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BEFORE THE
 FLORIDA PUBLIC SERVICE COMMISSION
 DOCKET NO. 110004-GU
DETERMINATION OF CONSERVATION COSTS RECOVERY FACTOR
 Projection Filing
 Direct Testimony of
 Cheryl M. Martin
 On Behalf of
 FLORIDA PUBLIC UTILITIES COMPANY
INDIANTOWN NATURAL GAS DIVISION

Q. Please state your name and business address.

A. Cheryl M. Martin. My business address is 401 South Dixie Highway, West Palm Beach, Florida 33401-3395.

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

A. I am employed by Florida Public Utilities Company (FPUC) as Director of Regulatory Affairs.

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

A. I graduated from Florida State University in 1984 with a BS degree in Accounting and I am a Certified Public Accountant in the state of Florida. I have been employed by FPUC since 1985. In August 2011, I was promoted to my current position, Director of Regulatory Affairs. I have performed various accounting, management and regulatory roles and functions including regulatory accounting (Fuel, PGA, conservation, surveillance reports, regulatory reporting), tax accounting, external reporting as well as corporate accounting. I have been an expert witness for numerous proceedings before the Florida

COM	5
APA	1
<u>ECR</u>	7
GCL	1
RAD	1
SRC	1
ADM	1
OPC	1
CLK	J.K.P.

DOCUMENT NUMBER: 06603 SEP 13 = FPSC-COMMISSION CLERK

1 Public Service Commission (FPSC).

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

3 A. To advise the Commission as to the Conservation Cost
4 Recovery Clause Calculation for the period January
5 2012 through December 2012.

6 Q. Have you included descriptions and summary
7 information on the Conservation Programs currently
8 approved and available to your customers for the
9 Indiantown Natural Gas Division?

10 A. Yes, the Company has included summaries of the
11 approved conservation programs currently available
12 to our customers in C-4 of Exhibit CMM-2.

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

16 A. Yes.

17 Q. What are the total projected costs for the period
18 January 2012 through December 2012 in the Indiantown
19 Natural Gas Division?

20 A. The total projected Conservation Program Costs are
21 \$13,800. Please see Schedule C-2, page 2, for the
22 programmatic and functional breakdown of these total
23 costs.

24 Q. What is the true-up for the period January 2011
25 through December 2011?

1 A. As reflected in the Schedule C-3, Page 4 of 5, the
2 True-up amount for the Indiantown Natural Gas
3 Division is an over-recovery of \$10,474.

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

7 A. The total costs to be recovered are \$3,326.

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

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

12	TS1	\$.00648
13	TS2	\$.00106
14	TS3	\$.00364
15	TS4	\$.00046

16 Q. Are there any exhibits that you wish to sponsor in
17 this proceeding?

18 A. Yes. I wish to sponsor as Exhibits Schedules C-1,
19 C-2, C-3, and C-4 (Composite Prehearing
20 Identification Number CMM-2), which have been filed
21 with this testimony.

22 Q. Does this conclude your testimony?

23 A. Yes.

FLORIDA PUBLIC UTILITIES COMPANY
 INDIANTOWN NATURAL GAS DIVISION
 ENERGY CONSERVATION ADJUSTMENT
 SUMMARY OF COST RECOVERY CLAUSE CALCULATION
 JANUARY 2012 THROUGH DECEMBER 2012

1. TOTAL INCREMENTAL COSTS (SCHEDULE C-2, PAGE 1)	\$ 13,800
2. TRUE-UP (SCHEDULE C-3, PAGE 4, LINE 11)	\$ (10,474)
3. TOTAL (LINE 1 AND LINE 2)	\$ 3,326

RATE SCHEDULE	BILLS	THERMS	CUSTOMER & DEMAND CHARGE	TRANSPORTATION CHARGE	TOTAL CUSTOMER & TRANSPORTATION REVENUE	ECCR REVENUES	ECCR AS % OF TOTAL REVENUES	DOLLARS PER THERM	TAX FACTOR	CONSERV FACTOR
TS1	8,244	140,500	74,196	53,158	127,354	905	0.71097%	\$ 0.00644	1.00503	\$ 0.00648
TS2	300	82,660	7,500	4,763	12,263	87	0.71097%	\$ 0.00105	1.00503	\$ 0.00106
TS3	12	1,560	720	75	795	6	0.71097%	\$ 0.00362	1.00503	\$ 0.00364
TS4	24	5,090,000	128,378	199,019	327,397	2,328	0.71097%	\$ 0.00046	1.00503	\$ 0.00046
TOTAL	8,580	5,314,720	210,794	257,015	467,808	3,326				

