

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 000002-EG
DETERMINATION OF CONSERVATION COSTS RECOVERY FACTOR

Direct Testimony of
MICHAEL A. PEACOCK

On Behalf of
FLORIDA PUBLIC UTILITIES COMPANY

1 Q. Please state your name and business address.

2 A. Michael A. Peacock: my business address is P.O. Box 610
3 Marianna, Florida 32446.

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

5 A. I am employed by Florida Public Utilities Company as
6 Manager of Customer Relations.

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

8 A. To Advise the Commission of the actual over/under
9 recovery of the Conservation Program costs for the period
10 January 1, 1999 through December 31, 1999 as compared to
11 the true-up amounts previously reported for that period
12 which were based on eight months actual and four months
13 estimated data.

14 Q. Please state the actual amounts of over/under recovery of
15 Conservation Program costs for both divisions of Florida
16 Public Utilities Company for January 1, 1999 through
17 December 31, 1999.

18 A. The Company over-recovered \$22,189 in the Marianna

1 Division during that period. In the Fernandina Beach
2 Division we over-recovered \$43,337. These amounts are
3 substantiated on Schedule CT-3, page 2 of 3, Energy
4 Conservation Adjustment.

5 Q. How do these amounts compare with the estimated true-up
6 amounts which were allowed by the Commission during the
7 November 1999 hearing?

8 A. We had estimated that we would over-recover \$30,228 in
9 Marianna. In Fernandina Beach we had estimated an over-
10 recovery of \$45,130 as of December 31, 1999.

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

12 A. We have prepared and pre-filed Schedules CT-1, CT-2,
13 CT-3, CT-4, CT-5 and CT-6 (Composite Exhibit MAP-1).

14 Q. Does this conclude your testimony?

15 A. Yes.

16

17 Disk Conservation 11-97

18 Peacocktest.400

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY - MARIANNA
 CONSERVATION ADJUSTMENT TRUE-UP

SCHEDULE CT-1
 PAGE 1 OF 1

FOR MONTHS January-99 THROUGH December-99

1.	ADJUSTED END OF PERIOD TOTAL NET TRUE-UP		
2.	FOR MONTHS January-99 THROUGH December-99		
3.	END OF PERIOD NET TRUE-UP		
4.	PRINCIPAL	<u>(19,005)</u>	
5.	INTEREST	<u>(3,184)</u>	<u>(22,189)</u>
6.	LESS PROJECTED TRUE-UP		
7.	November-99 (DATE) HEARINGS		
8.	PRINCIPAL	<u>(26,942)</u>	
9.	INTEREST	<u>(3,286)</u>	<u>(30,228)</u>
10.	ADJUSTED END OF PERIOD TOTAL TRUE-UP		<u>8,039</u>

EXHIBIT NO. _____
 DOCKET NO. 000002-EG
 FLORIDA PUBLIC UTILITIES COMPANY
 (MAP-1)
 PAGE 1 OF 38

ANALYSIS OF ENERGY CONSERVATION PROGRAM COSTS
ACTUAL VS PROJECTED

FOR MONTHS January-99 THROUGH December-99

	<u>ACTUAL</u>	<u>PROJECTED*</u>	<u>DIFFERENCE</u>
1. LABOR/PAYROLL	54,733	56,827	(2,094)
2. ADVERTISING	33,878	32,998	880
3. LEGAL	1,944	2,189	(245)
4. OUTSIDE SERVICES/CONTRACT	18,395	8,470	9,925
5. VEHICLE COST	9,881	10,490	(609)
6. MATERIAL & SUPPLIES	6,022	10,081	(4,059)
7. TRAVEL	13,117	14,975	(1,858)
8. GENERAL & ADMIN	14,882	8,775	6,107
9. INCENTIVES	1,505	1,505	0
10. OTHER	1,911	1,746	165
11. SUB-TOTAL	156,268	148,056	8,212
12. PROGRAM REVENUES			
13. TOTAL PROGRAM COSTS	156,268	148,056	8,212
14. LESS: PRIOR PERIOD TRUE-UP	88,996	88,996	0
15. AMOUNTS INCLUDED IN RATE BASE			
16. CONSERVATION ADJ REVENU	86,277	86,002	275
17. ROUNDING ADJUSTMENT			
18. TRUE-UP BEFORE INTEREST	(19,005)	(26,942)	7,937
19. ADD INTEREST PROVISION	(3,184)	(3,286)	102
20. END OF PERIOD TRUE-UP	(22,189)	(30,228)	8,039

() REFLECTS OVERRECOVERY

* 2 MONTHS ACTUAL AND 10 MONTHS PROJECTED

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY - MARIANNA

SCHEDULE CT-2
PAGE 2 OF 3

ACTUAL CONSERVATION PROGRAM COSTS PER PROGRAM

FOR MONTHS January-99 THROUGH December-99

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 elimin	1,070	0	0	11,287	0	417	0	121	0	0	12,895		12,895
2. Direct Leakage Repair	1,925	517	0	0	0	2	17	0	0	0	2,461		2,461
3. Residential Geothermal Heat Pump	1,227	20	0	0	0	41	0	0	0	0	1,288		1,288
4. Residential Energy Audits	10,736	12,531	0	375	0	183	63	0	0	0	23,888		23,888
5. Low Income Customer Energy Audits	1,228	115	0	375	0	0	0	0	0	0	1,718		1,718
6. FPU Express	3,905	10,243	0	0	0	153	0	18	1,505	0	15,824		15,824
7. Enhanced Good Cents Home	8,695	10,067	0	991	0	2,590	5,890	295	0	0	28,518		28,518
8. Commercial/Industrial Good Cents Building	1,664	143	0	1,300	0	169	2,611	0	0	0	5,887		5,887
9. Commercial/Industrial Energy Audits & Tech. Ass	3,310	242	0	4,067	0	0	3,335	31	0	226	11,211		11,211
10. Common	20,973	0	1,944	0	9,881	2,467	1,211	14,417	0	1,685	52,578		52,578
11.													
12.													
13.													
14.													
15.													
16.													
17.													
18.													
19.													
20.													
TOTAL ALL PROGRAMS	54,733	33,878	1,944	18,395	9,881	6,022	13,117	14,882	1,505	1,911	156,268	0	156,268

EXHIBIT NO. _____
DOCKET NO. 000002-EG
FLORIDA PUBLIC UTILITIES COMPANY
(MAP-1)
PAGE 3 OF 38

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

FOR MONTHS January-99 THROUGH December-99

PROGRAM NAME	LABOR & ADVERTISING		LEGAL	OUTSIDE SERVICES	VEHICLE COST	MATERIALS & SUPPLIES		GENERAL & ADMIN. INCENTIVES OTHER			SUB TOTAL	PROGRAM REVENUES	TOTAL
	PAYROLL												
1. In Concert with the Environment (program elimi	(622)	0	0	11,287	(222)	(3,644)	0	(312)	0	0	8,487	0	6,487
2. Direct Leakage Repair	408	(682)	0	0	(178)	1	17	(356)	0	0	(790)	0	(790)
3. Residential Geothermal Heat Pump	(105)	(824)	0	0	(178)	0	0	(356)	0	0	(1,463)	0	(1,463)
4. Residential Energy Audits	1,396	2,564	0	(356)	(489)	(735)	(604)	(356)	0	0	1,420	0	1,420
5. Low Income Customer Energy Audits	31	(957)	0	0	(489)	(356)	0	(356)	0	0	(2,127)	0	(2,127)
6. FPU Express	817	1,172	0	(356)	(178)	(203)	0	(356)	0	0	896	0	896
7. Enhanced Good Cents Home	533	1,611	0	(162)	(356)	483	(445)	(356)	0	0	1,308	0	1,308
8. Commercial/Industrial Good Cents Building	(375)	(1,002)	0	(1,244)	(372)	(203)	(275)	(356)	0	0	(3,827)	0	(3,827)
9. Commercial/Industrial Energy Audits & Tech. As	(48)	(1,002)	0	756	(222)	(356)	(659)	(356)	0	1	(1,887)	0	(1,887)
10. Common	(4,128)	0	(245)	0	2,075	954	108	9,267	0	164	8,195	0	8,195
11.													
12.													
13.													
14.													
15.													
16.													
17.													
18.													
19.													
20.													
TOTAL ALL PROGRAMS	(2,094)	880	(245)	9,925	(609)	(4,059)	(1,858)	6,107	0	165	8,212	0	8,212

