

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 040002-EG
DETERMINATION OF CONSERVATION COSTS RECOVERY FACTOR

Direct Testimony of
GEOFFREY L. HARTMAN
On Behalf of
FLORIDA PUBLIC UTILITIES COMPANY

- 1 Q. Please state your name and business address.
- 2 A. Geoffrey L. Hartman: my business address is
3 P.O. Box 3395 West Palm Beach, Florida 33402-
4 3395.
- 5 Q. By whom are you employed and in what capacity?
- 6 A. I am employed by Florida Public Utilities
7 Company as Manager, Customer Development.
- 8 Q. What is the purpose of your testimony at this
9 time?
- 10 A. To advise the Commission as to the Conservation
11 Cost Recovery Clause Calculation for the period
12 January, 2005 through December, 2005.
- 13 Q. What respectively are the total projected costs
14 for the period January 2005 through December,
15 2005 in the Consolidated Electric Division?
- 16 A. The total projected Conservation Program Costs
17 are \$511,639. Please see Schedule C-2, page 2,

1 for the programmatic and functional breakdown of
2 these total costs.

3 Q. What is the true-up amount to be applied to
4 determine the projected net total costs for the
5 period January 2004 through December 2004?

6 A. As reflected in the "C" Schedules, the true-up
7 amount for Consolidated Electric Division is
8 \$64,152. The amount is based upon eight months
9 actual and four months estimated data.

10 Q. What are the resulting net total projected
11 conservation costs to be recovered during this
12 period?

13 A. The net total costs to be recovered are
14 \$447,487.

15 Q. What is the Conservation Adjustment Factor
16 necessary to recover these projected net total
17 costs?

18 A. The Conservation Adjustment Factor is \$.00057
19 per KWH.

20 Q. Are there any exhibits that you wish to sponsor
21 in this proceeding?

22 A. Yes. I wish to sponsor as exhibits for each
23 division Schedules C-1, C-2, C-3, C-4, and C-5

1 (Composite Prehearing Identification Number
2 GLH-1), which have been filed with this
3 testimony.

4 Q. How does Florida Public Utilities plan to
5 promote the Commission approved conservation
6 programs to customers?

7 A. These programs will be promoted through the
8 continued implementation of the company's "Good
9 Cents" branding.

10 Q. What is the "Good Cents" branding?

11 A. "Good Cents" is a nationally recognized,
12 licensed energy conservation-branding program.
13 This program is fuel neutral by design and has
14 been successfully utilized by approximately 300
15 electric and natural gas utilities located
16 across 38 states from Maine, to Florida to
17 California and Washington. Q. How does

18 Florida Public Utilities utilize this branding?

19 A. Florida public utilities has successfully
20 leveraged the GoodCents marketing by other
21 utilities in northern Florida and southern
22 Georgia since approximately 1980 and has built a
23 high level of awareness within these electric

1 territories.

2 The Company uses the "Good Cents" branding to create
3 an awareness of its energy conservation among
4 consumers, businesses, builders and developers.
5 Florida Public Utilities will leverage the high
6 visibility brand, well established national
7 image of quality, value and savings, established
8 public awareness, and proven promotional lift
9 (average 11%) to build participation in our
10 residential and commercial energy conservation
11 programs. We will apply the branding strategy
12 to promotional activities via broadcast and
13 print media, educational events and collateral
14 materials. Through this branding, end users and
15 specifiers can readily identify where to obtain
16 energy expertise to assist them with their
17 energy decisions.

18 Q. Does Florida Public Utilities Company expect to
19 make any modifications to the manner in which it
20 promotes the approved energy conservation
21 programs during the period January 1, 2005
22 through December 31, 2005?

23 A. Yes. Florida Public Utilities Company plans to

1 strengthen the GoodCents branding and
2 conservation message through targeted marketing
3 and education efforts and by including the
4 conservation brand as a key component to our
5 program name and consumer education message.
6 The program titles will be updated as follows.

- 7 1. **Residential Geothermal Heat Pump Program**
- 8 2. **GoodCents Home / Energy Star Program (Residential New**
9 **Construction)**
- 10 3. **GoodCents Energy Survey (GoodCents Energy Survey)**
- 11 4. **GoodCents Heating & Cooling Efficiency Upgrade Program –**
12 **NEW PROGRAM 2005**
- 13 5. **GoodCents Ceiling Insulation Upgrade Program (Residential) –**
14 **NEW PROGRAM 2005**
- 15 6. **GoodCents Commercial Building Program (Commercial New**
16 **Construction)**
- 17 7. **GoodCents Commercial Energy Survey (Commercial Technical**
18 **Assistance)**
- 19 8. **GoodCents Commercial Indoor Efficient Lighting Rebate**
20 **Program – NEW PROGRAM 2005**
- 21 9. **Conservation Demonstration and Development (CDD)**
22 **Program – NEW PROGRAM 2005**

1 **10. Low Income**

2 **11. Affordable Housing Builders and Providers**

3
4 The strengthened GoodCents branding will also direct
5 consumers to improved web site information
6 services and will be supported in the field by
7 expanded manpower resources and conservation
8 services.

9 Q. Has Florida Public Utilities Company included
10 the estimated cost of the campaign in the
11 projected costs associated with the conservation
12 programs?

