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2 BEFORE THE  
3 FLORIDA PUBLIC SERVICE COMMISSION  
4 DOCKET NO. 050002-EG  
5 DETERMINATION OF CONSERVATION COSTS RECOVERY FACTOR

6 Direct Testimony of  
7 GEOFFREY L. HARTMAN  
8 On Behalf of  
9 FLORIDA PUBLIC UTILITIES COMPANY

10 Q. Please state your name and business address.

11 A. Geoffrey L. Hartman: my business address is  
12 P.O. Box 3395 West Palm Beach, Florida 33402-  
13 3395.

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

15 A. I am employed by Florida Public Utilities  
16 Company as Manager, Customer Development.

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

19 A. To Advise the Commission as to the Conservation  
20 Cost Recovery Clause Calculation for the period  
21 January, 2006 through December, 2006.

22 Q. What respectively are the total projected costs  
23 for the period January 2006 through December,  
24 2006 in the Consolidated Electric Division?

25 A. The total projected Conservation Program Costs  
26 are \$495,200. Please see Schedule C-2, page 2,  
27 for the programmatic and functional breakdown of  
28 these total costs.

29 Q. What is the true-up amount to be applied to  
30 determine the projected net total costs for the period January, 2005 through December, 2005?  
31 -

1           A. As reflected in the "C" Schedules, the true-up  
2           amount for Consolidated Electric Division is  
3           \$113,942. The amount is based upon eight months  
4           actual and four months estimated data.

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

8           A. The net total costs to be recovered are  
9           \$381,258.

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

13          A. The Conservation Adjustment Factor is \$.00047  
14          per KWH.

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

17          A. Yes. I wish to sponsor as exhibits for each  
18          division Schedules C-1, C-2, C-3, C-4, and C-5  
19          (Composite Prehearing Identification Number  
20          GLH-1), which have been filed with this  
21          testimony.

22          Q. How does Florida Public Utilities plan to  
23          promote the Commission approved conservation  
24          programs to customers?

25          A. These programs will be promoted through the  
26          continued implementation of the company's "Good  
27          Cents" branding.

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

2 A. "Good Cents" is a nationally recognized,  
3 licensed energy conservation branding program.  
4 This program is fuel neutral by design and has  
5 been successfully utilized by approximately 300  
6 electric and natural gas utilities located  
7 across 38 states from Maine, to Florida to  
8 California and Washington.

9 Q. How does Florida Public Utilities utilize this  
10 branding?

11 A. Florida public utilities has successfully  
12 leveraged the GoodCents marketing by other  
13 utilities in northern Florida and southern  
14 Georgia since approximately 1980 and has built a  
15 high level of awareness within these electric  
16 territories. The Company uses the "Good Cents"  
17 branding to create an awareness of its energy  
18 conservation among consumers, businesses,  
19 builders and developers.

20 Florida Public Utilities will leverage the high  
21 visibility brand, well established national  
22 image of quality, value and savings, established  
23 public awareness, and proven promotional lift  
24 (average 11%) to build participation in our  
25 residential and commercial energy conservation  
26 programs. We will apply the branding strategy  
27 to promote activities via broadcast and print

1 media, educational events and collateral  
2 materials. Through this branding, end users and  
3 decision makers can readily identify where to  
4 obtain energy expertise to assist them with  
5 their energy decisions.

6 Q. Does Florida Public Utilities Company expect to  
7 make any modifications to the manner in which it  
8 promotes the approved energy conservation  
9 programs during the period January 1, 2006  
10 through December 31, 2006?

11 A. Yes. Florida Public Utilities Company plans to  
12 strengthen the GoodCents branding and  
13 conservation message through targeted marketing  
14 and education efforts and by including the  
15 conservation brand as a key component to our  
16 program name and consumer education message.  
17 The program titles will be updated as follows.