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

FOR MONTHS January-99 THROUGH December-99

A. CONSERVATION EXPENSE BY PROGRAM	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
1. In Concert with the Environment (program elimi	205	313	119	456	85	354	76	0	11,287	0	0	0	12,895
2. Direct Leakage Repair	203	32	89	292	124	(1)	309	204	89	124	353	643	2,461
3. Residential Geothermal Heat Pump	36	106	(7)	39	149	371	48	8	0	31	159	348	1,288
4. Residential Energy Audits	2,317	1,200	1,975	2,423	949	1,962	2,087	1,156	2,357	1,911	2,506	3,045	23,886
5. Low Income Customer Energy Audits	470	32	152	131	82	81	19	78	135	136	107	295	1,718
6. FPU Express	795	1,146	1,389	2,806	671	1,176	1,700	1,245	1,447	865	1,276	1,308	15,824
7. Enhanced Good Cents Home	2,093	1,238	1,446	1,872	1,429	2,640	1,598	6,895	3,427	2,140	1,136	2,604	28,518
8. Commercial/Industrial Good Cents Building	551	32	56	1,211	290	153	585	2,036	455	68	69	381	5,887
9. Commercial/Industrial Energy Audits & Tech. As	3,274	354	337	402	335	81	807	2,709	379	109	91	2,333	11,211
10. Common	3,429	4,907	3,256	3,090	3,518	4,993	3,516	4,474	3,141	7,851	3,425	6,978	52,578
11.													
12.													
13.													
14.													
15.													
16.													
17.													
18.													
19.													
20.													
21. TOTAL ALL PROGRAMS	13,373	9,360	8,812	12,722	7,632	11,810	10,745	18,805	22,717	13,235	9,122	17,935	156,268
22. LESS AMOUNT INCLUDED IN RATE BASE													
23. RECOVERABLE CONSERVATION EXPENSES	13,373	9,360	8,812	12,722	7,632	11,810	10,745	18,805	22,717	13,235	9,122	17,935	156,268

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY - MARIANNA

SCHEDULE CT-3
PAGE 2 OF 3

CALCULATION OF TRUE-UP AND INTEREST PROVISION

FOR MONTHS January-99 THROUGH December-99

B. CONSERVATION REVENUES	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
1. RESIDENTIAL CONSERVATION													0
2. CONSERVATION ADJ. REVENUES	8,933	7,198	7,619	5,524	6,021	7,194	7,809	8,934	8,512	6,622	5,791	6,120	86,277
3. TOTAL REVENUES	8,933	7,198	7,619	5,524	6,021	7,194	7,809	8,934	8,512	6,622	5,791	6,120	86,277
4. PRIOR PERIOD TRUE-UP ADJ. NOT APPLICABLE TO THIS PERIOD	7,416	7,416	7,416	7,416	7,416	7,416	7,416	7,416	7,416	7,416	7,416	7,420	88,996
5. CONSERVATION REVENUE APPLICABLE	16,349	14,614	15,035	12,940	13,437	14,610	15,225	16,350	15,928	14,038	13,207	13,540	175,273
6. CONSERVATION EXPENSES (FROM CT-3, PAGE 1, LINE 23)	13,373	9,360	8,812	12,722	7,632	11,810	10,745	18,805	22,717	13,235	9,122	17,935	156,268
7. TRUE-UP THIS PERIOD (LINE 5 - 6)	2,976	5,254	6,223	218	5,805	2,800	4,480	(2,455)	(6,789)	803	4,085	(4,395)	19,005
8. INTEREST PROVISION THIS PERIOD (FROM CT-3, PAGE 3, LINE 10)	351	337	334	317	300	296	289	270	223	177	160	130	3,184
9. TRUE-UP AND INTEREST PROVISION BEGINNING OF MONTH	88,996	84,907	83,082	82,223	75,342	74,031	69,711	67,064	57,463	43,481	37,045	33,874	88,996
9A. DEFERRED TRUE-UP BEGINNING OF PERIOD													
10. PRIOR TRUE-UP COLLECTED (REFUNDED)	(7,416)	(7,416)	(7,416)	(7,416)	(7,416)	(7,416)	(7,416)	(7,416)	(7,416)	(7,416)	(7,416)	(7,420)	(88,996)
11. TOTAL NET TRUE-UP (LINES 7+8+9+9A+10)	84,907	83,082	82,223	75,342	74,031	69,711	67,064	57,463	43,481	37,045	33,874	22,189	22,189

EXHIBIT NO. _____
DOCKET NO. 000002-EG
FLORIDA PUBLIC UTILITIES COMPANY
(MAP-1)
PAGE 6 OF 38

CALCULATION OF TRUE-UP AND INTEREST PROVISION

FOR MONTHS January-99 THROUGH December-99

C. INTEREST PROVISION	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
1. BEGINNING TRUE-UP (LINE B-9)	88,996	84,907	83,082	82,223	75,342	74,031	69,711	67,064	57,463	43,481	37,045	33,874	88,996
2. ENDING TRUE-UP BEFORE INTEREST (LINES B7+B9+B9A+B10)	84,556	82,745	81,889	75,025	73,731	69,415	66,775	57,193	43,258	36,868	33,714	22,059	19,005
3. TOTAL BEG. AND ENDING TRUE-UP	173,552	167,652	164,971	157,248	149,073	143,446	136,486	124,257	100,721	80,349	70,759	55,933	108,001
4. AVERAGE TRUE-UP (LINE C-3 X 50%)	86,776	83,826	82,486	78,624	74,537	71,723	68,243	62,129	50,361	40,175	35,380	27,967	54,001
5. INTEREST RATE - FIRST DAY OF REPORTING BUSINESS MONTH	4.90%	4.81%	4.85%	4.88%	4.80%	4.85%	5.05%	5.10%	5.32%	5.30%	5.30%	5.55%	
6. INTEREST RATE - FIRST DAY OF SUBSEQUENT BUSINESS MONTH	4.81%	4.85%	4.88%	4.80%	4.85%	5.06%	5.10%	5.32%	5.30%	5.30%	5.55%	5.60%	
7. TOTAL (LINE C-5 + C-6)	9.71%	9.66%	9.73%	9.68%	9.65%	9.90%	10.15%	10.42%	10.62%	10.60%	10.85%	11.15%	
8. AVG. INTEREST RATE (C-7 X 50%)	4.86%	4.83%	4.87%	4.84%	4.83%	4.95%	5.08%	5.21%	5.31%	5.30%	5.43%	5.58%	
9. MONTHLY AVERAGE INTEREST RATE	0.405%	0.403%	0.405%	0.403%	0.402%	0.413%	0.423%	0.434%	0.443%	0.442%	0.452%	0.465%	
10. INTEREST PROVISION (LINE C-4 X C-9)	351	337	334	317	300	296	289	270	223	177	160	130	3,184

