

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

Direct Testimony of
ROBERT L. SMITH

On Behalf of
FLORIDA PUBLIC UTILITIES COMPANY

1 Q. Please state your name and business address.

2 A. Robert L. Smith: my business address is P.O. Box 3395
3 West Palm Beach, Florida 33402.

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

5 A. I am employed by Florida Public Utilities Company as
6 Director of Business Development.

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, 2003 through December 31, 2003 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, 2003 through December
17 31, 2003.

18 A. The Company over-recovered \$15,998.00 in the Marianna

DOCUMENT NUMBER-DATE

05103 MAY-3 8

FPSC-COMMISSION CLERK

1 Division during that period. In the Fernandina Beach
2 Division we over-recovered \$90,539.00. 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 2003 hearing?

8 A. We had estimated that we would over-recover \$31,241.00 in
9 Marianna. In Fernandina Beach we had estimated an over-
10 recovery of \$60,579.00 as of December 31, 2003.

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

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

14 Q. Does this conclude your testimony?

15 A. Yes.

16

17 ConservationTrueup Testimony2004Smith.doc

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY - MARIANNA

SCHEDULE CT-1

CONSERVATION ADJUSTMENT TRUE-UP

PAGE 1 OF 1

FOR MONTHS January-03 THROUGH December-03

1.	ADJUSTED END OF PERIOD TOTAL NET TRUE-UP		
2.	FOR MONTHS January-03 THROUGH December-03		
3.	END OF PERIOD NET TRUE-UP		
4.	PRINCIPAL	<u>(15,810)</u>	
5.	INTEREST	<u>(188)</u>	<u>(15,998)</u>
6.	LESS PROJECTED TRUE-UP		
7.	November-03 (DATE) HEARINGS		
8.	PRINCIPAL	<u>(31,040)</u>	
9.	INTEREST	<u>(201)</u>	<u>(31,241)</u>
10.	ADJUSTED END OF PERIOD TOTAL TRUE-UP		<u>15,243</u>

EXHIBIT NO _____
DOCKET NO 040002-EG
FLORIDA PUBLIC UTILITIES COMPANY
(RLS-1)
PAGE 1 OF 36

DOCUMENT NUMBER-DATE

05103 MAY-03

FPSC-COMMISSION CLERK

ANALYSIS OF ENERGY CONSERVATION PROGRAM COSTS
ACTUAL VS PROJECTED

	FOR MONTHS	January-03	THROUGH	December-03	
		<u>ACTUAL</u>		<u>PROJECTED*</u>	<u>DIFFERENCE</u>
1.	LABOR/PAYROLL	93,046		89,906	3,140
2.	ADVERTISING	81,989		64,143	17,846
3.	LEGAL	47		1,046	(999)
4.	OUTSIDE SERVICES/CONTRACT	4,958		5,026	(68)
5.	VEHICLE COST	8,499		9,315	(816)
6.	MATERIAL & SUPPLIES	14,530		9,928	4,602
7.	TRAVEL	6,389		8,268	(1,879)
8.	GENERAL & ADMIN	14,745		22,053	(7,308)
9.	INCENTIVES	2,348		700	1,648
10.	OTHER	970		842	128
11.	SUB-TOTAL	227,521		211,227	16,294
12.	PROGRAM REVENUES				
13.	TOTAL PROGRAM COSTS	227,521		211,227	16,294
14.	LESS: PRIOR PERIOD TRUE-UP	1,998		1,998	0
15.	AMOUNTS INCLUDED IN RATE BASE				
16.	CONSERVATION ADJ REVENUE	241,333		240,269	1,064
17.	ROUNDING ADJUSTMENT				
18.	TRUE-UP BEFORE INTEREST	(15,810)		(31,040)	15,230
19.	ADD INTEREST PROVISION	(188)		(201)	13
20.	END OF PERIOD TRUE-UP	(15,998)		(31,241)	15,243

() REFLECTS OVERRECOVERY
* 8 MONTHS ACTUAL AND 4 MONTHS PROJECTED

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY - MARIANNA

SCHEDULE CT-2
PAGE 2 OF 3

ACTUAL CONSERVATION PROGRAM COSTS PER PROGRAM

FOR MONTHS January-03 THROUGH December-03

PROGRAM NAME	LABOR & PAYROLL	ADVERTISING	LEGAL	OUTSIDE SERVICES	VEHICLE COST	MATERIALS & SUPPLIES	TRAVEL	GENERAL & ADMIN.	INCENTIVES	OTHER	SUB TOTAL	PROGRAM REVENUES	TOTAL
1.													0
2.													0
3.													0
4.													0
5.													0
6.													0
7.													0
8.													0
9.													0
10 Common	38,073	6,199	0	612	6,499	4,987	3,383	10,005	1,648	970	74,376		74,376
11 Residential Geothermal Heat Pump	0	0	0	0	0	0	0	0	0	0	0		0
12 GoodCents Home/Energy Star	21,195	38,995	0	204	0	6,212	984	3,081	700	0	71,371		71,371
13 GoodCents Energy Survey Program	19,575	30,356	0	0	0	1,191	957	1,237	0	0	53,316		53,316
14 GoodCents Loan Program	227	0	47	2,798	0	9	0	(720)	0	0	2,361		2,361
15 GoodCents Commercial Building	5,406	125	0	0	0	1,491	447	0	0	0	7,469		7,469
16 GoodCents Commercial Tech Assistance	8,570	5,549	0	1,344	0	640	618	1,142	0	0	17,863		17,863
17 Low Income	0	0	0	0	0	0	0	0	0	0	0		0
18 Affordable Housing/Builders Program	0	765	0	0	0	0	0	0	0	0	765		765
	0	0	0	0	0	0	0	0	0	0	0		0
TOTAL ALL PROGRAMS	93,046	81,989	47	4,958	8,499	14,530	6,389	14,745	2,348	970	227,521	0	227,521