- 18 1. **Residential Geothermal Heat Pump Program**
- 19 2. **GoodCents Home / Energy Star Program (Residential New**  
20 **Construction)**
- 21 3. **GoodCents Energy Survey (GoodCents Energy Survey)**
- 22 4. **GoodCents Commercial Building Program (Commercial New**  
23 **Construction)**
- 24 5. **GoodCents Commercial Energy Survey (Commercial Technical**  
25 **Assistance)**
- 26 6. **Low Income**

- 1                   7. Affordable Housing Builders and Providers
- 2                   8. GoodCents Heating & Cooling Efficiency Upgrade Program –
- 3                   NEW PROGRAM 2005
- 4                   9. GoodCents Ceiling Insulation Upgrade Program (Residential) –
- 5                   NEW PROGRAM 2005
- 6                   10. GoodCents Commercial Indoor Efficient Lighting Rebate
- 7                   Program – NEW PROGRAM 2005
- 8                   11. Conservation Demonstration and Development (CDD)
- 9                   Program – NEW PROGRAM 2005

10

11           The enhanced GoodCents branding will also direct

12           consumers to improved web site information

13           services and will be supported in the field by

14           expanded manpower resources and conservation

15           services.

16           Q. Has Florida Public Utilities Company included

17           the estimated cost of the campaign in the

18           projected costs associated with the conservation

19           programs?

20           A. Yes, the estimated cost of the campaign and

21           services are included in the budget projections

22           for 2006.

23           Q. Does this conclude your testimony?

24           A. Yes.

25

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY - CONSOLIDATED ELECTRIC DIVISION

SCHEDULE C-1  
PAGE 1 OF 1

ENERGY CONSERVATION ADJUSTMENT  
SUMMARY OF COST RECOVERY CLAUSE CALCULATION

FOR MONTHS January-06 THROUGH December-06

1.	TOTAL INCREMENTAL COSTS (SCHEDULE C-2,PAGE 1, LINE 33)	<u>495,200</u>
2.	TRUE-UP (SCHEDULE C-3,PAGE 4,LINE 11)	<u>(113,942)</u>
3.	TOTAL (LINE 1 AND LINE 2)	<u>381,258</u>
4.	RETAIL KWH/THERM SALES	<u>807,792,000</u>
5.	COST PER KWH/THERM	<u>0.00047198</u>
6.	REVENUE TAX MULTIPLIER *	<u>1.00072</u>
7.	ADJUSTMENT FACTOR ADJUSTED FOR TAXES (LINE 5 X LINE 6)	<u>0.00047200</u>
8.	CONSERVATION ADJUSTMENT FACTOR- (ROUNDED TO THE NEAREST .001 CENTS PER KWH/THERM)	<u>0.00047</u>

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ESTIMATED CONSERVATION PROGRAM COSTS

FOR MONTHS January-06 THROUGH December-06

A. ESTIMATED EXPENSE BY PROGRAM	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
10 Common	14,332	14,350	14,350	14,350	14,350	14,350	14,350	14,350	14,350	14,350	14,350	14,350	172,182
11 Residential Geothermal Heat Pump	49	90	90	90	90	90	90	90	90	90	90	90	1,039
12 GoodCents Home/Energy Star	10,042	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	120,042
13 GoodCents Energy Survey Program	9,091	9,050	9,050	9,050	9,050	9,050	9,050	9,050	9,050	9,050	9,050	9,050	108,641
14	0	0	0	0	0	0	0	0	0	0	0	0	0
15 GoodCents Commercial Building	2,515	2,510	2,510	2,510	2,510	2,510	2,510	2,510	2,510	2,510	2,510	2,510	30,125
16 GoodCents Commercial Tech. Assistance	2,589	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	30,639
17 Low Income	0	0	0	0	0	0	0	0	0	0	0	0	0
18 Affordable Housing/Builders Program	0	0	0	0	0	0	0	0	0	0	0	0	0
19 GoodCents Heating and Cooling Upgrade	1,165	1,130	1,130	1,130	1,130	1,130	1,130	1,130	1,130	1,130	1,130	1,130	13,595
20 GoodCents Ceiling Insulation upgrade Program	619	580	580	580	580	580	580	580	580	580	580	580	6,999
21 GoodCents Commercial Indoor Lighting Rebate	793	800	800	800	800	800	800	800	800	800	800	800	9,593
22 Conservation Demonstration & Development	145	200	200	200	200	200	200	200	200	200	200	200	2,345
													0
													0
													0
													0
													0
													0
													0
31. TOTAL ALL PROGRAMS	41,340	41,260	41,260	41,260	41,260	41,260	41,260	41,260	41,260	41,260	41,260	41,260	495,200
32. LESS AMOUNT INCLUDED IN RATE BASE													
33. RECOVERABLE CONSERVATION EXPENSES	41,340	41,260	41,260	41,260	41,260	41,260	41,260	41,260	41,260	41,260	41,260	41,260	495,200