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY - MARIANNA

SCHEDULE CT-4
PAGE 1 OF 1

SCHEDULE OF CAPITAL INVESTMENT, DEPRECIATION & RETURN

FOR MONTHS January-99 THROUGH December-99

PROGRAM NAME:	BEGINNING OF PERIOD	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	TOTAL
1. INVESTMENT														
2. DEPRECIATION BASE														
3. DEPRECIATION EXPENSE														
4. CUMULATIVE INVESTMENT														
5. LESS: ACCUMULATED DEPRECIATION														
6. NET INVESTMENT														
7. AVERAGE INVESTMENT														
8. RETURN ON AVERAGE INVESTMENT														
9. RETURN REQUIREMENTS														
10. TOTAL DEPRECIATION AND RETURN														NONE

EXHIBIT NO. _____
DOCKET NO. 000002-EG
FLORIDA PUBLIC UTILITIES COMPANY
(MAP-1)
PAGE 8 OF 38

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY - MARIANNA

SCHEDULE CT-5
PAGE 1 OF 1

RECONCILIATION AND EXPLANATION OF
DIFFERENCES BETWEEN FILING AND PSC AUDIT

FOR MONTHS January-99 THROUGH December-99

AUDIT EXCEPTION: TO OUR KNOWLEDGE, NONE EXIST

COMPANY RESPONSE:

EXHIBIT NO. _____
DOCKET NO. 000002-EG
FLORIDA PUBLIC UTILITIES COMPANY
(MAP-1)
PAGE 9 OF 38

1. IN CONCERT WITH THE ENVIRONMENT
2. DUCT LEAKAGE REPAIR
3. RESIDENTIAL GEOTHERMAL HEAT PUMP
4. RESIDENTIAL ENERGY AUDITS
5. LOW INCOME CUSTOMER ENERGY AUDITS
6. FPUC EXPRESS LOAN
7. ENHANCED GOOD CENTS HOME
8. COMMERCIAL/INDUSTRIAL GOOD CENTS BUILDING
9. COMMERCIAL/INDUSTRIAL ENERGY AUDITS AND
TECHNICAL ASSISTANCE

EXHIBIT NO. _____

DOCKET NO. 000002-EG
FLORIDA PUBLIC UTILITIES CO.
(MAP-2)
PAGE 10 OF 38

PROGRAM TITLE : In Concert With the Environment

PROGRAM DESCRIPTION : In Concert With the Environment® is an environmental and energy awareness program that is being implemented in the 8th and 9th grade science classes in Florida Public Utilities Company's service area. The program will show students how everyday energy use impacts the environment and how using energy wisely increases environmental quality. In Concert With the Environment® is brought to students who are already making decisions which impact our country's energy supply and the environment. Wise energy use today can best be achieved by linking environmental benefits to wise energy-use activities and by educating both present and future consumers on how to live "in concert with the environment".

The "In Concert" program was designed for teachers and students from the ground up. "In Concert" comes complete with suggestions for implementation and evaluation, with quality materials designed to accentuate distinctive teaching styles. The program is flexible enough to be used as a stand-alone learning unit, or it can be integrated into existing lessons.

PROGRAM ACCOMPLISHMENTS: The program goal for the current reporting period is 100. As of the end of this reporting period we have a total of 251 participants for the Marianna Division.

PROGRAM FISCAL EXPENDITURES: The expenditures January 1, 1999 through December 31, 1999 were \$12,895.

PROGRAM PROGRESS SUMMARY: This program was instituted for the first time in 1997 school year. Even though this program has been successful in meeting goal, the low interest by teachers in implementing the program and the high cost of the program we were granted permission to discontinue this program starting year 2000.

PROGRAM TITLE: Duct Leakage Repair

PROGRAM DESCRIPTION: The objective of the Duct Leakage Repair Program is to provide FPUC's residential customers a means to identify house air duct leakage and recommend repairs that can reduce customer energy usage and demand.

FPUC will identify program participants through the Residential Energy Audit Program as well as through promotional activities. Blower Door testing required to identify and quantify the duct leakage will be performed by a contractor. After identification of the leakage sites and quantities, the customer will be given a written summary of the test findings and the potential savings, along with a list of approved repair contractors. Testing will be done on new construction duct systems to ensure maximum efficiency and comfort in these new homes also. This testing will be available to the Builder, HVAC contractor, or homeowner. FPUC will utilize duct testing and expertise for the purpose of educating Builders and HVAC contractors by identifying problem areas and improvement methodologies or techniques. Additionally, FPUC will offer two approved continuing education courses for building contractors licensed by the Florida Construction Industry Licensing Board (CILB). The two courses are: "Duct Leakage in Homes: Consequences, Control, and Code Requirements" and "Repairing Duct Leakage".

PROGRAM ACCOMPLISHMENTS: The program goal for the reporting period is 16 participants. As of the end of this reporting period we have had a total of 16 participants in the Marianna service territory.

PROGRAM FISCAL EXPENDITURES: The expenditures January 1, 1999 through December 31, 1999 were \$2,461.

PROGRAM PROGRESS SUMMARY: In order to ensure that we continue to meet our goals FPUC will be sponsoring continuing education courses for building and HVAC contractors which will provide training in the areas of duct leakage identification and repair solutions. Contractors will then be in a better position to provide quality duct repair/installation services to FPUC customers. This training will be offered to area contractors in both service areas. The Marianna Division will be cosponsoring this training along with Gulf Power and West Florida Electric Cooperative. As with the Enhanced Good Cents Program we are offering these training seminars in cooperation with other utilities in order to allow us to offer these courses to local contractors at a much lower cost to us.

PROGRAM TITLE: Residential Geothermal Heat Pump

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 also 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 proposed 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. The Department of Energy (DOE) is touting geothermal technology as 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 ACCOMPLISHMENTS: Even though there is no goals set for this program we had one geothermal installation in the Marianna service territory during this reporting period. Many customers are beginning to learn more about this technology, therefore, we are confident that we will see a greater number of geothermal installations in the future.

PROGRAM FISCAL EXPENDITURES: The expenditures for the reporting period of January 1, 1999 through December 31, 1999 were \$1,288.

PROGRAM PROGRESS SUMMARY: Even though there is no particular goal for this program we feel confident that by our efforts to promote this technology we will see a number of geothermal installations in our service area. During this reporting period the Marianna Division conducted a field day to help educate customers and contractors and we will continue to develop a confident working relationship with contractors by offering training in the future. We are working to certify local HVAC dealers in the geothermal installation procedure to aide in promoting this highly energy efficient heating and cooling source.

PROGRAM TITLE: Residential Energy Audits

PROGRAM DESCRIPTION: The objective of the Residential Energy Audit Program is to provide FPUC's residential customers with energy conservation advice that will encourage 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 audit process, the customer is provided with specific whole-house recommendations. Through follow-up audit work, FPUC monitors and tracks the implementation of the measures.

The "Appliance Efficiency Education" DSM program from JEA's DSM Plan will be incorporated into these residential energy audits. The customer will be educated on the expense of operating a second refrigerator or freezer and on the value of a high efficiency pool pump. The resulting increase in operating efficiencies will provide for a reduction in weather-sensitive peak demand, as well as a reduction in energy consumption.