13 A. Yes, the estimated cost of the campaign and
14 services are included in the budget projections
15 for 2005.

16 Q. Does this conclude your testimony?

17 A. Yes.

ENERGY CONSERVATION ADJUSTMENT
SUMMARY OF COST RECOVERY CLAUSE CALCULATION

FOR MONTHS January-05 THROUGH December-05

1.	TOTAL INCREMENTAL COSTS (SCHEDULE C-2,PAGE 1, LINE 33)	<u>511,639</u>
2.	TRUE-UP (SCHEDULE C-3,PAGE 4,LINE 11)	<u>(64,152)</u>
3.	TOTAL (LINE 1 AND LINE 2)	<u>447,487</u>
4.	RETAIL KWH/THERM SALES	<u>788,843,000</u>
5.	COST PER KWH/THERM	<u>0.00056727</u>
6.	REVENUE TAX MULTIPLIER *	<u>1.00072</u>
7.	ADJUSTMENT FACTOR ADJUSTED FOR TAXES (LINE 5 X LINE 6)	<u>0.00056800</u>
8.	CONSERVATION ADJUSTMENT FACTOR- (ROUNDED TO THE NEAREST .001 CENTS PER KWH/THERM)	<u>0.00057</u>

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COMPANY: FLORIDA PUBLIC UTILITIES COMPANY - CONSOLIDATED ELECTRIC DIVISION

SCHEDULE C-2
PAGE 1 OF 3

ESTIMATED CONSERVATION PROGRAM COSTS

FOR MONTHS January-05 THROUGH December-05

A. ESTIMATED EXPENSE BY PROGRAM	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
1. In Concert with the Environment (program eliminated)													0
2. Direct Leakage Repair													0
3. Residential Geothermal Heat Pump													0
4. Residential Energy Audits													0
5. Low Income Customer Energy Audits													0
6. FPU Express													0
7. Enhanced Good Cents Home													0
8. Commercial/Industrial Good Cents Building													0
9. Commercial/Industrial Energy Audits & Tech. Assit.													0
10. Common	8,746	8,740	8,740	8,740	8,740	8,740	8,740	8,740	8,740	8,740	8,740	8,740	104,886
11. Residential Geothermal Heat Pump	386	430	430	430	430	430	430	430	430	430	430	430	5,116
12. GoodCents Home/Energy Star	9,767	9,810	9,810	9,810	9,810	9,810	9,810	9,810	9,810	9,810	9,810	9,810	117,677
13. GoodCents Energy Survey Program	9,381	9,380	9,380	9,380	9,380	9,380	9,380	9,380	9,380	9,380	9,380	9,380	112,561
New GoodCents HVAC Efficiency Upgrade Program	3,421	3,410	3,410	3,410	3,410	3,410	3,410	3,410	3,410	3,410	3,410	3,410	40,931
New GoodCents Ceiling Insulation upgrade Program	3,421	3,410	3,410	3,410	3,410	3,410	3,410	3,410	3,410	3,410	3,410	3,410	40,931
New GoodCents Commercial Indoor Lighting Rebate	1,021	1,070	1,070	1,070	1,070	1,070	1,070	1,070	1,070	1,070	1,070	1,070	12,791
New Conservation Demonstration & Development	2,152	2,130	2,130	2,130	2,130	2,130	2,130	2,130	2,130	2,130	2,130	2,130	25,582
15. GoodCents Commercial Building	1,656	1,710	1,710	1,710	1,710	1,710	1,710	1,710	1,710	1,710	1,710	1,710	20,466
16. GoodCents Commercial Tech. Assistance	2,152	2,130	2,130	2,130	2,130	2,130	2,130	2,130	2,130	2,130	2,130	2,130	25,582
17. Low Income	248	210	210	210	210	210	210	210	210	210	210	210	2,558
18. Affordable Housing/Builders Program	215	213	213	213	213	213	213	213	213	213	213	213	2,558
19.													
31. TOTAL ALL PROGRAMS	42,566	42,643	42,643	42,643	42,643	42,643	42,643	42,643	42,643	42,643	42,643	42,643	511,639
32. LESS AMOUNT INCLUDED IN RATE BASE													
33. RECOVERABLE CONSERVATION EXPENSES	42,566	42,643	42,643	42,643	42,643	42,643	42,643	42,643	42,643	42,643	42,643	42,643	511,639