EXHIBIT NO _____
DOCKET NO. 040002-EG
FLORIDA PUBLIC UTILITIES COMPANY
(RLS-1)
PAGE 3 OF 36

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY - MARIANNA

SCHEDULE CT-2
PAGE 3 OF 3

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

FOR MONTHS January-03 THROUGH December-03

PROGRAM NAME	LABOR	ADVERTISING	LEGAL	OUTSIDE	VEHICLE	MATERIALS	TRAVEL	GENERAL	INCENTIVES	OTHER	SUB	PROGRAM	TOTAL
	& PAYROLL												
1													
2.													
3													
4.													
5													
6													
7													
8													
9.													
10 Common	(3,533)	5,819	(1,000)	601	(816)	153	(459)	(14)	1,648	128	2,527	0	2,527
11 Residential Geothermal Heat Pump	(660)	(330)	0	0	0	(30)	(70)	(70)	0	0	(1,160)	0	(1,160)
12 GoodCents Home/Energy Star	3,894	12,634	0	1	0	2,398	(171)	284	0	0	19,040	0	19,040
13. GoodCents Energy Survey Program	4,689	12,658	0	0	0	811	(164)	(259)	0	0	17,735	0	17,735
14 GoodCents Loan Program	0	0	1	0	0	(1)	0	(6,240)	0	0	(6,240)	0	(6,240)
15 GoodCents Commercial Building	(1,048)	(7,280)	0	(340)	0	1,111	(580)	(670)	0	0	(8,807)	0	(8,807)
16 GoodCents Commercial Tech Assistance	128	(6,420)	0	(330)	0	260	(435)	(289)	0	0	(7,086)	0	(7,086)
17 Low Income	(160)	0	0	0	0	(50)	0	(30)	0	0	(240)	0	(240)
18 Affordable Housing/Builders Program	(170)	765	0	0	0	(50)	0	(20)	0	0	525	0	525
TOTAL ALL PROGRAMS	3,140	17,846	(999)	(68)	(816)	4,602	(1,879)	(7,308)	1,648	128	16,294	0	16,294

EXHIBIT NO _____
DOCKET NO. 040002-EG
FLORIDA PUBLIC UTILITIES COMPANY
(RLS-1)
PAGE 4 OF 36

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

FOR MONTHS		January-03	THROUGH	December-03											TOTAL
A CONSERVATION EXPENSE BY PROGRAM		JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL	
1.														0	
2.														0	
3.														0	
4.														0	
5.														0	
6.														0	
7.														0	
8.														0	
9.														0	
10.	Common	5,434	7,514	5,554	5,245	4,890	5,477	5,550	6,055	4,951	12,380	4,201	7,155	74,376	
11.	Residential Geothermal Heat Pump	0	0	0	0	0	0	0	0	0	0	0	0	0	
12.	GoodCents Home/Energy Star	5,940	3,596	3,683	3,677	4,555	5,801	4,855	8,704	4,532	9,338	4,135	12,755	71,371	
13.	GoodCents Energy Survey Program	3,188	4,523	1,757	7,305	2,129	2,264	3,687	408	8,010	3,975	2,866	13,204	53,316	
14.	GoodCents Loan Program	(60)	2,718	7	98	19	(61)	(60)	(60)	(60)	(60)	(60)	(60)	2,361	
15.	GoodCents Commercial Building	187	402	257	715	296	997	1,018	285	355	1,306	836	815	7,469	
16.	GoodCents Commercial Tech Assistance	1,571	1,325	964	5,244	681	1,437	1,588	899	451	523	931	2,249	17,863	
18.	Affordable Housing/Builders Program	0	0	0	0	0	0	0	0	0	0	0	765	765	
19.	Prior Year Program	0	0	0	0	1,198	(323)	(495)	(380)	0	0	0	0	0	
		0	0	0	0	0	0	0	0	0	0	0	0	0	
21.	TOTAL ALL PROGRAMS	16,260	20,078	12,222	22,284	13,738	15,592	15,943	15,911	18,239	27,462	12,909	36,883	227,521	
22.	LESS AMOUNT INCLUDED IN RATE BASE														
23.	RECOVERABLE CONSERVATION EXPENSES	16,260	20,078	12,222	22,284	13,738	15,592	15,943	15,911	18,239	27,462	12,909	36,883	227,521	