PROGRAM ACCOMPLISHMENTS: The goal for this program is 146 participants. This has been a very successful program to date. Audits have been conducted for 193 customers at the end of this reporting period.

PROGRAM FISCAL EXPENDITURES: Expenditures beginning January 1, 1999 through December 31, 1999 were \$23,888.

PROGRAM PROGRESS SUMMARY: We feel confident that by our efforts to promote this program through newspaper, radio and cable TV that we will continue to exceed our participant goals in this program in the future.

PROGRAM TITLE: Low Income Customer Energy Audits

PROGRAM DESCRIPTION: FPUC has provided low income customers benefits through its energy conservation programs for many years. Although programs are offered to customers without discrimination, the company recognizes that a customer may be less likely to participate in a particular program due to various circumstances, including lack of disposable income. FPUC does not directly identify low income participants, but base on experience and observations, it is apparent that low income customers are participating at levels similar to the overall residential population.

Every FPUC customer is eligible for an FPUC residential energy audit, but the audit recommendations usually require the customer to spend money replacing or adding energy conservation measures. Low income persons may not have the discretionary income to make these changes. In an effort to further assist FPUC's low income customers, FPUC will work with a local weatherization agency to provide weatherization energy audits for low income customers. FPUC will pay for these weatherization energy audits for any FPUC customer through the state weatherization program. The estimated cost per audit is \$50.

PROGRAM ACCOMPLISHMENTS: Five low-income customer audits have been completed during this reporting period.

PROGRAM FISCAL EXPENDITURES: Expenditures beginning January 1, 1999 through December 31, 1999 were \$1,718.

PROGRAM PROGRESS SUMMARY: The program to date goal for both divisions is 150 participants. At the end of this reporting period the program to date actual for both divisions is 217. The Marianna Division is currently working with low-income agencies to assist them with energy audits for their home owners. We feel this alliance will assist us in continued success in exceeding our goals.

PROGRAM TITLE: FPUC Express Loan Program

PROGRAM DESCRIPTION: The objective of the FPUC Express Loan Program is to provide FPUC's residential customers a vehicle to encourage installation of energy conservation features in their homes. This below-market interest rate loan program provides financing to customers that choose to install energy conservation features in their existing homes.

The program is designed to work in conjunction with FPUC's approved Residential Energy Audit Program. During the audit process, the customer is provided with specific whole-house recommendations. An FPUC representative will submit a completed loan application once the customer decides to install the conservation features. After the application has been approved, the customer will contact a licensed contractor to install the recommended conservation features. After the work is completed, an inspection is performed by FPUC to ensure all energy conservation features covered by the loan are installed. Confirmation of the installed features is provided to the participating bank. The increased operating efficiencies of the installed features provide a reduction in weather sensitive peak demand as well as a reduction in overall energy consumption.

PROGRAM ACCOMPLISHMENTS: This year's goal is 12 program participants. During this reporting period we have completed 14 loans. Program participation is expected to increase as contractors, realtors and customers become more aware of the availability of the program.

PROGRAM FISCAL EXPENDITURES: Expenditures for the reporting period January 1, 1999 through December 31, 1999 were \$15,824.

PROGRAM PROGRESS SUMMARY: We feel this program will continue to be successful due to increased advertising on cable TV, radio and newspaper. During Residential Audits we will also inform residents of the advantages of this program. We continue to work with area realtors and contractors by providing them with program materials that will enhance their efforts to inform customers of this program.

PROGRAM TITLE: Enhanced Good Cents Home Program

PROGRAM DESCRIPTION: The objective of the Enhanced Good Cents Home Program is to provide Florida Public Utilities Company's residential customers guidance concerning energy efficiency in new construction. The program promotes energy efficient home construction techniques by evaluating components in the categories of design and construction practices. These categories include: wall insulation, doors, windows, perimeter/floor insulation, moisture/infiltration barrier, attic/ceiling insulation, attic ventilation system, centsable duct system, centsable water heating system, and HVAC system.

The program will result in reductions in energy usage and peak demand. FPUC will identify potential program participants through builder/developer relationships as well as through promotional activities. Additionally, FPUC will provide education and training to building contractors to encourage energy conservation. Two classes will be provided, both of which are approved continuing education courses for building contractors licensed by the Florida Construction Industry Licensing Board (CILB). The two classes are: "Constructing an Energy Efficient Home" and "Load and Duct Sizing Calculations: Computer Solutions".

PROGRAM ACCOMPLISHMENTS: A total of 29 Enhanced Good Cents Homes have been built during this reporting period with several more nearing completion during the upcoming year.

PROGRAM FISCAL EXPENDITURES: Expenditures beginning January 1, 1999 through December 31, 1999 were \$28,518.

PROGRAM PROGRESS SUMMARY: The program goal is forty-eight participants by the end of the current year. We are below our goal at this time but we are making progress. We've enhanced our efforts in promoting contractor participations and customer benefits. We have conducted open house days to provide information to prospective home builders and information presentations have been made to educate area builders, realtors and suppliers. Through our increased efforts we have seen our participation numbers rise over the past year. We expect a very large increase for the upcoming year. In the first quarter of year 2000 we have doubled our last years achievement. This number includes 55 apartments and homes that will be installing gas appliances which all will meet GoodCents standards. We will continue to build on our success with even greater creative marketing efforts in order to reach our goal during the current year.

PROGRAM TITLE: Commercial/Industrial Good Cents Buildings

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 Good Cents Building program provides requirements for these area that, if adhered to, will help reduce peak demand and energy consumption. Promotion of the Commercial/Industrial Good Cents Building program will feature a positive relationship with trade allies, the public, and local commercial/industrial customers. The program's design is sufficiently flexible to allow an architect or designer to use initiative and ingenuity to achieve results that are important to both the customer and FPUC.

To provide an accurate quantitative analysis of the demand and energy savings due to the Commercial/Industrial Good Cents Building program, the Good Cents standards for our average commercial building 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 demand and energy differences for the two types of structures. The AXCESS - Energy Analysis Computer Program (AXCESS) is used in calculating these demand and energy differences.

PROGRAM ACCOMPLISHMENTS: For this reporting period we have had three Good Cents Building qualifications in the Marianna service territory.

PROGRAM FISCAL EXPENDITURES: Expenditures beginning January 1, 1999 through December 31, 1999 were \$5,887.

PROGRAM PROGRESS SUMMARY: The goal for this program is three Good Cents Buildings for the current year. The program to date goal for both divisions is 16, and the program to date actual total of GoodCents Building qualifications for both division is 33. We feel that we will continue our success with this program as we further develop relations with architects and contractors to gain knowledge of possible projects. We have laid the foundation of customer trust in this area through our Commercial/Industrial Audit and Technical Assistance Program and with this relationship we feel we will continue to exceed our program goal.

PROGRAM TITLE: Commercial/Industrial Energy Audits and Technical Assistance

PROGRAM DESCRIPTION: FPUC provides auditing services to the commercial and industrial classes to assist in the evaluation of specific energy requirements of a given structure.

FPUC's representative will be provided a prospective customer for an audit through a phone call, advertising, a complaint, or referral. In this initial contact the representative determines needs, sets an appointment, and begins to gather some basic data such as the address, account number, business type, and past energy records. At the time of the audit, the representative discusses the audit and submits an outline of the procedure to the customer. During the discussion, the representative also acquires some customer data as it relates to the characteristics of the operation, time of operation, occupancy, and duration of the occupancy. In the audit's visual inspections, the representative observes overall layout, gathers equipment data, statistics, observes housekeeping and maintenance, checks various energy sources, and checks waste heat sources. The representative also makes appropriate measurements of lighting, ambient air temperatures, water temperatures, and air quantities.