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ESTIMATED CONSERVATION PROGRAM COSTS PER PROGRAM

FOR MONTHS January-05 THROUGH December-05

PROGRAM NAME	LABOR & PAYROLL	ADVERTISING	LEGAL	OUTSIDE SERVICES	VEHICLE COST	MATERIALS & SUPPLIES	TRAVEL	GENERAL & ADMIN.	INCENTIVES	OTHER	SUB TOTAL	PROGRAM REVENUES	TOTAL
1. In Concert with the Environment (program eliminated)													0
2. Direct Leakage Repair													0
3. Residential Geothermal Heat Pump													0
4. Residential Energy Audits													0
5. Low Income Customer Energy Audits													0
6. FPU Express													0
7. Enhanced Good Cents Home													0
8. Commercial/Industrial Good Cents Building													0
9. Commercial/Industrial Energy Audits & Tech. Assit.													0
10. Common	51,109	14,700	2,000	3,500	10,230	3,900	3,000	16,290	0	157	104,886	0	104,886
11. Residential Geothermal Heat Pump	2,000	1,000	0	1,200	0	525	391	0	0	0	5,116	0	5,116
12. GoodCents Home/Energy Star	30,000	71,000	0	1,527	0	8,000	1,500	5,000	0	650	117,677	0	117,677
13. GoodCents Energy Survey Program	35,700	34,800	0	5,750	8,275	9,675	4,750	9,111	0	4,500	112,561	0	112,561
NewGoodCents HVAC Efficiency Upgrade Program	13,500	20,000	0	0	0	0	481	2,000	4,500	450	40,931	0	40,931
NewGoodCents Ceiling Insulation upgrade Program	14,500	20,000	0	0	0	0	431	2,000	4,000	0	40,931	0	40,931
NewGoodCents Commercial Indoor Lighting Rebate	6,291	3,000	0	0	0	0	0	0	3,500	0	12,791	0	12,791
NewConservation Demonstration & Development	4,500	0	0	6,808	1,200	2,500	7,173	2,300	0	1,101	25,582	0	25,582
15. GoodCents Commercial Building	10,000	7,500	0	1,000	0	900	601	350	0	115	20,466	0	20,466
16. GoodCents Commercial Tech. Assistance	13,900	8,000	0	0	0	1,350	2,332	0	0	0	25,582	0	25,582
17. Low Income	2,000	0	0	0	0	300	0	0	0	258	2,558	0	2,558
18. Affordable Housing/Builders Program	2,000	0	0	0	0	258	0	200	0	100	2,558	0	2,558
19.													
20.													
31. TOTAL ALL PROGRAMS	185,500	180,000	2,000	19,785	19,705	27,408	20,659	37,251	12,000	7,331	511,639	0	511,639
32. LESS: BASE RATE RECOVERY													
33. NET PROGRAM COSTS	185,500	180,000	2,000	19,785	19,705	27,408	20,659	37,251	12,000	7,331	511,639	0	511,639

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY - CONSOLIDATED ELECTRIC DIVISION

SCHEDULE C-2
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SCHEDULE OF CAPITAL INVESTMENT, DEPRECIATION & RETURN

ESTIMATED FOR MONTHS January-05 THROUGH December-05

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 NET INVESTMENT														
8. RETURN ON AVERAGE INVESTMENT														
9. EXPANSION FACTOR														
10. RETURN REQUIREMENTS														
11. TOTAL DEPRECIATION EXPENSE AND RETURN REQUIREMENT														NONE

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 CONSERVATION PROGRAM COSTS

SCHEDULE C-3
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ACTUAL FOR MONTHS January-04 THROUGH August-04
 ESTIMATED FOR MONTHS September-04 THROUGH December-04

PROGRAM NAME	LABOR	ADVERTISING	LEGAL	OUTSIDE SERVICES	VEHICLE COST	MATERIALS	TRAVEL	GENERAL	INCENTIVES	OTHER	SUB TOTAL	PROGRAM REVENUES	TOTAL
	& PAYROLL					& SUPPLIES		& ADMIN.					
10. Common													
A. ACTUAL	32,302	2,790	3,152	21,294	11,169	4,005	758	18,099	0	459	94,028		94,028
B. ESTIMATED	23,340	0	2,000	0	6,780	2,270	3,330	6,680	0	0	44,400		44,400
C. TOTAL	55,642	2,790	5,152	21,294	17,949	6,275	4,088	24,779	0	459	138,428		138,428
11. Residential Geothermal Heat Pump													
A. ACTUAL	0	0	0	0	0	0	0	0	0	0	0		0
B. ESTIMATED	1,000	0	0	330	0	270	0	0	0	0	1,600		1,600
C. TOTAL	1,000	0	0	330	0	270	0	0	0	0	1,600		1,600
12. GoodCents Home/Energy Star													
A. ACTUAL	22,722	41,173	0	1,107	16	4,183	2,746	5,576	47	0	77,570		77,570
B. ESTIMATED	11,670	16,000	0	330	0	3,370	1,000	1,670	0	0	34,040		34,040
C. TOTAL	34,392	57,173	0	1,437	16	7,553	3,746	7,246	47	0	111,610		111,610
13. GoodCents Energy Survey Program													
A. ACTUAL	24,087	49,324	0	0	0	42	686	550	0	0	74,689		74,689
B. ESTIMATED	11,670	16,000	0	770	0	3,340	670	1,670	0	0	34,120		34,120
C. TOTAL	35,757	65,324	0	770	0	3,382	1,356	2,220	0	0	108,809		108,809
14. GoodCents Ceiling Insulation upgrade Program													
A. ACTUAL	0	0	0	0	0	0	0	(3,226)	0	0	(3,226)		(3,226)
B. ESTIMATED	0	0	0	0	0	0	0	4,320	0	0	4,320		4,320
C. TOTAL	0	0	0	0	0	0	0	1,094	0	0	1,094		1,094
SUB-TOTAL ACTUAL	79,111	93,287	3,152	22,401	11,185	8,230	4,190	20,999	47	459	243,061		243,061
SUB-TOTAL ESTIMATED	47,680	32,000	2,000	1,430	6,780	9,250	5,000	14,340	0	0	118,480		118,480
LESS: INCLUDED IN RATE BASE													
ACTUAL													
ESTIMATED													
TOTAL													
NET PROGRAM COSTS	SEE PAGE 1A												