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY - MARIANNA

SCHEDULE CT-3
PAGE 2 OF 3

CALCULATION OF TRUE-UP AND INTEREST PROVISION

FOR MONTHS January-03 THROUGH December-03

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
B. CONSERVATION REVENUES													
1. RESIDENTIAL CONSERVATION													0
2. CONSERVATION ADJ. REVENUES	22,751	19,524	16,431	15,882	18,774	21,369	22,206	22,472	23,804	19,537	17,287	21,297	241,333
3. TOTAL REVENUES	22,751	19,524	16,431	15,882	18,774	21,369	22,206	22,472	23,804	19,537	17,287	21,297	241,333
4. PRIOR PERIOD TRUE-UP ADJ. NOT APPLICABLE TO THIS PERIOD	167	167	167	167	167	167	167	167	167	167	167	161	1,998
5. CONSERVATION REVENUE APPLICABLE	22,918	19,691	16,598	16,049	18,941	21,536	22,373	22,639	23,971	19,704	17,454	21,458	243,331
6. CONSERVATION EXPENSES (FROM CT-3, PAGE 1, LINE 23)	16,260	20,078	12,222	22,284	13,738	15,592	15,943	15,911	18,239	27,462	12,909	36,883	227,521
7. TRUE-UP THIS PERIOD (LINE 5 - 6)	6,658	(387)	4,376	(6,235)	5,203	5,944	6,430	6,728	5,732	(7,758)	4,545	(15,425)	15,810
8. INTEREST PROVISION THIS PERIOD (FROM CT-3, PAGE 3, LINE 10)	5	8	9	8	8	12	17	22	27	27	25	20	188
9. TRUE-UP AND INTEREST PROVISION BEGINNING OF MONTH	1,998	8,494	7,948	12,167	5,772	10,816	16,605	22,885	29,468	35,060	27,162	31,565	1,998
9A. DEFERRED TRUE-UP BEGINNING OF PERIOD													
10. PRIOR TRUE-UP COLLECTED (REFUNDED)	(167)	(167)	(167)	(167)	(167)	(167)	(167)	(167)	(167)	(167)	(167)	(161)	(1,998)
11. TOTAL NET TRUE-UP (LINES 7+8+9+9A+10)	8,494	7,948	12,167	5,772	10,816	16,605	22,885	29,468	35,060	27,162	31,565	15,998	15,998

EXHIBIT NO. _____
DOCKET NO 040002-EG
FLORIDA PUBLIC UTILITIES COMPANY
(RLS-1)
PAGE 6 OF 36

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY - MARIANNA

SCHEDULE CT-3
PAGE 3 OF 3

CALCULATION OF TRUE-UP AND INTEREST PROVISION

FOR MONTHS January-03 THROUGH December-03

C.	INTEREST PROVISION	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
1.	BEGINNING TRUE-UP (LINE B-9)	1,998	8,494	7,948	12,167	5,772	10,816	16,605	22,885	29,468	35,060	27,162	31,565	1,998
2	ENDING TRUE-UP BEFORE INTEREST (LINES B7+B9+B9A+B10)	8,489	7,940	12,158	5,764	10,808	16,593	22,868	29,446	35,033	27,135	31,540	15,978	15,810
3	TOTAL BEG AND ENDING TRUE-UP	10,487	16,434	20,106	17,931	16,581	27,410	39,473	52,331	64,501	62,195	58,702	47,543	17,808
4	AVERAGE TRUE-UP (LINE C-3 X 50%)	5,244	8,217	10,053	8,965	8,290	13,705	19,737	26,166	32,251	31,098	29,351	23,772	8,904
5	INTEREST RATE - FIRST DAY OF REPORTING BUSINESS MONTH	1.29%	1.27%	1.25%	1.18%	1.19%	1.21%	1.00%	1.05%	1.06%	1.06%	1.05%	1.00%	
6	INTEREST RATE - FIRST DAY OF SUBSEQUENT BUSINESS MONTH	1.27%	1.25%	1.18%	1.19%	1.21%	1.00%	1.05%	1.06%	1.06%	1.05%	1.00%	1.06%	
7.	TOTAL (LINE C-5 + C-6)	2.56%	2.52%	2.43%	2.37%	2.40%	2.21%	2.05%	2.11%	2.12%	2.11%	2.05%	2.06%	
8	AVG INTEREST RATE (C-7 X 50%)	1.28%	1.26%	1.22%	1.19%	1.20%	1.11%	1.03%	1.06%	1.06%	1.06%	1.03%	1.03%	
9	MONTHLY AVERAGE INTEREST RATE	0.107%	0.105%	0.101%	0.099%	0.100%	0.092%	0.085%	0.088%	0.088%	0.088%	0.085%	0.086%	
10	INTEREST PROVISION (LINE C-4 X C-9)	5	8	9	8	8	12	17	22	27	27	25	20	188

EXHIBIT NO _____
DOCKET NO 040002-EG
FLORIDA PUBLIC UTILITIES COMPANY
(RLS-1)
PAGE 7 OF 36

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY - MARIANNA
 SCHEDULE OF CAPITAL INVESTMENT, DEPRECIATION & RETURN
 FOR MONTHS January-03 THROUGH December-03

SCHEDULE CT-4
 PAGE 1 OF 1

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

EXHIBIT NO _____
 DOCKET NO. 040002-EG
 FLORIDA PUBLIC UTILITIES COMPANY
 (RLS-1)
 PAGE 8 OF 36

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-03 THROUGH December-03

AUDIT EXCEPTION: TO OUR KNOWLEDGE, NONE EXIST

COMPANY RESPONSE:

EXHIBIT NO. _____
DOCKET NO. 040002-EG
FLORIDA PUBLIC UTILITIES COMPANY
(RLS-1)
PAGE 9 OF 36

1. Residential Geothermal Heat Pump
2. GoodCents Home/Energy Star Program
3. GoodCents Energy Survey Program
4. GoodCents Commercial Building Program
5. GoodCents Commercial technical Assistance Program
6. Educational/Low Income
7. Educational/Affordable Housing Builders and Providers Program

EXHIBIT NO. _____

DOCKET NO. 040002-EG
FLORIDA PUBLIC UTILITIES CO.
(MAP-2)
PAGE 10 OF 36

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 are no goals set for this program we continue to promote this technology to our customers and HVAC contractors. We continue to see an increase in interest as our customers learn more about this technology.