ESTIMATED CONSERVATION PROGRAM COSTS PER PROGRAM

FOR MONTHS January-06 THROUGH December-06

PROGRAM NAME	LABOR & PAYROLL	ADVERTISING	LEGAL	OUTSIDE SERVICES	VEHICLE COST	MATERIALS & SUPPLIES	TRAVEL	GENERAL & ADMIN.	INCENTIVES	OTHER	SUB TOTAL	PROGRAM REVENUES	TOTAL
10. Common	112,240	2,759	1,244	2,420	18,419	5,359	147	29,594	0	0	172,182	0	172,182
11. Residential Geothermal Heat Pump	249	0	0	0	0	790	0	0	0	0	1,039	0	1,039
12. GoodCents Home/Energy Star	45,039	53,436	0	3,235	832	3,885	5,038	8,577	0	0	120,042	0	120,042
13. GoodCents Energy Survey Program	39,523	59,017	0	0	0	6,722	2,417	962	0	0	108,641	0	108,641
5. 0	0	0	0	0	0	0	0	0	0	0	0	0	0
15. GoodCents Commercial Building	17,131	12,994	0	0	0	0	0	0	0	0	30,125	0	30,125
16. GoodCents Commercial Tech. Assistance	20,266	9,680	0	172	0	0	521	0	0	0	30,639	0	30,639
17. Low Income	0	0	0	0	0	0	0	0	0	0	0	0	0
18. Affordable Housing/Builders Program	0	0	0	0	0	0	0	0	0	0	0	0	0
19. GoodCents Heating and Cooling Upgrade	1,991	7,400	0	0	0	0	236	0	3,968	0	13,595	0	13,595
20. GoodCents Ceiling Insulation upgrade Program	468	6,382	0	0	0	0	149	0	0	0	6,999	0	6,999
21. GoodCents Commercial Indoor Lighting Rebate	0	9,593	0	0	0	0	0	0	0	0	9,593	0	9,593
22. Conservation Demonstration & Development	0	2,345	0	0	0	0	0	0	0	0	2,345	0	2,345
													0
													0
													0
													0
													0
													0
													0
31. TOTAL ALL PROGRAMS	236,907	163,606	1,244	5,827	19,251	16,756	8,508	39,133	3,968	0	495,200	0	495,200
32. LESS: BASE RATE RECOVERY													
33. NET PROGRAM COSTS	236,907	163,606	1,244	5,827	19,251	16,756	8,508	39,133	3,968	0	495,200	0	495,200



COMPANY: FLORIDA PUBLIC UTILITIES COMPANY - CONSOLIDATED ELECTRIC DIVISION

SCHEDULE C-2  
PAGE 3 OF 3

SCHEDULE OF CAPITAL INVESTMENT, DEPRECIATION & RETURN

ESTIMATED FOR MONTHS January-06 THROUGH December-06

PROGRAM NAME:

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

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COMPANY: FLORIDA PUBLIC UTILITIES COMPANY - CONSOLIDATED ELECTRIC DIVISION  
 CONSERVATION PROGRAM COSTS