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 CONSERVATION PROGRAM COSTS

SCHEDULE C-3
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ACTUAL FOR MONTHS		January-04	THROUGH	August-04									
ESTIMATED FOR MONTHS		September-04	THROUGH	December-04									
PROGRAM NAME	LABOR & PAYROLL	ADVERTISING	LEGAL	OUTSIDE SERVICES	VEHICLE COST	MATERIALS & SUPPLIES	TRAVEL	GENERAL & ADMIN.	INCENTIVES	OTHER	SUB TOTAL	PROGRAM REVENUES	TOTAL
15. GoodCents Commercial Building													
A. ACTUAL	11,181	334	0	0	0	0	0	0	0	0	11,515		11,515
B. ESTIMATED	8,330	9,500	0	1,070	0	2,000	870	1,670	0	0	23,440		23,440
C. TOTAL	19,511	9,834	0	1,070	0	2,000	870	1,670	0	0	34,955		34,955
16. GoodCents Commercial Tech. Assistance													
A. ACTUAL	13,064	8,395	0	6,221	0	0	0	508	0	0	28,188		28,188
B. ESTIMATED	8,330	12,670	0	1,070	0	2,060	800	1,670	0	0	26,600		26,600
C. TOTAL	21,394	21,065	0	7,291	0	2,060	800	2,178	0	0	54,788		54,788
17. Low Income													
A. ACTUAL	0	0	0	0	0	0	0	0	0	0	0		0
B. ESTIMATED	330	0	0	0	0	90	0	180	0	0	600		600
C. TOTAL	330	0	0	0	0	90	0	180	0	0	600		600
18. Affordable Housing/Builders Program													
A. ACTUAL	0	0	0	0	0	0	0	0	0	0	0		0
B. ESTIMATED	330	0	0	0	0	70	0	180	0	0	580		580
C. TOTAL	330	0	0	0	0	70	0	180	0	0	580		580
19. 2000 Programs remaining Expenses													
A. ACTUAL	0	0	0	0	0	0	0	0	0	0	0		0
B. ESTIMATED	0	0	0	0	0	0	0	0	0	0	0		0
C. TOTAL	0	0	0	0	0	0	0	0	0	0	0		0
TOTAL ACTUAL	103,356	102,016	3,152	28,622	11,185	8,230	4,190	21,507	47	459	282,764	0	282,764
TOTAL ESTIMATED	65,000	64,170	2,000	3,570	6,780	13,470	6,670	18,040	0	0	169,700	0	169,700
LESS: INCLUDED IN RATE BASE													
ACTUAL													
ESTIMATED													
TOTAL													
NET PROGRAM COSTS	168,356	156,186	5,152	32,192	17,965	21,700	10,860	39,547	47	459	452,464	0	452,464

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 SCHEDULE OF CAPITAL INVESTMENT, DEPRECIATION AND RETURN

SCHEDULE C-3
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ACTUAL FOR MONTHS January-04 THROUGH August-04
 ESTIMATED FOR MONTHS September-04 THROUGH December-04

	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 NET INVESTMENT														
8. RETURN ON AVERAGE INVESTMENT														
9. EXPANSION FACTOR														
10. RETURN REQUIREMENTS														
11. TOTAL DEPRECIATION EXPENSE AND RETURN REQUIREMENT														NONE

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 CONSERVATION PROGRAM COSTS

SCHEDULE C-3
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ACTUAL FOR MONTHS January-04 THROUGH August-04
 ESTIMATED FOR MONTHS September-04 THROUGH December-04

A. ESTIMATED EXPENSE BY PROGRAM	ACTUAL								TOTAL	ESTIMATED				TOTAL	GRAND
	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	ACTUAL	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	ESTIMATED	TOTAL
10 Common	13,322	10,758	7,211	5,239	26,296	6,900	14,677	9,625	94,028	11,100	11,100	11,100	11,100	44,400	138,428
11 Residential Geothermal Heat Pump	0	0	0	0	0	0	0	0	0	400	400	400	400	1,600	1,600
12 GoodCents Home/Energy Star	12,818	7,055	7,866	11,746	6,311	12,710	7,995	11,069	77,570	8,510	8,510	8,510	8,510	34,040	111,610
13 GoodCents Energy Survey Program	6,871	6,824	11,684	9,886	5,195	12,900	9,455	11,873	74,689	8,530	8,530	8,530	8,530	34,120	108,809
14 GoodCents Ceiling Insulation upgrade Program	(60)	(55)	(60)	0	(2,871)	(60)	(60)	(60)	(3,226)	1,080	1,080	1,080	1,080	4,320	1,094
15 GoodCents Commercial Building	(110)	1,144	2,346	1,447	1,919	1,469	1,572	1,728	11,515	5,860	5,860	5,860	5,860	23,440	34,955
16 GoodCents Commercial Tech. Assistance	475	7,895	2,705	2,073	2,790	6,372	3,240	2,638	28,188	6,650	6,650	6,650	6,650	26,600	54,788
17 Low Income	0	0	0	0	0	0	0	0	0	150	150	150	150	600	600
18 Affordable Housing/Builders Program	0	0	0	0	0	0	0	0	0	145	145	145	145	580	580
19 2002 Programs Remaining Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
31. TOTAL ALL PROGRAMS	33,316	33,621	31,752	30,391	39,640	40,291	36,880	36,873	282,764	42,425	42,425	42,425	42,425	169,700	452,464
32. LESS AMOUNT INCLUDED IN RATE BASE															
33. RECOVERABLE CONSERVATION EXPENSES	33,316	33,621	31,752	30,391	39,640	40,291	36,880	36,873	282,764	42,425	42,425	42,425	42,425	169,700	452,464

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COMPANY: FLORIDA PUBLIC UTILITIES COMPANY - CONSOLIDATED ELECTRIC DIVISION
 ENERGY CONSERVATION ADJUSTMENT
 CALCULATION OF TRUE UP AND INTEREST PROVISION