PROGRAM FISCAL EXPENDITURES: The expenditures for the reporting period of January 1, 2003 through December 31, 2003 were \$0.

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. We will educate contractors by offering Geothermal Certification classes and develop a network of installers in order to better promote this highly efficient heating and cooling source.

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 ACCOMPLISHMENTS: The year's goal was 29. A total of 29 GoodCents Homes have been built during this reporting period.

PROGRAM FISCAL EXPENDITURES: Expenditures beginning January 1, 2003 through December 31, 2003 were \$71,371.

PROGRAM PROGRESS SUMMARY: We've enhanced our efforts in promoting contractor participation 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. Though this year was slower in residential development compared to earlier years, we predict this will change in the upcoming years. With our continued efforts in promoting this program we see our participation numbers rise over the next years and we will continue to build on our success with even greater creative marketing efforts in order to reach our goal.

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 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. Also during the survey process duct leakage will be addressed. If a problem is identified recommendations will be made for further analysis and repairs. Through follow-up audit work, FPUC monitors and tracks the installation of the cost-effective conservation features and/or duct leakage repairs.

The conservation measures, once implemented, also lower FPUC's energy requirements, as well as improve operating efficiencies. 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 ACCOMPLISHMENTS: The goal for this program is 150 participants. This has been a very successful program to date. Audits have been conducted for 221 customers at the end of this reporting period.

PROGRAM FISCAL EXPENDITURES: Expenditures beginning January 1, 2003 through December 31, 2003 were \$53,316.

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: GoodCents Loan Program

PROGRAM DESCRIPTION: The objective of the GoodCents Loan Program was to provide FPUC's residential customers a vehicle to encourage installation of energy conservation features in their homes. The program was designed to work in conjunction with FPUC's approved GoodCents Energy Survey Program. During the survey process, the customer was provided with specific whole-house recommendations. An FPUC representative submitted a completed loan application once the customer decides to install the conservation features. After the application has been approved, the customer contacted a contractor to install the recommended conservation features. After the work was completed, an inspection was performed by FPUC to ensure all energy conservation features covered by the loan are installed. Confirmation of the installed features was provided to the participating bank. The increased operating efficiencies of the installed features provided a reduction in weather sensitive peak demand as well as a reduction in overall energy consumption.

PROGRAM ACCOMPLISHMENTS: This year's goal is 15 program participants. During this reporting period we have completed 0 loans.

PROGRAM FISCAL EXPENDITURES: Expenditures for the reporting period January 1, 2003 through December 31, 2003 were \$2,361.

PROGRAM PROGRESS SUMMARY: In 2002 this program was approved by the PSC for discontinuation due to the lack of participations and the cost of implementing the program. We continue to incur expenses due to past unsecured defaulted loans.

EXHIBIT NO. _____
DOCKET NO. 040002-EG
FLORIDA PUBLIC UTILITIES CO.
(MAP-2)
PAGE 14 OF 36

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 Good Cents Building program provides requirements for these area that, if adhered to, will help reduce peak demand and energy consumption.

The promotion of the GoodCents 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 Building Program, the GoodCents 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 kW and kWh differences for the two types of structures. The AXCESS - Energy Analysis Computer Program (AXCESS) is used in calculating kW and kWh difference.

PROGRAM ACCOMPLISHMENTS: This year's goal is 5 and for this reporting period we have had 10 GoodCents Building qualifications in the Marianna service territory.

PROGRAM FISCAL EXPENDITURES: Expenditures beginning January 1, 2003 through December 31, 2003 were \$7,469.

PROGRAM PROGRESS SUMMARY: 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 GoodCents Commercial Technical Assistance Program and with this relationship we feel we will continue to exceed our program goal.

PROGRAM TITLE: GoodCents Commercial Technical Audit Assistance 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 Consultant of the customer's facility operation, equipment and energy usage pattern. The consultant identifies areas of potential reduction in kW and kWh consumption as well as identifying end-use technology opportunities. A technical evaluation is then performed which often includes performing an AXCESS simulation in order to ascertain an economy payback or life cycle cost analysis 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: This year's goal is 18 and a total of 33 GoodCents Commercial Technical Audits were completed during this reporting period.

PROGRAM FISCAL EXPENDITURES: Expenditures beginning January 1, 2003 through December 31, 2003 were \$17,863.

PROGRAM PROGRESS SUMMARY: This program has been very successful 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.

EXHIBIT NO. _____
DOCKET NO. 040002-EG
FLORIDA PUBLIC UTILITIES CO.
(MAP-2)
PAGE 16 OF 36

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 survey, that FPUC currently offers.

PROGRAM ACCOMPLISHMENTS: For January 2003- through December 2003: There are no goals set for this program.

PROGRAM FISCAL EXPENDITURES: Expenditures beginning January 1, 2003 through December 31, 2003 were \$0.

PROGRAM PROGRESS SUMMARY: This program will continue to benefit Florida Public Utilities by continuing to provide opportunities to educate low-income customers on the benefits of an energy efficient home and use.

EXHIBIT NO. _____
DOCKET NO. 040002-EG
FLORIDA PUBLIC UTILITIES CO.
(MAP-2)
PAGE 17 OF 36

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 seminars and/or workshops. FPUC will work with all sponsors to reduce or eliminate attendance fees for affordable housing providers.

PROGRAM PROJECTION: For January 2003 through December 2003: There is no goal for this program.

PROGRAM FISCAL EXPENDITURES: Expenditures beginning January 1, 2003 through December 31, 2003 were \$765.