After the visual inspection, the representative will return to the customer to review the total energy consumption and billing of the structure, and make general suggestions for improved efficiency that will have little or no cost associated with them. The representative will also identify major items for further study in which the customer will have the option of making capital expenditures.

PROGRAM PROJECTION: Commercial/Industrial Audits have been completed for seventeen customers to date.

PROGRAM FISCAL EXPENDITURES: Expenditures beginning January 1, 1999 through December 31, 1999 were \$11,211.

PROGRAM PROGRESS SUMMARY: The program to date goal for both divisions is 90 and the program to date actual participation for both divisions is 132. This program has exceeded goal and we are optimistic that our commercial/Industrial customers will involve us to a greater extent in future projects based upon the relationship of trust and knowledge.

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY - FERNANDINA

SCHEDULE CT-1

CONSERVATION ADJUSTMENT TRUE-UP

PAGE 1 OF 1

FOR MONTHS January-99 THROUGH December-99

1.	ADJUSTED END OF PERIOD TOTAL NET TRUE-UP		
2.	FOR MONTHS January-99 THROUGH December-99		
3.	END OF PERIOD NET TRUE-UP		
4.	PRINCIPAL	<u>(38,775)</u>	
5.	INTEREST	<u>(4,562)</u>	<u>(43,337)</u>
6.	LESS PROJECTED TRUE-UP		
7.	November-99 (DATE) HEARINGS		
8.	PRINCIPAL	<u>(40,523)</u>	
9.	INTEREST	<u>(4,607)</u>	<u>(45,130)</u>
10.	ADJUSTED END OF PERIOD TOTAL TRUE-UP		<u>1,793</u>

EXHIBIT NO. _____
DOCKET NO. 000002-EG
FLORIDA PUBLIC UTILITIES COMPANY
(MAP-1)
PAGE 20 OF 38

ANALYSIS OF ENERGY CONSERVATION PROGRAM COSTS
ACTUAL VS PROJECTED

FOR MONTHS January-99 THROUGH December-99

	<u>ACTUAL</u>	<u>PROJECTED*</u>	<u>DIFFERENCE</u>
1. LABOR/PAYROLL	61,730	60,273	1,457
2. ADVERTISING	29,078	28,804	274
3. LEGAL	1,944	2,189	(245)
4. OUTSIDE SERVICES/CONTRACT	17,954	10,304	7,650
5. VEHICLE COST	9,719	9,602	117
6. MATERIAL & SUPPLIES	2,499	7,752	(5,253)
7. TRAVEL	5,419	7,853	(2,434)
8. GENERAL & ADMIN	11,600	11,040	560
9. INCENTIVES	1,187	1,187	0
10. OTHER	3,017	1,816	1,201
11. SUB-TOTAL	144,147	140,820	3,327
12. PROGRAM REVENUES			
13. TOTAL PROGRAM COSTS	144,147	140,820	3,327
14. LESS: PRIOR PERIOD TRUE-UP	122,660	122,660	0
15. AMOUNTS INCLUDED IN RATE BASE			
16. CONSERVATION ADJ REVENU	60,262	58,683	1,579
17. ROUNDING ADJUSTMENT			
18. TRUE-UP BEFORE INTEREST	(38,775)	(40,523)	1,748
19. ADD INTEREST PROVISION	(4,562)	(4,607)	45
20. END OF PERIOD TRUE-UP	(43,337)	(45,130)	1,793

() REFLECTS OVERRECOVERY

* 2 MONTHS ACTUAL AND 10 MONTHS PROJECTED

ACTUAL CONSERVATION PROGRAM COSTS PER PROGRAM

FOR MONTHS January-99 THROUGH December-99

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 elimin	567	0	0	11,235	0	0	0	75	0	0	11,877		11,877
2. Direct Leakage Repair	2,301	184	0	0	0	0	0	0	50	0	2,535		2,535
3. Residential Geothermal Heat Pump	2,028	184	0	0	0	0	0	0	0	14	2,226		2,226
4. Residential Energy Audits	8,175	14,757	0	188	0	88	151	10	0	10	23,379		23,379
5. Low Income Customer Energy Audits	615	0	0	583	0	0	0	0	0	0	1,198		1,198
6. FPU Express	3,268	2,856	0	0	0	0	0	0	1,137	0	7,261		7,261
7. Enhanced Good Cents Home	6,052	8,838	0	991	0	1,530	449	143	0	861	18,864		18,864
8. Commercial/Industrial Good Cents Building	2,918	0	0	3,428	0	359	422	71	0	178	7,376		7,376
9. Commercial/Industrial Energy Audits & Tech. Ass	11,128	0	0	1,529	480	320	2,826	556	0	346	17,185		17,185
10. Common	24,678	2,259	1,944	0	9,239	202	1,571	10,745	0	1,608	52,246		52,246
11.													
12.													
13.													
14.													
15.													
16.													
17.													
18.													
19.													
20.													
TOTAL ALL PROGRAMS	61,730	29,078	1,944	17,954	9,719	2,499	5,419	11,600	1,187	3,017	144,147	0	144,147

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY - FERNANDINA

SCHEDULE CT-2
PAGE 3 OF 3

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

FOR MONTHS January-99 THROUGH December-99

PROGRAM NAME	LABOR & ADVERTISING		LEGAL	OUTSIDE SERVICES	VEHICLE COST	MATERIALS & SUPPLIES		GENERAL & INCENTIVES			SUB TOTAL	PROGRAM REVENUES	TOTAL
	PAYROLL					TRAVEL	ADMIN.	OTHER					
1. In Concert with the Environment (program elimi	(83)	0	0	11,235	0	(3,644)	0	(223)	0	0	7,285	0	7,285
2. Direct Leakage Repair	(119)	(844)	0	0	(178)	0	(356)	(444)	0	0	(1,941)	0	(1,941)
3. Residential Geothermal Heat Pump	729	(356)	0	(178)	(178)	0	(356)	(265)	0	0	(604)	0	(604)
4. Residential Energy Audits	(69)	2,597	0	(178)	(356)	(667)	(667)	(833)	0	0	(173)	0	(173)
5. Low Income Customer Energy Audits	(1,063)	(844)	0	0	(356)	(667)	0	(400)	0	0	(3,330)	0	(3,330)
6. FPU Express	441	(325)	0	(178)	(178)	(222)	0	(445)	0	0	(907)	0	(907)
7. Enhanced Good Cents Home	(356)	99	0	327	(356)	288	(1,606)	(643)	0	773	(1,474)	0	(1,474)
8. Commercial/Industrial Good Cents Building	(194)	(667)	0	(1,689)	(356)	3	(443)	(505)	0	178	(3,673)	0	(3,673)
9. Commercial/Industrial Energy Audits & Tech. As	1,864	(356)	0	(1,689)	124	(356)	(286)	(430)	0	0	(1,129)	0	(1,129)
10. Common	307	970	(245)	0	1,951	12	1,280	4,748	0	250	9,273	0	9,273
11.													
12.													
13.													
14.													
15.													
16.													
17.													
18.													
19.													
20.													
TOTAL ALL PROGRAMS	1,457	274	(245)	7,650	117	(5,253)	(2,434)	560	0	1,201	3,327	0	3,327