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FLORIDA PUBLIC UTILITIES COMPANY
INDIANTOWN NATURAL GAS DIVISION
ESTIMATED CONSERVATION PROGRAM COSTS BY PROGRAM BY MONTH
JANUARY 2012 THROUGH DECEMBER 2012

PROGRAM	JAN 2012	FEB 2012	MAR 2012	APR 2012	MAY 2012	JUN 2012	JUL 2012	AUG 2012	SEP 2012	OCT 2012	NOV 2012	DEC 2012	TOTAL
1 Full House Residential New Construction	83	83	83	83	83	83	83	83	83	83	83	87	1,000
2 Resid. Appliance Replacement	146	146	146	146	146	146	146	146	146	146	146	144	1,750
3 Conservation Education	379	379	379	379	379	379	379	379	379	379	379	381	4,550
4	0	0	0	0	0	0	0	0	0	0	0	0	0
5	0	0	0	0	0	0	0	0	0	0	0	0	0
6 Residential Appliance Retention	542	542	542	542	542	542	542	542	542	542	542	538	6,500
7	0	0	0	0	0	0	0	0	0	0	0	0	0
10	0	0	0	0	0	0	0	0	0	0	0	0	0
12	0	0	0	0	0	0	0	0	0	0	0	0	0
13	0	0	0	0	0	0	0	0	0	0	0	0	0
14 Common	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL ALL PROGRAMS	1,150	1,150	1,150	1,150	1,150	1,150	1,150	1,150	1,150	1,150	1,150	1,150	13,800

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FLORIDA PUBLIC UTILITIES COMPANY
INDIANTOWN NATURAL GAS DIVISION
ESTIMATED CONSERVATION PROGRAM COSTS PER PROGRAM
JANUARY 2012 THROUGH DECEMBER 2012

PROGRAM	CAPITAL INVEST	PAYROLL & BENEFITS	MATERIALS & SUPPLIES	ADVERTISE	INCENTIVES	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
1 Full House Residential New Construction	0	0	0	0	0	1,000	0	0	1,000
2 Resid. Appliance Replacement	0	0	0	0	750	1,000	0	0	1,750
3 Conservation Education	0	0	0	4,550	0	0	0	0	4,550
4	0	0	0	0	0	0	0	0	0
5	0	0	0	0	0	0	0	0	0
6 Residential Appliance Retention	0	0	0	0	5,500	1,000	0	0	6,500
7	0	0	0	0	0	0	0	0	0
10	0	0	0	0	0	0	0	0	0
12	0	0	0	0	0	0	0	0	0
13	0	0	0	0	0	0	0	0	0
14 Common	0	0	0	0	0	0	0	0	0
PROGRAM COSTS	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,550</u>	<u>6,250</u>	<u>3,000</u>	<u>0</u>	<u>0</u>	<u>13,800</u>

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FLORIDA PUBLIC UTILITIES COMPANY
INDIANTOWN NATURAL GAS DIVISION
ESTIMATED CONSERVATION PROGRAM COSTS PER PROGRAM
ACTUAL JANUARY 2011 THROUGH JULY 2011; ESTIMATED AUGUST 2011 THROUGH DECEMBER 2011

PROGRAM	CAPITAL INVEST	PAYROLL & BENEFITS	MATERLS. & SUPPLIES	ADVERT	INCENTIVES	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
1 Full House Residential New Construction									
A. ACTUAL	0	0	0	0	0	0	0	0	0
B. ESTIMATED	0	0	0	0	0	416	0	0	416
C. TOTAL	0	0	0	0	0	416	0	0	416
2 Resid. Appliance Replacement									
A. ACTUAL	0	0	0	0	900	0	0	0	900
B. ESTIMATED	0	0	0	0	310	416	0	0	726
C. TOTAL	0	0	0	0	1,210	416	0	0	1,626
3 Conservation Education									
A. ACTUAL	0	0	0	6,300	0	0	0	0	6,300
B. ESTIMATED	0	0	0	1,900	0	0	0	0	1,900
C. TOTAL	0	0	0	8,200	0	0	0	0	8,200
4									
A. ACTUAL	0	0	0	0	0	0	0	0	0
B. ESTIMATED	0	0	0	0	0	0	0	0	0
C. TOTAL	0	0	0	0	0	0	0	0	0
5									
A. ACTUAL	0	0	0	0	0	0	0	0	0
B. ESTIMATED	0	0	0	0	0	0	0	0	0
C. TOTAL	0	0	0	0	0	0	0	0	0
6 Residential Appliance Retention									
A. ACTUAL	0	0	0	0	900	0	0	0	900
B. ESTIMATED	0	0	0	0	2,290	418	0	0	2,708
C. TOTAL	0	0	0	0	3,190	418	0	0	3,608
SUB-TOTAL	0	0	0	8,200	4,400	1,250	0	0	13,850