PROGRAM PROGRESS SUMMARY: Several presentations were made this year to assist low-income house authorities renters on how to manage their energy consumption more wisely. Also, this program will continue to 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.

EXHIBIT NO. _____
DOCKET NO. 040002-EG
FLORIDA PUBLIC UTILITIES CO.
(MAP-2)
PAGE 18 OF 36

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY - FERNANDINA SCHEDULE CT-1
PAGE 1 OF 1

CONSERVATION ADJUSTMENT TRUE-UP

FOR MONTHS January-03 THROUGH December-03

1. ADJUSTED END OF PERIOD TOTAL NET TRUE-UP		
2. FOR MONTHS January-03 THROUGH December-03		
3. END OF PERIOD NET TRUE-UP		
4. PRINCIPAL	<u>(89,869)</u>	
5. INTEREST	<u>(670)</u>	<u>(90,539)</u>
6. LESS PROJECTED TRUE-UP		
7. November-03 (DATE) HEARINGS		
8. PRINCIPAL	<u>(59,909)</u>	
9. INTEREST	<u>(670)</u>	<u>(60,579)</u>
10. ADJUSTED END OF PERIOD TOTAL TRUE-UP		<u>(29,960)</u>

EXHIBIT NO. _____
DOCKET NO. 040002-EG
FLORIDA PUBLIC UTILITIES COMPANY
(RLS-1)
PAGE 19 OF 36

ANALYSIS OF ENERGY CONSERVATION PROGRAM COSTS
ACTUAL VS PROJECTED

	FOR MONTHS	January-03	THROUGH	December-03	
		<u>ACTUAL</u>		<u>PROJECTED*</u>	<u>DIFFERENCE</u>
1	LABOR/PAYROLL	45,982		74,035	(28,053)
2	ADVERTISING	59,205		49,921	9,284
3	LEGAL	0		1,330	(1,330)
4	OUTSIDE SERVICES/CONTRACT	6,447		7,875	(1,428)
5	VEHICLE COST	6,892		10,384	(3,492)
6	MATERIAL & SUPPLIES	7,703		5,644	2,059
7	TRAVEL	3,383		7,612	(4,229)
8	GENERAL & ADMIN	24,138		24,414	(276)
9	INCENTIVES	0		0	0
10	OTHER	292		310	(18)
11	SUB-TOTAL	154,042		181,525	(27,483)
12	PROGRAM REVENUES				
13	TOTAL PROGRAM COSTS	154,042		181,525	(27,483)
14	LESS: PRIOR PERIOD TRUE-UP	42,657		42,657	0
15	AMOUNTS INCLUDED IN RATE BASE				
16	CONSERVATION ADJ REVENUE	201,254		198,777	2,477
17	ROUNDING ADJUSTMENT				
18	TRUE-UP BEFORE INTEREST	(89,869)		(59,909)	(29,960)
19	ADD INTEREST PROVISION	(670)		(670)	0
20	END OF PERIOD TRUE-UP	(90,539)		(60,579)	(29,960)

() REFLECTS OVERRECOVERY

* 8 MONTHS ACTUAL AND 4 MONTHS PROJECTED

EXHIBIT NO. _____
DOCKET NO. 040002-EG
FLORIDA PUBLIC UTILITIES COMPANY
(RLS-1)
PAGE 20 OF 36

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY - FERNANDINA

SCHEDULE CT-2
PAGE 2 OF 3

ACTUAL CONSERVATION PROGRAM COSTS PER PROGRAM

FOR MONTHS January-03 THROUGH December-03

PROGRAM NAME	LABOR & PAYROLL	ADVERTISING	LEGAL	OUTSIDE SERVICES	VEHICLE COST	MATERIALS & SUPPLIES	TRAVEL	GENERAL & ADMIN.	INCENTIVES	OTHER	SUB TOTAL	PROGRAM REVENUES	TOTAL
1.											0		0
2.											0		0
3.											0		0
4.											0		0
5.											0		0
6.											0		0
7.											0		0
8.											0		0
9.											0		0
10 Common	24,692	5,651	0	1,367	6,292	1,246	3,383	17,871	0	142	60,644		60,644
11 Residential Geothermal Heat Pump	196	0	0	0	0	0	0	0	0	0	196		196
12 GoodCents Home/Energy Star	7,078	42,966	0	(440)	600	3,828	0	3,557	0	0	57,589		57,589
13 GoodCents Energy Survey Program	10,849	10,776	0	0	0	1,241	0	1,568	0	0	24,434		24,434
14 GoodCents Loan Program	178	0	0	0	0	0	0	0	0	0	178		178
15 GoodCents Commercial Building	1,172	249	0	0	0	694	0	0	0	0	2,115		2,115
16 GoodCents Commercial Tech Assistance	1,628	(1,623)	0	5,520	0	694	0	1,142	0	150	7,511		7,511
17 Low Income	145	0	0	0	0	0	0	0	0	0	145		145
18 Affordable Housing/Builders Program	44	1,186	0	0	0	0	0	0	0	0	1,230		1,230
19.	0	0	0	0	0	0	0	0	0	0	0		0
20													
TOTAL ALL PROGRAMS	45,982	59,205	0	6,447	6,892	7,703	3,383	24,138	0	292	154,042	0	154,042