SCHEDULE C-3
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	January-04	THROUGH	August-04														
	ESTIMATED FOR MONTHS	September-04	THROUGH	December-04	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
B. CONSERVATION REVENUES																	
1. RCS AUDIT FEES																	
a.																	
b.																	
c.																	
2. CONSERVATION ADJ REVENUE (NET OF REVENUE TAXES)					34,896	32,381	31,837	28,160	28,343	37,700	39,902	39,136	34,017	34,042	34,057	34,371	408,842
3. TOTAL REVENUES					34,896	32,381	31,837	28,160	28,343	37,700	39,902	39,136	34,017	34,042	34,057	34,371	408,842
4. PRIOR PERIOD TRUE-UP-ADJ NOT APPLICABLE TO PERIOD					8,882	8,882	8,882	8,882	8,882	8,882	8,882	8,882	8,882	8,882	8,882	8,878	106,580
5. CONSERVATION REVENUES APPLICABLE TO PERIOD					43,778	41,263	40,719	37,042	37,225	46,582	48,784	48,018	42,899	42,924	42,939	43,249	515,422
6. CONSERVATION EXPENSES (FORM C-3, PAGE 3)					33,316	33,621	31,752	30,391	39,640	40,291	36,880	36,873	42,425	42,425	42,425	42,425	452,464
7. TRUE-UP THIS PERIOD					10,462	7,642	8,967	6,651	(2,415)	6,291	11,904	11,145	474	499	514	824	62,958
8. INTEREST PROVISION THIS PERIOD (C-3, PAGE 5)					93	89	87	88	86	91	108	122	124	113	102	91	1,194
9. TRUE-UP & INTEREST PROVISION					106,580	108,253	107,102	107,274	105,131	93,920	91,420	94,550	96,935	88,651	80,381	72,115	106,580
10. PRIOR TRUE-UP COLLECTED (REFUNDED)					(8,882)	(8,882)	(8,882)	(8,882)	(8,882)	(8,882)	(8,882)	(8,882)	(8,882)	(8,882)	(8,882)	(8,878)	(106,580)
11. END OF PERIOD TOTAL NET TRUE- UP (SUM OF LINES 7,8,9,10)					108,253	107,102	107,274	105,131	93,920	91,420	94,550	96,935	88,651	80,381	72,115	64,152	64,152

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COMPANY: FLORIDA PUBLIC UTILITIES COMPANY - CONSOLIDATED ELECTRIC DIVISION
ENERGY CONSERVATION ADJUSTMENT
CALCULATION OF TRUE UP AND INTEREST PROVISION

SCHEDULE C-3
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ACTUAL FOR MONTHS ESTIMATED FOR MONTHS
January-04 THROUGH August-04
September-04 THROUGH December-04

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
C. INTEREST PROVISION													
1. BEGINNING TRUE-UP (LINE B-9)	106,580	108,253	107,102	107,274	105,131	93,920	91,420	94,550	96,935	88,651	80,381	72,115	64,152
2. ENDING TRUE-UP BEFORE INTEREST (LINE B7+B9+B10)	108,160	107,013	107,187	105,043	93,834	91,329	94,442	96,813	88,527	80,268	72,013	64,061	62,958
3. TOTAL BEG. AND ENDING TRUE-UP	214,740	215,266	214,289	212,317	198,965	185,249	185,862	191,363	185,462	168,919	152,394	136,176	127,110
4. AVERAGE TRUE-UP (LINE C-3 X 50 %)	107,370	107,633	107,145	106,159	99,483	92,625	92,931	95,682	92,731	84,460	76,197	68,088	63,555
5. INTEREST RATE-FIRST DAY OF REPORTING BUSINESS MONTH	1.06%	1.03%	0.98%	0.98%	1.03%	1.04%	1.33%	1.47%	1.60%	1.60%	1.60%	1.60%	1.60%
6. INTEREST RATE-FIRST DAY OF SUBSEQUENT BUSINESS MONTH	1.03%	0.98%	0.98%	1.03%	1.04%	1.33%	1.47%	1.60%	1.60%	1.60%	1.60%	1.60%	1.60%
7. TOTAL (LINE C-5 + C-6)	2.09%	2.01%	1.96%	2.01%	2.07%	2.37%	2.80%	3.07%	3.20%	3.20%	3.20%	3.20%	3.20%
8. AVG INTEREST RATE (C-7 X 50%)	1.05%	1.01%	0.98%	1.01%	1.04%	1.19%	1.40%	1.54%	1.60%	1.60%	1.60%	1.60%	1.60%
9. MONTHLY AVERAGE INTEREST RATE INTEREST PROVISION	0.087%	0.084%	0.082%	0.084%	0.086%	0.099%	0.117%	0.128%	0.133%	0.133%	0.133%	0.133%	0.133%
10. INTEREST PROVISION (LINE C-4 X C-9)	93	89	87	88	86	91	108	122	124	113	102	91	1,194

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COMPANY: FLORIDA PUBLIC UTILITIES COMPANY - CONSOLIDATED ELECTRIC DIVISION
 CALCULATION OF CONSERVATION REVENUES

SCHEDULE C-4
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FOR THE PERIOD January-04 THROUGH December-05