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FLORIDA PUBLIC UTILITIES COMPANY
INDIANTOWN NATURAL GAS DIVISION
ESTIMATED CONSERVATION PROGRAM COSTS PER PROGRAM
ACTUAL JANUARY 2011 THROUGH JULY 2011; ESTIMATED AUGUST 2011 THROUGH DECEMBER 2011

PROGRAM NAME	CAPITAL INVEST	PAYROLL & BENEFITS	MATERLS. & SUPPLIES	ADVERT	INCENTIVES	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
SUB-TOTAL - PREVIOUS PAGE	0	0	0	8,200	4,400	1,250	0	0	13,850
7									
A. ACTUAL	0	0	0	0	0	0	0	0	0
B. ESTIMATED	0	0	0	0	0	0	0	0	0
C. TOTAL	0	0	0	0	0	0	0	0	0
10									
A. ACTUAL	0	0	0	0	0	0	0	0	0
B. ESTIMATED	0	0	0	0	0	0	0	0	0
C. TOTAL	0	0	0	0	0	0	0	0	0
12									
A. ACTUAL (JAN-JUL)	0	0	0	0	0	0	0	0	0
B. ESTIMATED (AUG-DEC)	0	0	0	0	0	0	0	0	0
C. TOTAL	0	0	0	0	0	0	0	0	0
13									
A. ACTUAL	0	0	0	0	0	0	0	0	0
B. ESTIMATED	0	0	0	0	0	0	0	0	0
C. TOTAL	0	0	0	0	0	0	0	0	0
14 Common									
A. ACTUAL	0	0	0	0	0	229	0	0	229
B. ESTIMATED	0	0	0	0	0	0	0	0	0
C. TOTAL	0	0	0	0	0	229	0	0	229
TOTAL	<u>0</u>	<u>0</u>	<u>0</u>	<u>8,200</u>	<u>4,400</u>	<u>1,479</u>	<u>0</u>	<u>0</u>	<u>14,079</u>

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FLORIDA PUBLIC UTILITIES COMPANY
INDIANTOWN NATURAL GAS DIVISION
CONSERVATION PROGRAM COSTS BY PROGRAM
ACTUAL/ESTIMATED

ACTUAL JANUARY 2011 THROUGH JULY 2011; ESTIMATED AUGUST 2011 THROUGH DECEMBER 2011

PROGRAM NAME	----- ACTUAL -----		----- ACTUAL -----		----- ACTUAL -----		----- ACTUAL -----		--- PROJECTION ---		--- PROJECTION ---		--- PROJECTION ---		TOTAL
	JAN 2011	FEB 2011	MAR 2011	APR 2011	MAY 2011	JUN 2011	JUL 2011	AUG 2011	SEP 2011	OCT 2011	NOV 2011	DEC 2011			
Full House Residential New Construction	0	0	0	0	0	0	0	83	83	83	83	84	416		
Resid. Appliance Replacement	450	0	450	0	0	0	0	145	145	145	145	146	1,626		
Conservation Education	0	0	6,300	0	0	0	0	380	380	380	380	380	8,200		
	0	0	0	0	0	0	0	0	0	0	0	0	0		
	0	0	0	0	0	0	0	0	0	0	0	0	0		
Residential Appliance Retention	0	0	0	0	700	100	100	542	542	542	542	540	3,608		
	0	0	0	0	0	0	0	0	0	0	0	0	0		
	0	0	0	0	0	0	0	0	0	0	0	0	0		
	0	0	0	0	0	0	0	0	0	0	0	0	0		
Common	0	0	0	0	229	0	0	0	0	0	0	0	229		
TOTAL ALL PROGRAMS	450	0	6,750	0	929	100	100	1,150	1,150	1,150	1,150	1,150	14,079		

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FLORIDA PUBLIC UTILITIES COMPANY
INDIANTOWN NATURAL GAS DIVISION
ENERGY CONSERVATION ADJUSTMENT
ACTUAL JANUARY 2011 THROUGH JULY 2011; ESTIMATED AUGUST 2011 THROUGH DECEMBER 2011