EXHIBIT NO _____
DOCKET NO 040002-EG
FLORIDA PUBLIC UTILITIES COMPANY
(RLS-1)
PAGE 21 OF 36

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-03 THROUGH December-03

PROGRAM NAME	LABOR & PAYROLL	ADVERTISING	LEGAL	OUTSIDE SERVICES	VEHICLE COST	MATERIALS & SUPPLIES	TRAVEL	GENERAL & ADMIN.	INCENTIVES	OTHER	SUB TOTAL	PROGRAM REVENUES	TOTAL
1.													
2.													
3.													
4.													
5.													
6.													
7.													
8.													
9.													
10. Common	(19,491)	4,162	(1,330)	1,011	(3,492)	0	(789)	3,766	0	(18)	(16,181)	0	(16,181)
11. Residential Geothermal Heat Pump	(1,000)	(330)	0	0	0	(170)	(920)	(920)	0	0	(3,340)	0	(3,340)
12. GoodCents Home/Energy Star	(1,368)	10,465	0	1	0	820	(1,250)	(556)	0	0	8,112	0	8,112
13. GoodCents Energy Survey Program	(1,364)	(1,487)	0	0	0	821	(1,080)	(1,087)	0	0	(4,197)	0	(4,197)
14. GoodCents Loan Program	0	0	0	0	0	0	0	0	0	0	0	0	0
15. GoodCents Commercial Building	(1,350)	(81)	0	(670)	0	364	(90)	(830)	0	0	(2,657)	0	(2,657)
16. GoodCents Commercial Tech. Assistance	(2,820)	(4,631)	0	(1,770)	0	364	(100)	(449)	0	0	(9,406)	0	(9,406)
17. Low Income	(330)	0	0	0	0	(70)	0	(100)	0	0	(500)	0	(500)
18. Affordable Housing/Builders Program	(330)	1,186	0	0	0	(70)	0	(100)	0	0	686	0	686
19.	0	0	0	0	0	0	0	0	0	0	0	0	0
20.													
TOTAL ALL PROGRAMS	(28,053)	9,284	(1,330)	(1,428)	(3,492)	2,059	(4,229)	(276)	0	(18)	(27,483)	0	(27,483)

EXHIBIT NO. _____
DOCKET NO 040002-EG
FLORIDA PUBLIC UTILITIES COMPANY
(RLS-1)
PAGE 22 OF 36

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY - FERNANDINA

SCHEDULE CT-3
PAGE 1 OF 3

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

FOR MONTHS January-03 THROUGH December-03

A CONSERVATION EXPENSE BY PROGRAM	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
1.													0
2.													0
3.													0
4.													0
5.													0
6.													0
7.													0
8.													0
9.													0
10. Common	5,415	5,272	5,353	4,314	4,765	6,322	6,354	5,229	4,252	9,778	1,576	2,014	60,644
11. Residential Geothermal Heat Pump	0	0	48	47	31	14	56	0	0	0	0	0	196
12. GoodCents Home/Energy Star	668	1,022	8,300	2,977	5,881	1,277	8,522	7,571	9,918	9,292	762	1,399	57,589
13. GoodCents Energy Survey Program	1,650	1,214	1,380	2,059	941	1,054	3,973	3,282	781	2,515	1,967	3,618	24,434
14. GoodCents Loan Program	0	52	47	0	0	0	0	79	0	0	0	0	178
15. GoodCents Commercial Building	(2)	445	352	22	44	0	340	(30)	0	0	944	0	2,115
16. GoodCents Commercial Tech Assistance	5,492	566	713	272	337	1,069	655	(106)	545	1,495	(3,622)	95	7,511
17. Low Income	0	0	95	(3)	0	0	0	53	0	0	0	0	145
18. Affordable Housing/Builders Program	0	0	47	(3)	0	0	0	0	0	0	0	1,188	1,230
19. Pncr Year Program	0	116	(116)	0	0	875	(414)	(461)	0	0	0	0	0
20.													
21. TOTAL ALL PROGRAMS	13,223	8,687	16,219	9,685	11,999	10,611	19,486	15,617	15,496	23,080	1,627	8,312	154,042
22. LESS AMOUNT INCLUDED IN RATE BASE													
23. RECOVERABLE CONSERVATION EXPENSES	13,223	8,687	16,219	9,685	11,999	10,611	19,486	15,617	15,496	23,080	1,627	8,312	154,042