SCHEDULE C-3  
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PROGRAM NAME	ACTUAL FOR MONTHS	January-05	THROUGH	August-05									SUB TOTAL	PROGRAM REVENUES	TOTAL		
	ESTIMATED FOR MONTHS	September-05	THROUGH	December-05	LABOR & PAYROLL	ADVERTISING	LEGAL	OUTSIDE SERVICES	VEHICLE COST	MATERIALS & SUPPLIES	TRAVEL	GENERAL & ADMIN.				INCENTIVES	OTHER
10. Common																	
A. ACTUAL		63,639	1,564	706	1,373	10,443	4,193	83	16,779	0	0	98,780		98,780			
B. ESTIMATED		17,030	4,900	670	1,170	3,410	1,300	1,000	5,430	0	50	34,960		34,960			
C. TOTAL		80,669	6,464	1,376	2,543	13,853	5,493	1,083	22,209	0	50	133,740		133,740			
11. Residential Geothermal Heat Pump																	
A. ACTUAL		141	0	0	0	0	448	0	0	0	0	589		589			
B. ESTIMATED		680	330	0	400	0	180	130	0	0	0	1,720		1,720			
C. TOTAL		821	330	0	400	0	628	130	0	0	0	2,309		2,309			
12. GoodCents Home/Energy Star																	
A. ACTUAL		25,536	30,662	0	1,834	472	2,203	2,857	4,864	0	0	68,428		68,428			
B. ESTIMATED		10,000	23,670	0	510	0	2,670	500	1,670	0	220	39,240		39,240			
C. TOTAL		35,536	54,332	0	2,344	472	4,873	3,357	6,534	0	220	107,668		107,668			
13. GoodCents Energy Survey Program																	
A. ACTUAL		22,410	33,097	0	0	0	3,811	1,371	625	0	0	61,314		61,314			
B. ESTIMATED		11,890	11,600	0	1,920	2,760	3,230	1,580	3,040	0	1,500	37,520		37,520			
C. TOTAL		34,300	44,697	0	1,920	2,760	7,041	2,951	3,665	0	1,500	98,834		98,834			
14. 0																	
A. ACTUAL		0	0	0	0	0	0	0	(275)	0	0	(275)		(275)			
B. ESTIMATED		0	0	0	0	0	0	0	0	0	0	0		0			
C. TOTAL		0	0	0	0	0	0	0	(275)	0	0	(275)		(275)			
15. GoodCents Commercial Building																	
A. ACTUAL		9,713	7,368	0	0	0	0	0	0	0	0	17,081		17,081			
B. ESTIMATED		3,350	2,500	0	330	0	300	200	120	0	40	6,840		6,840			
C. TOTAL		13,063	9,868	0	330	0	300	200	120	0	40	23,921		23,921			
16. GoodCents Commercial Tech. Assistance																	
A. ACTUAL		11,491	5,489	0	97	0	0	295	0	0	0	17,372		17,372			
B. ESTIMATED		4,620	2,670	0	0	0	450	780	0	0	0	8,520		8,520			
C. TOTAL		16,111	8,159	0	97	0	450	1,075	0	0	0	25,892		25,892			
SUB-TOTAL ACTUAL		132,930	78,180	706	3,304	10,915	10,655	4,606	21,993	0	0	263,289		263,289			
SUB-TOTAL ESTIMATED		47,570	45,670	670	4,330	6,170	8,130	4,190	10,260	0	1,810	128,800		128,800			
LESS: INCLUDED IN RATE BASE																	
ACTUAL																	
ESTIMATED																	
TOTAL																	
NET PROGRAM COSTS																	

SEE PAGE 1A

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COMPANY: FLORIDA PUBLIC UTILITIES COMPANY - CONSOLIDATED ELECTRIC DIVISION  
 CONSERVATION PROGRAM COSTS