MONTH	KWH/THERM SALES (000) (NET OF 3RD PARTY)	CONSERVATION ADJUSTMENT REVENUE (NET OF REVENUE TAXES)	RATE
2004 JANUARY	66,234	34,896	ACTUAL
FEBRUARY	61,042	32,381	ACTUAL
MARCH	59,970	31,837	ACTUAL
APRIL	52,975	28,160	ACTUAL
MAY	53,523	28,343	ACTUAL
JUNE	71,191	37,700	ACTUAL
JULY	75,352	39,902	ACTUAL
AUGUST	73,903	39,136	ACTUAL
SEPTEMBER	63,930	34,017	0.53210 *
OCTOBER	63,977	34,042	0.53210 *
NOVEMBER	64,005	34,057	0.53210 *
DECEMBER	64,594	34,371	0.53211 *
SUB-TOTAL	<u>770,696</u>	<u>408,842</u>	
2005 JANUARY	68,504	38,860	0.056727
FEBRUARY	62,499	35,454	0.056727
MARCH	56,357	31,970	0.056727
APRIL	52,643	29,863	0.056727
MAY	60,391	34,258	0.056727
JUNE	76,538	43,418	0.056727
JULY	76,900	43,623	0.056727
AUGUST	79,016	44,823	0.056727
SEPTEMBER	75,193	42,655	0.056727
OCTOBER	60,336	34,227	0.056727
NOVEMBER	50,614	28,712	0.056727
DECEMBER	69,852	39,625	0.056727
SUB-TOTAL	<u>788,843</u>	<u>447,488</u>	
TOTALS	<u>1,559,539</u>	<u>856,330</u>	

* Weighted average rates based on a consolidation of the separate rates for the two electric divisions.

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1. Residential Geothermal Heat Pump
2. GoodCents Home/Energy Star Program
3. GoodCents Energy Survey Program
4. Residential Heating and Cooling Efficiency Upgrade Program
5. Residential Ceiling Insulation Upgrade Program
6. GoodCents Commercial Building Program
7. GoodCents Commercial Technical Assistance Program
8. Commercial Indoor Efficient Lighting Rebate Program
9. Educational/Conservation Demonstration and Development Program
10. Educational/Low Income
11. Educational/Affordable Housing Builders and Providers Program

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PROGRAM TITLE: Residential Geothermal Heat Pump Program

PROGRAM DESCRIPTION: The objective of the Residential Geothermal Heat Pump Program is to reduce the demand and energy requirements of new and existing residential customers through the promotion and installation of advanced and emerging geothermal systems. Geothermal heat pumps provide significant benefits to participating customers in the form of reduced operating costs and increased comfort levels, and are superior to other available heating and cooling technologies with respect to source efficiency and environmental impacts. FPUC's Geothermal Heat Pump Program is designed to overcome existing market barriers, specifically, lack of consumer awareness, knowledge, and acceptance of this technology. This program will promote efficiency levels well above current market conditions, specifically those units with an Energy Efficiency Ratio (EER) of 13.0 or higher. According to the Department of Energy (DOE) geothermal technology is the most energy-efficient and environmentally clean space-conditioning system available today. Additionally, a recent DOE study indicates that geothermal systems have the lowest life-cycle cost of any HVAC system today.

PROGRAM PROJECTIONS: For January 2005 through December 2005: At this time no participation goals have been set.

PROGRAM FISCAL EXPENDITURES: For January 2005 through December 2005, projected expenses are \$5,116.

PROGRAM SUMMARY: Even though there is no particular goal for this program we continue our efforts to promote this technology and hope we will see a number of geothermal installations in the future. This program also receives the benefits from the advertising of the GoodCents Home/Energy Star Program, which promotes high efficient heating and cooling systems.

**FLORIDA PUBLIC UTILITIES COMPANY
CONSOLIDATED ELECTRIC DIVISION
PROGRAM DESCRIPTION AND SUMMARY**

**SCHEDULE C-5
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PROGRAM TITLE: GoodCents Home/Energy Star Program

PROGRAM DESCRIPTION: The GoodCents Home Program has long been the standard for energy efficient construction in Northwest Florida and throughout other parts of the country where the GoodCents Program has been utilized by as many as 270 different utilities. For FPUC and our customers, GoodCents homes provides guidance concerning energy efficiency in new construction by promoting energy efficient home construction techniques by evaluating components in the categories of design and construction practices.

In an effort to further enhance the GoodCents Home Program and market it more efficiently and effectively, GoodCents signed a Memorandum of Understanding with the Department of Energy (DOE) and the Environmental Protection Agency (EPA). Since FPUC is a member of GoodCents this agreement provides the opportunity to offer the Energy Star Home Program to builders and customers and correlates the performance of GoodCents homes to the nationally recognized Energy Star efficiency label. In many cases, a standard GoodCents home will also qualify as an Energy Star Home. The GoodCents Home standards continue to exceed the minimum efficiency standards for new construction as set forth by the Florida Model Energy Code.

PROGRAM PROJECTION: For January 2005 through December 2005 the goal for the number of program participants is 60.

PROGRAM FISCAL EXPENDITURES: For January 2005 through December 2005 the projected expenses are \$117,677.

PROGRAM SUMMARY: Through this program, participating customers will experience lower utility bills, increased comfort, and the eligibility to utilize energy efficient home mortgage products. We continue to see a positive participation in this program due to the continuous effort in educating and advertising the benefits of this program to our customers and builders. We will continue to build a good working relationship with our builders and customers to ensure the success of this program.