EXHIBIT NO. _____
DOCKET NO. 040002-EG
FLORIDA PUBLIC UTILITIES COMPANY
(RLS-1)
PAGE 23 OF 36

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY - FERNANDINA

SCHEDULE CT-3

CALCULATION OF TRUE-UP AND INTEREST PROVISION

PAGE 2 OF 3

FOR MONTHS January-03 THROUGH December-03

B. CONSERVATION REVENUES	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
1 RESIDENTIAL CONSERVATION													0
2 CONSERVATION ADJ REVENUES	18,390	16,615	14,508	12,455	15,584	17,284	18,720	18,205	20,603	16,203	14,540	18,146	201,254
3 TOTAL REVENUES	18,390	16,615	14,508	12,455	15,584	17,284	18,720	18,205	20,603	16,203	14,540	18,146	201,254
4 PRIOR PERIOD TRUE-UP ADJ NOT APPLICABLE TO THIS PERIOD	3,555	3,555	3,555	3,555	3,555	3,555	3,555	3,555	3,555	3,555	3,555	3,552	42,657
5 CONSERVATION REVENUE APPLICABLE	21,945	20,170	18,063	16,010	19,139	20,839	22,275	21,760	24,158	19,758	18,095	21,698	243,911
6 CONSERVATION EXPENSES (FROM CT-3, PAGE 1, LINE 23)	13,223	8,687	16,219	9,685	11,999	10,611	19,486	15,617	15,496	23,080	1,627	8,312	154,042
7 TRUE-UP THIS PERIOD (LINE 5 - 6)	8,722	11,483	1,844	6,325	7,140	10,228	2,789	6,143	8,662	(3,322)	16,468	13,386	89,869
8 INTEREST PROVISION THIS PERIOD (FROM CT-3, PAGE 3, LINE 10)	47	53	54	54	56	55	56	59	63	61	56	56	670
9 TRUE-UP AND INTEREST PROVISION BEGINNING OF MONTH	42,657	47,871	55,852	54,195	57,019	60,660	67,388	66,678	69,325	74,496	67,680	80,649	42,657
9A DEFERRED TRUE-UP BEGINNING OF PERIOD													
10 PRIOR TRUE-UP COLLECTED (REFUNDED)	(3,555)	(3,555)	(3,555)	(3,555)	(3,555)	(3,555)	(3,555)	(3,555)	(3,555)	(3,555)	(3,555)	(3,552)	(42,657)
11 TOTAL NET TRUE-UP (LINES 7+8+9+9A+10)	47,871	55,852	54,195	57,019	60,660	67,388	66,678	69,325	74,496	67,680	80,649	90,539	90,539

EXHIBIT NO _____
DOCKET NO 040002-EG
FLORIDA PUBLIC UTILITIES COMPANY
(RLS-1)
PAGE 24 OF 36

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY - FERNANDINA

SCHEDULE CT-3
PAGE 3 OF 3

CALCULATION OF TRUE-UP AND INTEREST PROVISION

FOR MONTHS January-03 THROUGH December-03

C.	INTEREST PROVISION	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
1.	BEGINNING TRUE-UP (LINE B-9)	42,657	47,871	55,852	54,195	57,019	60,660	67,388	66,678	69,325	74,496	67,680	80,649	42,657
2.	ENDING TRUE-UP BEFORE INTEREST (LINES B7+B9+B9A+B10)	47,824	55,799	54,141	56,965	60,604	67,333	66,622	69,266	74,433	67,619	80,593	90,483	89,869
3.	TOTAL BEG. AND ENDING TRUE-UP	90,481	103,670	109,994	111,160	117,623	127,993	134,010	135,944	143,758	142,115	148,273	171,132	132,526
4.	AVERAGE TRUE-UP (LINE C-3 X 50%)	45,240	51,835	54,997	55,580	58,811	63,996	67,005	67,972	71,879	71,057	74,136	85,566	66,263
5.	INTEREST RATE - FIRST DAY OF REPORTING BUSINESS MONTH	1.29%	1.27%	1.25%	1.18%	1.19%	1.21%	1.00%	1.05%	1.06%	1.06%	1.05%	1.00%	1.00%
6.	INTEREST RATE - FIRST DAY OF SUBSEQUENT BUSINESS MONTH	1.27%	1.25%	1.18%	1.19%	1.21%	1.00%	1.05%	1.06%	1.06%	1.05%	1.00%	1.06%	1.06%
7.	TOTAL (LINE C-5 + C-6)	2.56%	2.52%	2.43%	2.37%	2.40%	2.21%	2.05%	2.11%	2.12%	2.11%	2.05%	2.06%	2.06%
8.	AVG INTEREST RATE (C-7 X 50%)	1.28%	1.26%	1.22%	1.19%	1.20%	1.11%	1.03%	1.06%	1.06%	1.06%	1.03%	1.03%	1.03%
9.	MONTHLY AVERAGE INTEREST RATE	0.107%	0.105%	0.101%	0.099%	0.100%	0.092%	0.085%	0.088%	0.088%	0.088%	0.085%	0.086%	0.086%
10.	INTEREST PROVISION (LINE C-4 X C-9)	47	53	54	54	56	55	56	59	63	61	56	56	670

EXHIBIT NO _____
DOCKET NO 040002-EG
FLORIDA PUBLIC UTILITIES COMPANY
(RLS-1)
PAGE 25 OF 36

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY - FERNANDINA

SCHEDULE CT-4
PAGE 1 OF 1

SCHEDULE OF CAPITAL INVESTMENT, DEPRECIATION & RETURN

FOR MONTHS January-03 THROUGH December-03

PROGRAM NAME:		BEGINNING															TOTAL
		OF PERIOD	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER			
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 040002-EG
FLORIDA PUBLIC UTILITIES COMPANY
(RLS-1)
PAGE 26 OF 36

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-03 THROUGH December-03

1

AUDIT EXCEPTION TO OUR KNOWLEDGE, NONE EXIST

COMPANY RESPONSE

EXHIBIT NO _____
DOCKET NO 040002-EG
FLORIDA PUBLIC UTILITIES COMPANY
(RLS-1)
PAGE 27 OF 36

1. Residential Geothermal Heat Pump
2. GoodCents Home/Energy Star Program
3. GoodCents Energy Survey Program
4. GoodCents Commercial Building Program
5. GoodCents Commercial technical Assistance Program
6. Educational/Low Income
7. Educational/Affordable Housing Builders and Providers Program

EXHIBIT NO. _____
DOCKET NO. 040002-EG
FLORIDA PUBLIC UTILITIES CO.
(MAP-2)
PAGE 28 OF 36

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 are no goals set for this program we continue to promote this technology to our customers and HVAC contractors. Because of this continued effort to promote this energy efficient technology we have had 1 participant this year.

PROGRAM FISCAL EXPENDITURES: The expenditures for the reporting period of January 1, 2003 through December 31, 2003 were \$196.