EXHIBIT NO. _____
DOCKET NO. 000002-EG
FLORIDA PUBLIC UTILITIES COMPANY
(MAP-1)
PAGE 23 OF 38

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

FOR MONTHS January-99 THROUGH December-99

A. CONSERVATION EXPENSE BY PROGRAM		JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
1.	In Concert with the Environment (program elimi	111	93	85	85	179	39	0	0	11,242	2	41	0	11,877
2.	Direct Leakage Repair	151	406	209	377	126	87	185	134	193	260	218	189	2,535
3.	Residential Geothermal Heat Pump	266	51	205	319	118	102	105	64	75	151	259	511	2,226
4.	Residential Energy Audits	1,874	1,222	682	932	2,861	3,894	2,052	2,036	2,490	1,299	1,927	2,110	23,379
5.	Low Income Customer Energy Audits	650	114	20	2	41	57	11	33	30	86	75	79	1,198
6.	FPU Express	639	744	168	1,611	842	221	393	749	399	437	582	476	7,261
7.	Enhanced Good Cents Home	1,912	591	695	1,418	1,688	2,005	612	3,017	1,405	2,440	1,200	1,881	18,864
8.	Commercial/Industrial Good Cents Building	3,413	330	176	391	138	189	271	541	541	151	465	770	7,376
9.	Commercial/Industrial Energy Audits & Tech. As	1,468	1,487	2,585	2,290	289	1,415	2,737	843	1,106	863	1,073	1,029	17,185
10.	Common	4,167	4,344	3,384	3,670	4,155	4,952	4,139	3,362	3,371	4,097	6,772	5,833	52,246
11.														
12.														
13.														
14.														
15.														
16.														
17.														
18.														
19.														
20.														
21.	TOTAL ALL PROGRAMS	14,651	9,382	8,209	11,095	10,437	12,961	10,505	10,779	20,852	9,786	12,612	12,878	144,147
22.	LESS AMOUNT INCLUDED IN RATE BASE													
23.	RECOVERABLE CONSERVATION EXPENSES	14,651	9,382	8,209	11,095	10,437	12,961	10,505	10,779	20,852	9,786	12,612	12,878	144,147

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY - FERNANDINA

SCHEDULE CT-3

CALCULATION OF TRUE-UP AND INTEREST PROVISION

PAGE 2 OF 3

FOR MONTHS January-99 THROUGH December-99

B. CONSERVATION REVENUES	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
1. RESIDENTIAL CONSERVATION													0
2. CONSERVATION ADJ. REVENUES	8,098	7,190	8,427	5,187	4,633	1,661	4,576	5,466	4,488	3,724	3,604	3,208	60,262
3. TOTAL REVENUES	8,098	7,190	8,427	5,187	4,633	1,661	4,576	5,466	4,488	3,724	3,604	3,208	60,262
4. PRIOR PERIOD TRUE-UP ADJ. NOT APPLICABLE TO THIS PERIOD	10,222	10,222	10,222	10,222	10,222	10,222	10,222	10,222	10,222	10,222	10,222	10,218	122,660
5. CONSERVATION REVENUE APPLICABLE	18,320	17,412	18,649	15,409	14,855	11,883	14,798	15,688	14,710	13,946	13,826	13,426	182,922
6. CONSERVATION EXPENSES (FROM CT-3, PAGE 1, LINE 23)	14,651	9,382	8,209	11,095	10,437	12,961	10,505	10,779	20,852	9,786	12,612	12,878	144,147
7. TRUE-UP THIS PERIOD (LINE 6 - 6)	3,669	8,030	10,440	4,314	4,418	(1,078)	4,293	4,909	(6,142)	4,160	1,214	548	38,775
8. INTEREST PROVISION THIS PERIOD (FROM CT-3, PAGE 3, LINE 10)	483	465	466	454	431	409	384	372	333	284	258	223	4,562
9. TRUE-UP AND INTEREST PROVISION BEGINNING OF MONTH	122,660	116,590	114,863	115,547	110,093	104,720	93,829	88,284	83,343	67,312	61,534	52,784	122,660
9A. DEFERRED TRUE-UP BEGINNING OF PERIOD													
10. PRIOR TRUE-UP COLLECTED (REFUNDED)	(10,222)	(10,222)	(10,222)	(10,222)	(10,222)	(10,222)	(10,222)	(10,222)	(10,222)	(10,222)	(10,222)	(10,218)	(122,660)
11. TOTAL NET TRUE-UP (LINES 7+8+9+9A+10)	116,590	114,863	115,547	110,093	104,720	93,829	88,284	83,343	67,312	61,534	52,784	43,337	43,337

EXHIBIT NO. _____
 DOCKET NO. 000002-EG
 FLORIDA PUBLIC UTILITIES COMPANY
 (MAP-1)
 PAGE 25 OF 38

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY - FERNANDINA

SCHEDULE CT-3

CALCULATION OF TRUE-UP AND INTEREST PROVISION

PAGE 3 OF 3

FOR MONTHS January-99 THROUGH December-99

C. INTEREST PROVISION	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
1. BEGINNING TRUE-UP (LINE B-9)	122,660	116,590	114,863	115,547	110,093	104,720	93,829	88,284	83,343	67,312	61,534	52,784	122,660
2. ENDING TRUE-UP BEFORE INTEREST (LINES B7+B9+B9A+B10)	116,107	114,398	115,081	109,639	104,269	93,420	87,900	82,971	66,979	61,250	52,526	43,114	38,775
3. TOTAL BEG. AND ENDING TRUE-UP	238,767	230,988	229,944	225,186	214,382	198,140	181,729	171,255	150,322	128,562	114,060	95,898	161,435
4. AVERAGE TRUE-UP (LINE C-3 X 50%)	119,384	115,494	114,972	112,593	107,191	99,070	90,865	85,628	75,161	64,281	57,030	47,949	80,718
5. INTEREST RATE - FIRST DAY OF REPORTING BUSINESS MONTH	4.90%	4.81%	4.85%	4.88%	4.80%	4.85%	5.05%	5.10%	6.32%	5.30%	5.30%	5.55%	
6. INTEREST RATE - FIRST DAY OF SUBSEQUENT BUSINESS MONTH	4.81%	4.85%	4.88%	4.80%	4.85%	5.05%	5.10%	5.32%	5.30%	5.30%	5.55%	5.60%	
7. TOTAL (LINE C-5 + C-6)	9.71%	9.66%	9.73%	9.68%	9.65%	9.90%	10.15%	10.42%	10.62%	10.60%	10.85%	11.15%	
8. AVG. INTEREST RATE (C-7 X 50%)	4.86%	4.83%	4.87%	4.84%	4.83%	4.95%	5.08%	5.21%	5.31%	5.30%	5.43%	5.58%	
9. MONTHLY AVERAGE INTEREST RATE	0.405%	0.403%	0.405%	0.403%	0.402%	0.413%	0.423%	0.434%	0.443%	0.442%	0.452%	0.465%	
10. INTEREST PROVISION (LINE C-4 X C-9)	483	465	466	454	431	409	384	372	333	284	258	223	4,562

EXHIBIT NO. _____
DOCKET NO. 000002-EG
FLORIDA PUBLIC UTILITIES COMPANY
(MAP-1)
PAGE 26 OF 38

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY - FERNANDINA

SCHEDULE OF CAPITAL INVESTMENT, DEPRECIATION & RETURN

FOR MONTHS January-99 THROUGH December-99

SCHEDULE CT-4
PAGE 1 OF 1

PROGRAM NAME:	BEGINNING											TOTAL		
	OF PERIOD	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY		AUGUST	SEPTEMBER
1. INVESTMENT														
2. DEPRECIATION BASE														
3. DEPRECIATION EXPENSE														
4. CUMULATIVE INVESTMENT														
5. LESS: ACCUMULATED DEPRECIATION														
6. NET INVESTMENT														
7. AVERAGE INVESTMENT														
8. RETURN ON AVERAGE INVESTMENT														
9. RETURN REQUIREMENTS														
10. TOTAL DEPRECIATION AND RETURN														NONE