SCHEDULE C-3  
 PAGE 1A OF 5

PROGRAM NAME	ACTUAL FOR MONTHS	ESTIMATED FOR MONTHS	January-05 September-05	THROUGH THROUGH	August-05 December-05						SUB	PROGRAM	TOTAL		
			LABOR & PAYROLL	ADVERTISING	LEGAL	OUTSIDE SERVICES	VEHICLE COST	MATERIALS & SUPPLIES	TRAVEL	GENERAL & ADMIN.	INCENTIVES	OTHER	TOTAL	REVENUES	TOTAL
17. Low Income															
A. ACTUAL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
B. ESTIMATED	650	0	0	0	0	0	100	0	0	0	90	840	0	840	840
C. TOTAL	650	0	0	0	0	0	100	0	0	0	90	840	0	840	840
18. Affordable Housing/Builders Program															
A. ACTUAL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
B. ESTIMATED	662	0	0	0	0	0	90	0	70	0	30	852	0	852	852
C. TOTAL	662	0	0	0	0	0	90	0	70	0	30	852	0	852	852
19. GoodCents Heating and Cooling Upgrade															
A. ACTUAL	1,129	4,197	0	0	0	0	0	133	0	2,250	0	7,709	0	7,709	7,709
B. ESTIMATED	4,490	6,670	0	0	0	0	0	160	670	1,500	150	13,640	0	13,640	13,640
C. TOTAL	5,619	10,867	0	0	0	0	0	293	670	3,750	150	21,349	0	21,349	21,349
20. GoodCents Ceiling Insulation upgrade Program															
A. ACTUAL	266	3,617	0	0	0	0	0	85	0	0	0	3,968	0	3,968	3,968
B. ESTIMATED	4,830	6,670	0	0	0	0	0	140	670	1,330	0	13,640	0	13,640	13,640
C. TOTAL	5,096	10,287	0	0	0	0	0	225	670	1,330	0	17,608	0	17,608	17,608
21. GoodCents Commercial Indoor Lighting Rebate															
A. ACTUAL	0	5,440	0	0	0	0	0	0	0	0	0	5,440	0	5,440	5,440
B. ESTIMATED	2,110	1,000	0	0	0	0	0	0	0	1,170	0	4,280	0	4,280	4,280
C. TOTAL	2,110	6,440	0	0	0	0	0	0	0	1,170	0	9,720	0	9,720	9,720
22. Conservation Demonstration & Development															
A. ACTUAL	0	1,329	0	0	0	0	0	0	0	0	0	1,329	0	1,329	1,329
B. ESTIMATED	1,490	0	0	2,270	400	830	2,390	770	0	0	370	8,520	0	8,520	8,520
C. TOTAL	1,490	1,329	0	2,270	400	830	2,390	770	0	0	370	9,849	0	9,849	9,849
TOTAL ACTUAL	134,325	92,763	706	3,304	10,915	10,655	4,824	21,993	2,250	0	281,735	0	281,735	0	281,735
TOTAL ESTIMATED	61,802	60,010	670	6,600	6,570	9,150	6,880	12,440	4,000	2,450	170,572	0	170,572	0	170,572
LESS: INCLUDED IN RATE BASE															
ACTUAL															
ESTIMATED															
TOTAL															
NET PROGRAM COSTS	196,127	152,773	1,376	9,904	17,485	19,805	11,704	34,433	6,250	2,450	452,307	0	452,307	0	452,307

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COMPANY: FLORIDA PUBLIC UTILITIES COMPANY - CONSOLIDATED ELECTRIC DIVISION  
 SCHEDULE OF CAPITAL INVESTMENT, DEPRECIATION AND RETURN

SCHEDULE C-3  
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ACTUAL FOR MONTHS      January-05      THROUGH      August-05  
 ESTIMATED FOR MONTHS      September-05      THROUGH      December-05

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

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COMPANY: FLORIDA PUBLIC UTILITIES COMPANY - CONSOLIDATED ELECTRIC DIVISION  
 CONSERVATION PROGRAM COSTS

SCHEDULE C-3  
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ACTUAL FOR MONTHS January-05 THROUGH August-05  
 ESTIMATED FOR MONTHS September-05 THROUGH December-05

A. ESTIMATED EXPENSE BY PROGRAM	ACTUAL								TOTAL	ESTIMATED				TOTAL	GRAND
	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	ACTUAL	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	ESTIMATED	TOTAL
10 Common	11,512	13,835	15,750	17,060	23,761	(1,052)	11,629	6,285	98,780	8,740	8,740	8,740	8,740	34,960	133,740
11 Residential Geothermal Heat Pump	501	(4)	0	0	0	0	92	0	589	430	430	430	430	1,720	2,309
12 GoodCents Home/Energy Star	4,426	6,778	9,590	8,210	5,398	9,938	7,475	16,613	68,428	9,810	9,810	9,810	9,810	39,240	107,668
13 GoodCents Energy Survey Program	7,678	9,848	5,489	7,385	4,619	8,635	5,360	12,300	61,314	9,380	9,380	9,380	9,380	37,520	98,834
14 0	(50)	(40)	(40)	(30)	(30)	(30)	(25)	(30)	(275)	0	0	0	0	0	(275)
15 GoodCents Commercial Building	1,782	1,188	1,709	1,250	2,361	3,804	1,576	3,411	17,081	1,710	1,710	1,710	1,710	6,840	23,921
16 GoodCents Commercial Tech. Assistance	1,730	1,487	1,179	1,723	2,183	1,751	1,339	5,980	17,372	2,130	2,130	2,130	2,130	8,520	25,892
17 Low Income	0	0	0	0	0	0	0	0	0	210	210	210	210	840	840
18 Affordable Housing/Builders Program	0	0	0	0	0	0	0	0	0	213	213	213	213	852	852
19 GoodCents Heating and Cooling Upgrade	0	0	0	0	700	4,302	972	1,735	7,709	3,410	3,410	3,410	3,410	13,640	21,349
20 GoodCents Ceiling Insulation upgrade Program	0	0	0	0	0	2,624	247	1,097	3,968	3,410	3,410	3,410	3,410	13,640	17,608
21 GoodCents Commercial Indoor Lighting Rebate	0	0	0	0	0	2,625	938	1,877	5,440	1,070	1,070	1,070	1,070	4,280	9,720
22 Conservation Demonstration & Development	0	0	0	0	0	0	1,329	0	1,329	2,130	2,130	2,130	2,130	8,520	9,849
31. TOTAL ALL PROGRAMS	27,579	33,092	33,677	35,598	38,992	32,597	30,932	49,268	281,735	42,643	42,643	42,643	42,643	170,572	452,307
32. LESS AMOUNT INCLUDED IN RATE BASE															
33. RECOVERABLE CONSERVATION EXPENSES	27,579	33,092	33,677	35,598	38,992	32,597	30,932	49,268	281,735	42,643	42,643	42,643	42,643	170,572	452,307