	----- ACTUAL -----							--- PROJECTION ---					TOTAL
	JAN 2011	FEB 2011	MAR 2011	APR 2011	MAY 2011	JUN 2011	JUL 2011	AUG 2011	SEP 2011	OCT 2011	NOV 2011	DEC 2011	
CONSERVATION REVS.													
RCS AUDIT FEES	0	0	0	0	0	0	0	0	0	0	0	0	0
OTHER PROG. REV.	0	0	0	0	0	0	0	0	0	0	0	0	0
CONSERV. ADJ REV. (NET OF REV. TAXES)	(955)	(704)	(838)	(725)	(662)	(663)	(217)	(553)	(553)	(553)	(553)	(553)	(7,529)
TOTAL REVENUES	(955)	(704)	(838)	(725)	(662)	(663)	(217)	(553)	(553)	(553)	(553)	(553)	(7,529)
PRIOR PERIOD TRUE-UP NOT APPLIC. TO PERIOD	(1,413)	(1,417)	(1,417)	(1,417)	(1,417)	(1,417)	(1,417)	(1,417)	(1,417)	(1,417)	(1,417)	(1,417)	(17,000)
CONSERVATION REVS. APPLIC. TO PERIOD	(2,368)	(2,121)	(2,255)	(2,142)	(2,079)	(2,080)	(1,634)	(1,970)	(1,970)	(1,970)	(1,970)	(1,970)	(24,529)
CONSERVATION EXPS. (FORM C-3, PAGE 3)	450	0	6,750	0	929	100	100	1,150	1,150	1,150	1,150	1,150	14,079
TRUE-UP THIS PERIOD	(1,918)	(2,121)	4,495	(2,142)	(1,150)	(1,980)	(1,534)	(820)	(820)	(820)	(820)	(820)	(10,450)
INTEREST THIS PERIOD (C-3,PAGE 5)	(4)	(4)	(3)	(2)	(2)	(2)	(2)	(1)	(1)	(1)	(1)	(1)	(24)
TRUE-UP & INT. BEG. OF MONTH	(17,000)	(17,509)	(18,217)	(12,308)	(13,035)	(12,770)	(13,335)	(13,454)	(12,858)	(12,262)	(11,666)	(11,070)	(17,000)
PRIOR TRUE-UP COLLECT. (REFUND.)	1,413	1,417	1,417	1,417	1,417	1,417	1,417	1,417	1,417	1,417	1,417	1,417	17,000
Audit Adj. - Prior period													0
END OF PERIOD TOTAL NET TRUE-UP	(17,509)	(18,217)	(12,308)	(13,035)	(12,770)	(13,335)	(13,454)	(12,858)	(12,262)	(11,666)	(11,070)	(10,474)	(10,474)

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FLORIDA PUBLIC UTILITIES COMPANY
INDIANTOWN NATURAL GAS DIVISION
CALCULATION OF TRUE-UP AND INTEREST PROVISION
ACTUAL JANUARY 2011 THROUGH JULY 2011; ESTIMATED AUGUST 2011 THROUGH DECEMBER 2011

	----- ACTUAL -----		----- ACTUAL -----		----- ACTUAL -----		----- ACTUAL -----		--- PROJECTION ---		--- PROJECTION ---		--- PROJECTION ---		TOTAL
	JAN 2011	FEB 2011	MAR 2011	APR 2011	MAY 2011	JUN 2011	JUL 2011	AUG 2011	SEP 2011	OCT 2011	NOV 2011	DEC 2011			
INTEREST PROVISION															
BEGINNING TRUE-UP	(17,000)	(17,509)	(18,217)	(12,308)	(13,035)	(12,770)	(13,335)	(13,454)	(12,858)	(12,262)	(11,666)	(11,070)			
END. T-UP BEFORE INT.	(17,505)	(18,213)	(12,305)	(13,033)	(12,768)	(13,333)	(13,452)	(12,857)	(12,261)	(11,665)	(11,069)	(10,473)			
TOT. BEG. & END. T-UP	(34,505)	(35,722)	(30,522)	(25,341)	(25,803)	(26,103)	(26,787)	(26,311)	(25,119)	(23,927)	(22,735)	(21,543)			
AVERAGE TRUE-UP	(17,253)	(17,861)	(15,261)	(12,671)	(12,902)	(13,052)	(13,394)	(13,156)	(12,560)	(11,964)	(11,368)	(10,772)			
INT. RATE-FIRST DAY OF REPORTING BUS. MTH	0.25%	0.25%	0.25%	0.20%	0.19%	0.16%	0.16%	0.12%	0.12%	0.12%	0.12%	0.12%	0.12%		
INT. RATE-FIRST DAY OF SUBSEQUENT BUS. MTH	0.25%	0.25%	0.20%	0.19%	0.16%	0.16%	0.12%	0.12%	0.12%	0.12%	0.12%	0.12%	0.12%		
TOTAL	0.50%	0.50%	0.45%	0.39%	0.35%	0.32%	0.28%	0.24%	0.24%	0.24%	0.24%	0.24%	0.24%		
AVG INTEREST RATE	0.25%	0.25%	0.23%	0.20%	0.18%	0.16%	0.14%	0.12%	0.12%	0.12%	0.12%	0.12%	0.12%		
MONTHLY AVG. RATE	0.02%	0.02%	0.02%	0.02%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%		
INTEREST PROVISION	(\$4)	(\$4)	(\$3)	(\$2)	(\$2)	(\$2)	(\$2)	(\$1)	(\$1)	(\$1)	(\$1)	(\$1)	(\$1)		(\$24)