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PROGRAM TITLE: GoodCents Energy Survey Program

PROGRAM DESCRIPTION: The objective of the GoodCents Energy Survey Program is to provide FPUC's residential customers with energy conservation advice that encourages the implementation of efficiency measures resulting in energy savings for the customer. FPUC views this program as a vehicle to promote the installation of cost-effective conservation features. During the survey process, the customer is provided with specific whole-house recommendations. The survey process also checks for possible duct leakage. If a problem is identified recommendations will be made for further analysis and repairs. Blower-door testing is required to identify and quantify the duct leakage and will be performed by a contractor. After identifying the leakage sites and quantities, the customer is given a written summary of the test findings and the potential for savings, along with a list of approved repair contractors. As a result, the increase in operating efficiencies provides for a reduction in weather-sensitive peak demand, as well as a reduction in energy consumption.

PROGRAM PROJECTIONS: For January 2005 through December 2005 the goal for the number of program participants is 360.

PROGRAM FISCAL EXPENDITURES: For January 2005 through December 2005 the projected expenses are \$112,561.

PROGRAM SUMMARY: This program provides participating customers with the information needed to determine which energy saving measures are best suited to their individual needs and requirements. We feel confident that by advertising the benefits of this program through bill inserts, promotional materials, newspaper, and cable TV we will continue to see a high participation level in this program.

PROGRAM TITLE: Residential Heating and Cooling Efficiency Upgrade Program

PROGRAM DESCRIPTION: This program is directed at reducing the rate of growth in peak demand and energy throughout Florida Public Utilities Company's electricity service territories. The program will do this by increasing the saturation of high-efficiency heat pumps. Two types of rebates are offered, one is for replacing an existing resistance-heating system with a high efficiency heat pump and the second type is for replacing a lower-efficiency heat pump with a high-efficiency heat pump. FPUC will validate engineering analyses of energy and demand savings with billing data and by metering customer equipment.

PROGRAM PROJECTIONS: For January 2005 through December 2005 the goal for the number of program participants is 11.

PROGRAM FISCAL EXPENDITURES: For January 2005 through December 2005 the projected expenses are \$40,931.

PROGRAM SUMMARY: This program provides an opportunity for FPUC customers' to install a more energy efficient heating and cooling system with the results being a decrease in energy consumption as well as a reduction in weather-sensitive peak demand for FPUC. We feel confident that by advertising the benefits of this program through our GoodCents Energy Survey Program, bill inserts, promotional materials, newspaper ads, and cable TV we will see a high participation level.

PROGRAM TITLE: Residential Ceiling Insulation Upgrade Program

PROGRAM DESCRIPTION: The purpose of this program is to reduce peak demand and energy consumption by decreasing the load presented by residential air-conditioning and heating equipment. To serve this purpose, this program requires that residential customers add at least R-11 of ceiling insulation. Resulting total R-values achieved will range from R-30 to R-38. By doing so, they will qualify for an incentive of \$100 in the form of an Insulation Certificate that may be applied to the total cost of installing the added ceiling insulation.

PROGRAM PROJECTIONS: For January 2005 through December 2005 the goal for the number of program participants is 11.

PROGRAM FISCAL EXPENDITURES: For January 2005 through December 2005 the projected expenses are \$40,931.

PROGRAM SUMMARY: Interested residential customers must request a free ceiling insulation inspection. FPUC will then dispatch an energy efficiency expert to perform that inspection and determine what changes should be made to enhance efficiency. The inspection will also determine the customer's eligibility of the incentive. This program will be promoted through the GoodCents Energy Survey Program as well as bill inserts, newspaper ads and cable TV. We feel confident that by advertising the benefits of this program we will see a high participation level.

PROGRAM TITLE: GoodCents Commercial Building Program

PROGRAM DESCRIPTION: The commercial/industrial market is comprised of a wide range of diverse businesses with variable size and operational characteristics. The success of the Commercial/Industrial Good Cents Building program lies in its ability to address this diversity by focusing on the mutual characteristics of commercial buildings. The most common critical areas in commercial buildings that affect summer peak demand are the thermal efficiency of the building and HVAC equipment efficiency. The Commercial/Industrial GoodCents Building Program provides requirements for these areas that, if adhered to, will help reduce peak demand and energy consumption.

The promotion of the GoodCents Commercial Building Program through the years has featured a positive relationship with trade allies, the public, and local commercial/industrial customers. The program's design continues to be sufficiently flexible to allow an architect or designer to use initiative and ingenuity to achieve results that are meaningful to both the customer and FPUC.

To provide an accurate quantitative analysis of the kW and kWh savings due to the GoodCents Commercial Building Program, the GoodCents standards for average commercial buildings are compared to the Florida Model Energy Code. The features used to prepare the customer's analysis include: wall and ceiling R-values; glass area; description of glass; and equipment used in determining the kW and kWh differences for the two types of structures.

PROGRAM PROJECTIONS: For January 2005 through December 2005 the goal for the number of program participants is 12.

PROGRAM FISCAL EXPENDITURES: For January 2005 through December 2005 the projected expenses are \$20,466.

PROGRAM SUMMARY: The GoodCents Building Program is designed to ensure that buildings are constructed with energy efficiency levels above the Florida Model Energy Code standards. These standards include both HVAC efficiency and thermal envelope requirements. This program will continue to be successful as FPUC builds on its efforts in working with builders and architects.

PROGRAM TITLE: GoodCents Commercial Technical Assistance Audit Program

PROGRAM DESCRIPTION: The GoodCents Commercial Technical Assistance Audit Program is an interactive program that provides commercial customers assistance in identifying advanced energy conservation opportunities. It is customized to meet the individual needs of large customers as required; therefore, it is an evolving program.