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

SCHEDULE C-3  
 PAGE 4 OF 5

	ACTUAL FOR MONTHS	January-05	THROUGH	August-05													
	ESTIMATED FOR MONTHS	September-05	THROUGH	December-05	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
B. CONSERVATION REVENUES																	
1. RCS AUDIT FEES																	
a.																	
b.																	
c.																	
2. CONSERVATION ADJ REVENUE (NET OF REVENUE TAXES)		(35,774)	(34,622)	(34,717)	(30,085)	(31,154)	(38,981)	(43,367)	(42,121)	(40,902)	(32,820)	(27,532)	(37,997)	(430,072)			
3. TOTAL REVENUES		(35,774)	(34,622)	(34,717)	(30,085)	(31,154)	(38,981)	(43,367)	(42,121)	(40,902)	(32,820)	(27,532)	(37,997)	(430,072)			
4. PRIOR PERIOD TRUE-UP-ADJ NOT APPLICABLE TO PERIOD		(10,986)	(10,986)	(10,986)	(10,986)	(10,986)	(10,986)	(10,986)	(10,986)	(10,986)	(10,986)	(10,986)	(10,986)	(131,832)			
5. CONSERVATION REVENUES APPLICABLE TO PERIOD		(46,760)	(45,608)	(45,703)	(41,071)	(42,140)	(49,967)	(54,353)	(53,107)	(51,888)	(43,806)	(38,518)	(48,983)	(561,904)			
6. CONSERVATION EXPENSES (FORM C-3,PAGE 3)		27,579	33,092	33,677	35,598	38,992	32,597	30,932	49,268	42,643	42,643	42,643	42,643	452,307			
7. TRUE-UP THIS PERIOD		(19,181)	(12,516)	(12,026)	(5,473)	(3,148)	(17,370)	(23,421)	(3,839)	(9,245)	(1,163)	4,125	(6,340)	(109,597)			
8. INTEREST PROVISION THIS PERIOD (C-3,PAGE 5)		(274)	(303)	(323)	(338)	(338)	(353)	(401)	(433)	(433)	(417)	(380)	(352)	(4,345)			
9. TRUE-UP & INTEREST PROVISION		(131,832)	(140,301)	(142,134)	(143,497)	(138,322)	(130,822)	(137,559)	(150,395)	(143,681)	(142,373)	(132,967)	(118,236)	(131,832)			
10. PRIOR TRUE-UP COLLECTED (REFUNDED)		10,986	10,986	10,986	10,986	10,986	10,986	10,986	10,986	10,986	10,986	10,986	10,986	131,832			
11. END OF PERIOD TOTAL NET TRUE- UP (SUM OF LINES 7,8,9,10)		(140,301)	(142,134)	(143,497)	(138,322)	(130,822)	(137,559)	(150,395)	(143,681)	(142,373)	(132,967)	(118,236)	(113,942)	(113,942)			

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ENERGY CONSERVATION ADJUSTMENT  
CALCULATION OF TRUE UP AND INTEREST PROVISION

SCHEDULE C-3  
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ACTUAL FOR MONTHS January-05 THROUGH August-05  
ESTIMATED FOR MONTHS September-05 THROUGH December-05