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Schedule C-4

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**Florida Public Utilities Company - Indiantown Division
Program Description and Progress**

Program Title:

Residential New Construction Program

Reporting Period

January through December 2011

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

Current Approved Allowances:

\$350 Gas Storage Tank Water Heating
\$400 High Efficiency Gas Storage Tank Water Heating
\$550 Gas Tankless Water Heating
\$500 Gas Heating
\$150 Gas Cooking
\$100 Gas Clothes Drying

Program Activity and Projections:

During the seven-month reporting period January through July 2011, zero (0) new home allowances were paid. The Company projects zero (0) new homes will qualify for allowances during the period August through December 2011.

Program Fiscal Expenditures:

During the seven month reporting period, actual expenditures for this program totaled \$0. The Company projects that total expenditures will equal \$416 for the 2011 annual period.

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Schedule C-4

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**Florida Public Utilities Company - Indiantown Division
Program Description and Progress**

Program Title:

Residential Appliance Replacement Program

Reporting Period

January through December 2011

Program Description:

This program is designed to encourage the replacement of inefficient non-natural gas residential appliances with energy efficient natural gas appliances. Incentives are offered for the replacement of non-gas water heating, heating, cooking, or clothes drying appliances through the purchase and/or lease of energy efficient natural gas appliances.

Current Approved Allowances:

\$500 Gas Storage Tank Water Heating
\$550 High Efficiency Gas Storage Tank Water Heating
\$675 Gas Tankless Water Heating
\$725 Gas Heating
\$200 Gas Cooking
\$150 Gas Clothes Drying

Program Projections:

During the seven-month reporting period January through July 2011, two (2) residential appliance replacement allowances were paid. The Company projects one (1) residential appliance installation will qualify for replacement allowances during the period August through December 2011.

Program Fiscal Expenditures:

During the seven-month reporting period, actual expenditures for this program were \$900. The Company projects that total expenditures will equal \$1,626 for the 2011 annual period.

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Schedule C-4

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**Florida Public Utilities Company - Indiantown Division
Program Description and Progress**

Program Title:

Residential Appliance Retention Program

Reporting Period

January through December 2011

Program Description:

The Company offers this program to existing customers to promote the retention of energy-efficient appliances and encourage the continued use of natural gas in the home. As an incentive to continue to provide substantial benefits to the customer and utilize our resources effectively, this program offers cash allowances to the customer.

Current Approved Allowances:

\$350 Gas Storage Tank Water Heating
\$400 High Efficiency Gas Storage Tank Water Heating
\$550 Gas Tankless Water Heating
\$500 Gas Heating
\$100 Gas Cooking
\$100 Gas Clothes Drying

Program Activity and Projections:

During the seven-month reporting period January through July 2011, zero (0) residential appliance retention allowances were paid. The Company projects zero (0) residential appliance installations will qualify for retention allowances during the period August through December 2011.

Program Fiscal Expenditures:

During the seven-month reporting period, actual expenditures for this program were \$900. The Company projects that total expenditures will equal \$3,608 for the 2011 annual period.

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Schedule C-4

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**Florida Public Utilities Company - Indiantown Division
Program Description and Progress**

Program Title:

Conservation Education Program

Reporting Period

January through Dec 2011

Program Description:

The objective of this program is to inform consumers about the Company's energy conservation programs and provide general information on energy efficiency measures that will reduce energy consumption and cost.

Program Activity and Projections:

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. In 2009, the Company began participation in the Get Gas Florida consumer education program supported by the Florida Natural Gas Association.

Program Fiscal Expenditures:

During the seven-month reporting period, January through July 2011, actual expenditures for this program were \$6,300. The Company projects that total expenditures will equal \$8,200 for the 2011 annual period.

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