The Technical Assistance Audit process consists of an on-site review by FPUC Conservation Specialist of the customer's facility operation, equipment and energy usage pattern. The specialist identifies areas of potential reduction in kW demand and kWh consumption as well as identifying end-use technology opportunities. A technical evaluation is then performed to determine the economic payback or life cycle cost for various improvements to the facility. When necessary FPUC will subcontract the evaluation process to an independent engineering firm and/or contracting consultant.

PROGRAM PROJECTION: For January 2005 through December 2005 the goal for the number of program participants is 40.

PROGRAM FISCAL EXPENDITURES: For January 2005 through December 2005 the projected expenses are \$25,582.

PROGRAM SUMMARY: In recent research of commercial/industrial customers, consistent response for areas of improvement from this class of customer include individualized attention and service in helping them improve their cost of operation and efficiency. We have built trusting relationships with many of these customers by offering education on new technologies and by offering expertise in energy conservation. The work we have done in this area will continue to benefit FPUC.

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PROGRAM DESCRIPTION AND SUMMARY**

**SCHEDULE C-5
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PROGRAM TITLE: Commercial Indoor Efficient Lighting Rebate Program

PROGRAM DESCRIPTION: The purpose of this program is to reduce peak demand and energy consumption by decreasing the load presented by commercial lighting equipment. To serve this purpose, this program requires that commercial customers achieve at least 1,000 watts of lighting reduction from any lighting source that has been retrofitted with a more efficient fluorescent lighting system (ballasts and lamps). By doing so, they will qualify for an incentive of 10 cents per watt reduced.

PROGRAM PROJECTION: For January 2005 through December 2005 the goal for the number of program participants is 2.

PROGRAM FISCAL EXPENDITURES: For January 2005 through December 2005 the projected expenses are \$12,791.

PROGRAM SUMMARY: Interested customers or contractors must contact FPUC before starting a lighting retrofit project. The company will then dispatch a qualified lighting engineer to perform an inspection and determine what lighting changes should be made to enhance efficiency. The inspection will also determine the customer/contractor's eligibility for the incentive. This program will be promoted through the GoodCents Commercial Technical Assistance Audit Program, bill inserts, newspaper ads, and cable TV. We feel confident that by advertising the benefits of this program we will see a high participation level.

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CONSOLIDATED ELECTRIC DIVISION
PROGRAM DESCRIPTION AND SUMMARY**

**SCHEDULE C-5
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PROGRAM TITLE: Conservation Demonstration and Development (CDD) Program

PROGRAM DESCRIPTION: The primary purpose of the Conservation Demonstration and Development (CDD) Program is to pursue research, development, and demonstration projects that are designed to promote energy efficiency and conservation. This program will supplement and complement the other demand-side management programs offered by FPUC.

The CDD program is meant to be an umbrella program for the identification, development, demonstration, and evaluation of promising new end-use technologies. The CDD program does not focus on any specific end-use technology but, instead, will address a wide variety of energy applications.

PROGRAM PROJECTION: For January 2005 through December 2005: There are no goals set for this program.

PROGRAM FISCAL EXPENDITURES: For January 2005 through December 2005 the projected expenses for this period are \$25,582.

PROGRAM SUMMARY: This program will enable FPUC to pursue research, development and demonstration projects designed to promote energy efficiency and conservation. CDD projects will enable the collection of actual data from field tests. Engineering estimates and modeling techniques can be tested and validated. Future cost-benefit analyses for the subject CDD projects will be more reliable, thereby enabling better assessments of the expected future peak demand and energy conservation potential.

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PROGRAM DESCRIPTION AND SUMMARY**

**SCHEDULE C-5
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PROGRAM TITLE: Low Income Program

PROGRAM DESCRIPTION: FPUC presently has energy education programs that identify low cost and or no cost conservation measures. In order to better assist low-income customers in managing their energy purchases, the presentation and format of these energy education programs are tailored to the audience. These programs provide basic energy education, as well as inform the customers of other specific services, such as free energy surveys, that FPUC currently offers.

PROGRAM PROJECTION: For January 2005 through December 2005: There are no goals set for this program.

PROGRAM FISCAL EXPENDITURES: For January 2005 through December 2005 the projected expenses for this period are \$2,558.

PROGRAM SUMMARY: This program will benefit Florida Public Utilities Company by providing opportunities to educate low-income customers on the benefits of an energy efficient home.

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**FLORIDA PUBLIC UTILITIES COMPANY
CONSOLIDATED ELECTRIC DIVISION
PROGRAM DESCRIPTION AND SUMMARY**

**SCHEDULE C-5
PAGE 12 OF 12**

PROGRAM TITLE: Affordable Housing Builders and Providers Program

PROGRAM DESCRIPTION: FPUC will identify the affordable housing builders within the service area and will encourage them to attend education seminars and workshops related to energy efficient construction, retrofit programs, financing programs, etc., and to participate in the GoodCents Home Program. FPUC will work with the Florida Energy Extension Service and other seminar sponsors to offer a minimum of two seminars and/or workshops per year. FPUC will work with all sponsors to reduce or eliminate attendance fees for affordable housing providers.

PROGRAM PROJECTION: For January 2005 through December 2005: There is no goal for this program.

PROGRAM FISCAL EXPENDITURES: For January 2005 through December 2005 the projected expenses for this period are \$2,558.

PROGRAM SUMMARY: This program will provide FPUC the opportunity to educate contractors on the benefits of building a home to GoodCents standards as well as introduce new and innovative energy efficient building technology.

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