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
C. INTEREST PROVISION													
1. BEGINNING TRUE-UP (LINE B-9)	(131,832)	(140,301)	(142,134)	(143,497)	(138,322)	(130,822)	(137,559)	(150,395)	(143,681)	(142,373)	(132,967)	(118,236)	(113,942)
2. ENDING TRUE-UP BEFORE INTEREST (LINE B7+B9+B10)	(140,027)	(141,831)	(143,174)	(137,984)	(130,484)	(137,206)	(149,994)	(143,248)	(141,940)	(132,550)	(117,856)	(113,590)	(109,597)
3. TOTAL BEG. AND ENDING TRUE-UP	(271,859)	(282,132)	(285,308)	(281,481)	(268,806)	(268,028)	(287,553)	(293,643)	(285,621)	(274,923)	(250,823)	(231,826)	(223,539)
4. AVERAGE TRUE-UP (LINE C-3 X 50 %)	(135,930)	(141,066)	(142,654)	(140,741)	(134,403)	(134,014)	(143,777)	(146,822)	(142,811)	(137,462)	(125,412)	(115,913)	(111,770)
5. INTEREST RATE-FIRST DAY OF REPORTING BUSINESS MONTH	2.34%	2.50%	2.65%	2.78%	2.98%	3.06%	3.27%	3.43%	3.64%	3.64%	3.64%	3.64%	3.64%
6. INTEREST RATE-FIRST DAY OF SUBSEQUENT BUSINESS MONTH	2.50%	2.65%	2.78%	2.98%	3.06%	3.27%	3.43%	3.64%	3.64%	3.64%	3.64%	3.64%	3.64%
7. TOTAL (LINE C-5 + C-6)	4.84%	5.15%	5.43%	5.76%	6.04%	6.33%	6.70%	7.07%	7.28%	7.28%	7.28%	7.28%	7.28%
8. AVG INTEREST RATE (C-7 X 50%)	2.42%	2.58%	2.72%	2.88%	3.02%	3.17%	3.35%	3.54%	3.64%	3.64%	3.64%	3.64%	3.64%
9. MONTHLY AVERAGE INTEREST RATE	0.202%	0.215%	0.226%	0.240%	0.252%	0.264%	0.279%	0.295%	0.303%	0.303%	0.303%	0.303%	0.303%
10. INTEREST PROVISION (LINE C-4 X C-9)	(274)	(303)	(323)	(338)	(338)	(353)	(401)	(433)	(433)	(417)	(380)	(352)	(4,345)

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

SCHEDULE C-4  
 PAGE 1 OF 1

FOR THE PERIOD January-05 THROUGH December-06

MONTH	KWH/THERM SALES (000) (NET OF 3RD PARTY)	CONSERVATION ADJUSTMENT REVENUE (NET OF REVENUE TAXES)	RATE
2005 JANUARY	66,658	35,774	ACTUAL
FEBRUARY	64,236	34,622	ACTUAL
MARCH	64,406	34,717	ACTUAL
APRIL	55,823	30,085	ACTUAL
MAY	57,806	31,154	ACTUAL
JUNE	72,325	38,981	ACTUAL
JULY	80,448	43,367	ACTUAL
AUGUST	78,145	42,121	ACTUAL
SEPTEMBER	75,193	40,902	0.54396 *
OCTOBER	60,336	32,820	0.54395 *
NOVEMBER	50,614	27,532	0.54396 *
DECEMBER	69,852	37,997	0.54396 *
SUB-TOTAL	<u>795,842</u>	<u>430,072</u>	
2006 JANUARY	68,228	32,202	0.047198
FEBRUARY	66,072	31,184	0.047198
MARCH	68,682	32,416	0.047198
APRIL	57,954	27,353	0.047198
MAY	57,899	27,327	0.047198
JUNE	73,422	34,653	0.047198
JULY	78,107	36,865	0.047198
AUGUST	76,124	35,929	0.047198
SEPTEMBER	75,099	35,445	0.047198
OCTOBER	67,662	31,935	0.047198
NOVEMBER	60,475	28,543	0.047198
DECEMBER	58,068	27,407	0.047198
SUB-TOTAL	<u>807,792</u>	<u>381,259</u>	
TOTALS	<u>1,603,634</u>	<u>811,331</u>	

