAN BRISÉ:** Okay. It has been moved and
16 seconded.

17 Any further discussion or questions? Seeing
18 none, all in favor say aye.

19 (Vote taken.)

20 **CHAIRMAN BRISÉ:** All right. Thank you very
21 much.

22 Considering that all the issues here were
23 stipulated to, we took a bench decision and, therefore,
24 there is no need for post-hearing briefs, and the final
25 order for this case will be issued by November 27th,

1 2012. All right.

2 Thank you very much. We will adjourn this
3 docket.

4 (The hearing concluded at 9:45 a.m.)

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1 STATE OF FLORIDA)

2 : CERTIFICATE OF REPORTER

3 COUNTY OF LEON)

4
5 I, JANE FAUROT, RPR, Chief, Hearing Reporter
6 Services Section, FPSC Division of Commission Clerk, do
7 hereby certify that the foregoing proceeding was heard
8 at the time and place herein stated.

9
10 IT IS FURTHER CERTIFIED that I
11 stenographically reported the said proceedings; that the
12 same has been transcribed under my direct supervision;
13 and that this transcript constitutes a true
14 transcription of my notes of said proceedings.

15
16 I FURTHER CERTIFY that I am not a relative,
17 employee, attorney or counsel of any of the parties, nor
18 am I a relative or employee of any of the parties'
19 attorney or counsel connected with the action, nor am I
20 financially interested in the action.

21
22 DATED THIS 7th day of November, 2012.

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25


JANE FAUROT, RPR
FPSC Official Commission Reporter
(850) 413-6732