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 an interest in geothermal technology. We will educate contractors by offering Geothermal Certification classes and develop a network of installers in order to better promote this highly efficient heating and cooling source.

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 ACCOMPLISHMENTS: The year's goal was 29. A total of 101 GoodCents Homes have been built during this reporting period.

PROGRAM FISCAL EXPENDITURES: Expenditures beginning January 1, 2003 through December 31, 2003 were \$57,589.

PROGRAM PROGRESS SUMMARY: We've enhanced our efforts in promoting contractor participation 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. With our continued efforts in promoting this program we will continue to see our participation numbers rise over the next years and while building on our success with even greater creative marketing efforts in order to reach our goal.

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 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. Also during the survey process duct leakage will be addressed. If a problem is identified recommendations will be made for further analysis and repairs. Through follow-up audit work, FPUC monitors and tracks the installation of the cost-effective conservation features and/or duct leakage repairs.

The conservation measures, once implemented, also lower FPUC's energy requirements, as well as improve operating efficiencies. 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 ACCOMPLISHMENTS: The goal for this program is 150 participants. This has been a very successful program to date. Audits have been conducted for 249 customers at the end of this reporting period.

PROGRAM FISCAL EXPENDITURES: Expenditures beginning January 1, 2003 through December 31, 2003 were \$24,434.

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: GoodCents Loan Program

PROGRAM DESCRIPTION: The objective of the GoodCents Loan Program was to provide FPUC's residential customers a vehicle to encourage installation of energy conservation features in their homes. The program was designed to work in conjunction with FPUC's approved GoodCents Energy Survey Program. During the survey process, the customer was provided with specific whole-house recommendations. An FPUC representative submitted a completed loan application once the customer decides to install the conservation features. After the application has been approved, the customer contacted a contractor to install the recommended conservation features. After the work was completed, an inspection was performed by FPUC to ensure all energy conservation features covered by the loan are installed. Confirmation of the installed features was provided to the participating bank. The increased operating efficiencies of the installed features provided a reduction in weather sensitive peak demand as well as a reduction in overall energy consumption.

PROGRAM ACCOMPLISHMENTS: This year's goal is 15 program participants. During this reporting period we have completed 0 loans.

PROGRAM FISCAL EXPENDITURES: Expenditures for the reporting period January 1, 2003 through December 31, 2003 were \$178.

PROGRAM PROGRESS SUMMARY: In 2002 this program was approved by the PSC for discontinuation due to the lack of participations and the cost of implementing the program. We continue to incur expenses due to past unsecured defaulted loans.

EXHIBIT NO. _____
DOCKET NO. 040002-EG
FLORIDA PUBLIC UTILITIES CO.
(MAP-2)
PAGE 32 OF 36

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 Good Cents Building program provides requirements for these area that, if adhered to, will help reduce peak demand and energy consumption.

The promotion of the GoodCents 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 Building Program, the GoodCents 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 kW and kWh differences for the two types of structures. The AXCESS - Energy Analysis Computer Program (AXCESS) is used in calculating kW and kWh difference.

PROGRAM ACCOMPLISHMENTS: This year's goal is 5 and for this reporting period we have had 9 GoodCents Building qualifications in the Fernandina Beach service territory.

PROGRAM FISCAL EXPENDITURES: Expenditures beginning January 1, 2003 through December 31, 2003 were \$2,115.

PROGRAM PROGRESS SUMMARY: 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 GoodCents Commercial Technical Assistance Program and with this relationship we feel we will continue to exceed our program goal.

PROGRAM TITLE: GoodCents Commercial Technical Audit Assistance 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 Consultant of the customer's facility operation, equipment and energy usage pattern. The consultant identifies areas of potential reduction in kW and kWh consumption as well as identifying end-use technology opportunities. A technical evaluation is then performed which often includes performing an AXCESS simulation in order to ascertain an economy payback or life cycle cost analysis 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: This year's goal is 17 and a total of 29 GoodCents Commercial Technical Audits were completed during this reporting period.

PROGRAM FISCAL EXPENDITURES: Expenditures beginning January 1, 2003 through December 31, 2003 were \$7,511.

PROGRAM PROGRESS SUMMARY: This program has been very successful 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.

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 survey, that FPUC currently offers.

PROGRAM ACCOMPLISHMENTS: For January 2003 through December 2003: There are no goals set for this program.

PROGRAM FISCAL EXPENDITURES: Expenditures beginning January 1, 2003 through December 31, 2003 were \$145.

PROGRAM PROGRESS SUMMARY: Several presentations were made this year to assist low-income house authorities renters on how to manage their energy consumption more wisely. This program will continue to benefit Florida Public Utilities by continuing to provide opportunities to educate low-income customers on the benefits of an energy efficient home and use.

EXHIBIT NO. _____
DOCKET NO. 040002-EG
FLORIDA PUBLIC UTILITIES CO.
(MAP-2)
PAGE 35 OF 36

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 seminars and/or workshops. FPUC will work with all sponsors to reduce or eliminate attendances fees for affordable housing providers.

PROGRAM PROJECTION: For January 2003 through December 2003: There is no goal for this program.

PROGRAM FISCAL EXPENDITURES: Expenditures beginning January 1, 2003 through December 31, 2003 were \$1,230.

PROGRAM PROGRESS SUMMARY: Several presentations were made this year to assist low-income house authorities renters on how to manage their energy consumption more wisely. Also, this program will continue to 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.

EXHIBIT NO. _____
DOCKET NO. 040002-EG
FLORIDA PUBLIC UTILITIES CO.
(MAP-2)
PAGE 36 OF 36