EXHIBIT NO. _____
DOCKET NO. 000002-EG
FLORIDA PUBLIC UTILITIES COMPANY
(MAP-1)
PAGE 27 OF 38

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY - FERNANDINA

SCHEDULE CT-5
PAGE 1 OF 1

RECONCILIATION AND EXPLANATION OF
DIFFERENCES BETWEEN FILING AND PSC AUDIT

FOR MONTHS **January-99** THROUGH **December-99**

AUDIT EXCEPTION: TO OUR KNOWLEDGE, NONE EXIST

COMPANY RESPONSE:

EXHIBIT NO. _____
DOCKET NO. 000002-EG
FLORIDA PUBLIC UTILITIES COMPANY
(MAP-1)
PAGE 28 OF 38

1. IN CONCERT WITH THE ENVIRONMENT
2. DUCT LEAKAGE REPAIR
3. RESIDENTIAL GEOTHERMAL HEAT PUMP
4. RESIDENTIAL ENERGY AUDITS
5. LOW INCOME CUSTOMER ENERGY AUDITS
6. FPUC EXPRESS LOAN
7. ENHANCED GOOD CENTS HOME
8. COMMERCIAL/INDUSTRIAL GOOD CENTS BUILDING
9. COMMERCIAL/INDUSTRIAL ENERGY AUDITS AND
TECHNICAL ASSISTANCE

EXHIBIT NO. _____

DOCKET NO. 000002-EG
FLORIDA PUBLIC UTILITIES CO.
(MAP-2)
PAGE 29 OF 38

PROGRAM TITLE: In Concert With the Environment

PROGRAM DESCRIPTION: In Concert With the Environment® is an environmental and energy awareness program that is being implemented in the 8th and 9th grade science classes in Florida Public Utilities Company's service area. The program will show students how everyday energy use impacts the environment and how using energy wisely increases environmental quality. In Concert With the Environment® is brought to students who are already making decisions which impact our country's energy supply and the environment. Wise energy use today can best be achieved by linking environmental benefits to wise energy-use activities and by educating both present and future consumers on how to live "in concert with the environment".

The "In Concert" program was designed for teachers and students from the ground up. "In Concert" comes complete with suggestions for implementation and evaluation, with quality materials designed to accentuate distinctive teaching styles. The program is flexible enough to be used as a stand-alone learning unit, or it can be integrated into existing lessons.

PROGRAM ACCOMPLISHMENTS: The offering of this program has been implemented in cooperation with area school board members, administrators, and teachers. The introduction of the program was met with great enthusiasm but has failed to gain momentum.

PROGRAM FISCAL EXPENDITURES: The expenditures January 1, 1999 through December 31, 1999 were \$11,877.

PROGRAM PROGRESS SUMMARY: Program accomplishments in this territory have continuously fallen short due to the small number of students in the Fernandina area. This has prompted us to discontinue this program. We are disappointed to announce this but do not feel it would not be cost effective to continue.

PROGRAM TITLE: Duct Leakage Repair

PROGRAM DESCRIPTION: The objective of the Duct Leakage Repair Program is to provide FPUC's residential customers a means to identify house air duct leakage and recommend repairs that can reduce customer energy usage and demand.

FPUC will identify program participants through the Residential Energy Audit Program as well as through promotional activities. Blower Door testing required to identify and quantify the duct leakage will be performed by a contractor. After identification of the leakage sites and quantities, the customer will be given a written summary of the test findings and the potential savings, along with a list of approved repair contractors. Testing will be done on new construction duct systems to ensure maximum efficiency and comfort in these new homes also. This testing will be available to the Builder, HVAC contractor, or homeowner. FPUC will utilize duct testing and expertise for the purpose of educating Builders and HVAC contractors by identifying problem areas and improvement methodologies or techniques.

Additionally, FPUC will offer two approved continuing education courses for building contractors licensed by the Florida Construction Industry Licensing Board (CILB). The two courses are: "Duct Leakage in Homes: Consequences, Control, and Code Requirements" and "Repairing Duct Leakage".

PROGRAM ACCOMPLISHMENTS: The program goal for the current year is sixteen (16) participants. As of the end of this reporting period we have had a total of eighteen (18) participants in the Fernandina Beach service territory.

PROGRAM FISCAL EXPENDITURES: The expenditures January 1, 1999 through December 31, 1999 were \$2,535.

PROGRAM PROGRESS SUMMARY: In order to ensure that we meet our current and future goals FPUC will be sponsoring continuing education courses for building and HVAC contractors which will provide training in the areas of duct leakage identification and repair solutions. Contractors will then be in a better position to provide quality duct repair/installation services to FPUC customers. This training will be offered to area contractors in both service areas. The Fernandina Beach Division will be cosponsoring this training along with JEA and Clay Electric Cooperative. As with the Enhanced Good Cents Program we are offering these training seminars in cooperation with other utilities in order to allow us to offer these courses to local contractors at a much lower cost to us. With this training we feel confident that we can meet our PSC approved goals now and in the future.

PROGRAM TITLE: Residential Geothermal Heat Pump

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 also 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 proposed 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. The Department of Energy (DOE) is touting geothermal technology as 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 ACCOMPLISHMENTS: At this time we have had no geothermal installation completed in our service area within the reporting period. Many customers are beginning to learn more about this technology, therefore, we are confident that we will see a greater number of geothermal installations in the future.

PROGRAM FISCAL EXPENDITURES: The expenditures January 1, 1999 through December 31, 1999 were \$2,226.

PROGRAM PROGRESS SUMMARY: Even though there is no particular goal for this program we feel confident that by our efforts to promote this technology we will see a number geothermal installations in our service areas during the current year. We will continue to educate customers and strive to develop a network of installers in order to better promote this highly energy efficient heating and cooling source.

PROGRAM TITLE: Residential Energy Audits

PROGRAM DESCRIPTION: The objective of the Residential Energy Audit Program is to provide FPUC's residential customers with energy conservation advice that will encourage 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 audit process, the customer is provided with specific whole-house recommendations. Through follow-up audit work, FPUC monitors and tracks the implementation of the measures.

The "Appliance Efficiency Education" DSM program from JEA's DSM Plan will be incorporated into these residential energy audits. The customer will be educated on the expense of operating a second refrigerator or freezer and on the value of a high efficiency pool pump. The resulting increase in operating efficiencies will provide for a reduction in weather-sensitive peak demand, as well as a reduction in energy consumption.

PROGRAM ACCOMPLISHMENTS: The goal for this program is 145 participants. This has been a very successful program to date. Audits have been conducted for 178 customers at the end of this reporting period.

PROGRAM FISCAL EXPENDITURES: Expenditures beginning January 1, 1999 through December 31, 1999 were \$23,379.

PROGRAM PROGRESS SUMMARY: We feel confident that by our efforts to promote this program through newspaper and cable TV that we will see increased participation in this program in the future.

PROGRAM TITLE : Low Income Customer Energy Audits

PROGRAM DESCRIPTION: FPUC has provided low income customers benefits through its energy conservation programs for many years. Although programs are offered to customers without discrimination, the company recognizes that a customer may be less likely to participate in a particular program due to various circumstances, including lack of disposable income. FPUC does not directly identify low income participants, but base on experience and observations, it is apparent that low income customers are participating at levels similar to the overall residential population.

Every FPUC customer is eligible for an FPUC residential energy audit, but the audit recommendations usually require the customer to spend money replacing or adding energy conservation measures. Low income persons may not have the discretionary income to make these changes. In an effort to further assist FPUC's low income customers, FPUC will work with a local weatherization agency to provide weatherization energy audits for low income customers. FPUC will pay for these weatherization energy audits for any FPUC customer through the state weatherization program. The estimated cost per audit is \$50.

PROGRAM ACCOMPLISHMENTS: One (1) low-income customer audit has been completed to date.

PROGRAM FISCAL EXPENDITURES: Expenditures beginning January 1, 1999 through December 31, 1999 were \$1,198.

PROGRAM PROGRESS SUMMARY: The program goal is twenty-two (22) participants per year. At this time the agencies that we deal with to provide these services are currently at a standstill. Whether this is due to a lack of funding or aggressiveness on their part we cannot determine. We have made the contacts we need to make and will keep in touch with these organizations in order to stay up to date on their progress and needs.

PROGRAM TITLE: FPUC Express Loan Program

PROGRAM DESCRIPTION: The objective of the FPUC Express Loan Program is to provide FPUC's residential customers a vehicle to encourage installation of energy conservation features in their homes. This below-market interest rate loan program provides financing to customers that choose to install energy conservation features in their existing homes.

The program is designed to work in conjunction with FPUC's approved Residential Energy Audit Program. During the audit process, the customer is provided with specific whole-house recommendations. An FPUC representative will submit a completed loan application to the participating bank once the customer decides to install the conservation features. After the application has been approved, the customer will contact a licensed contractor to install the recommended conservation features. After the work is completed, an inspection is performed by FPUC to ensure all energy conservation features covered by the loan are installed. Confirmation of the installed features is provided to the participating bank. The increased operating efficiencies of the installed features provide a reduction in weather sensitive peak demand as well as a reduction in overall energy consumption.

PROGRAM ACCOMPLISHMENTS: This year's goal is eleven (11) program participants. To date twenty-one (21) FPUC Express Loans have been completed. Program participation is expected to increase as contractors, realtors and customers become more aware of the availability of the program.

PROGRAM FISCAL EXPENDITURES: Expenditures beginning January 1, 1999 through December 31, 1999 were \$7,261.

PROGRAM PROGRESS SUMMARY: Full implementation of this program has begun. We feel this program will be extremely successful due to increased advertising and our new promotional efforts. During Residential Audits we will also inform residents of the advantages of this program. We will continue to develop close relationships with area realtors and contractors by providing them with program materials that will enhance their efforts to inform customers of this program.

PROGRAM TITLE: Enhanced Good Cents Home Program

PROGRAM DESCRIPTION: The objective of the Enhanced Good Cents Home Program is to provide Florida Public Utilities Company's residential customers guidance concerning energy efficiency in new construction. The program promotes energy efficient home construction techniques by evaluating components in the categories of design and construction practices. These categories include: wall insulation, doors, windows, perimeter/floor insulation, moisture/infiltration barrier, attic/ceiling insulation, attic ventilation system, centsable duct system, centsable water heating system, and HVAC system.

The program will result in reductions in energy usage and peak demand. FPUC will identify potential program participants through builder/developer relationships as well as through promotional activities. Additionally, FPUC will provide education and training to building contractors and building inspectors to encourage energy conservation. Two classes will be provided, both of which are approved continuing education courses for building contractors licensed by the Florida Construction Industry Licensing Board (CILB). The two classes are: "Constructing an Energy Efficient Home" and "Load and Duct Sizing Calculations: Computer Solutions".

PROGRAM ACCOMPLISHMENTS: A total of forty-eight (48) Enhanced Good Cents Homes have been built to date with several more currently under construction.

PROGRAM FISCAL EXPENDITURES: Expenditures beginning January 1, 1999 through December 31, 1999 were \$18,864.

PROGRAM PROGRESS SUMMARY: The program goal is forty-seven (47) participants by the end of the current year. We will continue to build on our success with even greater creativity and better marketing efforts, to continue exceeding our goals in the coming year.

PROGRAM TITLE: Commercial/Industrial Energy Audits and Technical Assistance

PROGRAM DESCRIPTION: FPUC provides auditing services to the commercial and industrial classes to assist in the evaluation of specific energy requirements of a given structure.

FPUC's representative will be provided a prospective customer for an audit through a phone call, advertising, a complaint, or referral. In this initial contact the representative determines needs, sets an appointment, and begins to gather some basic data such as the address, account number, business type, and past energy records. At the time of the audit, the representative discusses the audit and submits an outline of the procedure to the customer. During the discussion, the representative also acquires some customer data as it relates to the characteristics of the operation, time of operation, occupancy, and duration of the occupancy. In the audit's visual inspections, the representative observes overall layout, gathers equipment data, statistics, observes housekeeping and maintenance, checks various energy sources, and checks waste heat sources. The representative also makes appropriate measurements of lighting, ambient air temperatures, water temperatures, and air quantities.

After the visual inspection, the representative will return to the customer to review the total energy consumption and billing of the structure, and make general suggestions for improved efficiency that will have little or no cost associated with them. The representative will also identify major items for further study in which the customer will have the option of making capital expenditures.

PROGRAM PROJECTION: Commercial/Industrial Audits have been completed for twenty-five (25) customers to date.

PROGRAM FISCAL EXPENDITURES: Expenditures beginning January 1, 1999 through December 31, 1999 were \$17,185.

PROGRAM PROGRESS SUMMARY: The DSM plan goal is thirteen (13) participants for this particular program. Program participation has been excellent with several customers having participated thus far. This program has exceeded goal. We are optimistic that our commercial/industrial customers will involve us to a greater extent in future projects based upon the work we are currently doing in this area.

LAW OFFICES
MESSER, CAPARELLO & SELF
A PROFESSIONAL ASSOCIATION

215 SOUTH MONROE STREET, SUITE 701
POST OFFICE BOX 1876
TALLAHASSEE, FLORIDA 32302-1876
TELEPHONE: (850) 222-0720
TELECOPIERS: (850) 224-4359; (850) 425-1942
INTERNET: www.lawfla.com

May 15, 2000

ORIGINAL

RECORDS AND
REPORTING

00 MAY 15 PM 3:28

RECEIVED-FPSC

BY HAND DELIVERY

Ms. Blanca Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Re: Florida Public Utilities Company; Docket No. 000002-EG

Dear Ms. Bayo:

Enclosed for filing on behalf of Florida Public Utilities Company in this docket are the following documents:

1. An original and 10 copies of the Petition for Approval of Florida Public Utilities Company's Conservation Cost Recovery True-Up Amount; **06002-00**
2. An original and 10 copies of the Direct Testimony of Michael A. Peacock; and
3. An original and 10 copies of Exhibit MAP-1. **06003-00**

Please acknowledge receipt of these documents by stamping the enclosed extra copy of this letter.

Thank you for your assistance.

Sincerely,



Norman H. Horton, Jr.

AFA _____
APP _____
CAF _____
CMU _____
CTR _____
EAG _____
LEG _____
MAS _____
OPC _____
RRR _____
SEC _____
WAW _____
OTH _____

Handwritten signature

1 NHH/amb
3 Enclosures

cc: Mr. Michael A. Peacock
Parties of Record

RECEIVED & FILED

MW
FPSC-BUREAU OF RECORDS