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

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

**SCHEDULE C-5  
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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
8. Residential Heating and Cooling Efficiency Upgrade Program
9. Residential Ceiling Insulation Upgrade Program
10. Commercial Indoor Efficient Lighting Rebate Program
11. Educational/Conservation Demonstration and Development Program

**EXHIBIT NO. \_\_\_\_\_  
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**PROGRAM TITLE:**

Residential Geothermal Heat Pump Program

**PROGRAM DESCRIPTION:**

The objective of the Residential Geothermal Heat Pump Program is to reduce the demand and energy requirements of new and existing residential customers through the promotion and installation of advanced and emerging geothermal systems. Geothermal heat pumps provide significant benefits to participating customers in the form of reduced operating costs and increased comfort levels, and are superior to other available heating and cooling technologies with respect to source efficiency and environmental impacts. FPUC's Geothermal Heat Pump Program is designed to overcome existing market barriers, specifically, lack of consumer awareness, knowledge, and acceptance of this technology.

This program will promote efficiency levels well above current market conditions, specifically those units with an Energy Efficiency Ratio (EER) of 13.0 or higher. According to the Department of Energy (DOE) geothermal technology is the most energy-efficient and environmentally clean space-conditioning system available today. Additionally, a recent DOE study indicates that geothermal systems have the lowest life-cycle cost of any HVAC system today.

**PROGRAM PROJECTIONS:**

For January 2006 through December 2006: At this time no participation goals have been set.

**PROGRAM FISCAL EXPENDITURES:**

For January 2006 through December 2006, projected expenses are \$1,039.

**PROGRAM SUMMARY:**

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

**PROGRAM TITLE:**

GoodCents Home/Energy Star Program

**PROGRAM DESCRIPTION:**

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

**PROGRAM PROJECTION:**

For January 2006 through December 2006 the goal for the number of program participants is 60.

**PROGRAM FISCAL EXPENDITURES:**

For January 2006 through December 2006 the projected expenses are \$120,042.

**PROGRAM SUMMARY:**

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

**PROGRAM TITLE:**

GoodCents Energy Survey Program

**PROGRAM DESCRIPTION:**

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

**PROGRAM PROJECTIONS:**

For January 2006 through December 2006 the goal for the number of program participants is 360.

**PROGRAM FISCAL EXPENDITURES:**

For January 2006 through December 2006 the projected expenses are \$108,641.

**PROGRAM SUMMARY:**

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

**PROGRAM TITLE:**

GoodCents Commercial Building Program

**PROGRAM DESCRIPTION:**

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

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

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

**PROGRAM PROJECTIONS:**

For January 2006 through December 2006 the goal for the number of program participants is 12.

**PROGRAM FISCAL EXPENDITURES:**

For January 2006 through December 2006 the projected expenses are \$30,125.

**PROGRAM SUMMARY:**

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

**PROGRAM TITLE:**

GoodCents Commercial Technical Assistance Audit Program

**PROGRAM DESCRIPTION:**

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

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

**PROGRAM PROJECTION:**

For January 2006 through December 2006 the goal for the number of program participants is 40.

**PROGRAM FISCAL EXPENDITURES:**

For January 2006 through December 2006 the projected expenses are \$30,639.

**PROGRAM SUMMARY:**

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

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

**SCHEDULE C-5  
PAGE 7 OF 12**

**PROGRAM TITLE:**

Low Income Program

**PROGRAM DESCRIPTION:**

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

**PROGRAM PROJECTION:**

For January 2006 through December 2006: There are no goals set for this program.

**PROGRAM FISCAL EXPENDITURES:**

For January 2006 through December 2006 the projected expenses for this period are \$-0-.

**PROGRAM SUMMARY:**

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

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**PROGRAM TITLE:**

Affordable Housing Builders and Providers Program

**PROGRAM DESCRIPTION:**

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

**PROGRAM PROJECTION:**

For January 2006 through December 2006: There is no goal for this program.

**PROGRAM FISCAL EXPENDITURES:**

For January 2006 through December 2006 the projected expenses for this period are \$-0-.

**PROGRAM SUMMARY:**

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



**PROGRAM TITLE:**

Residential Heating and Cooling Efficiency Upgrade Program

**PROGRAM DESCRIPTION:**

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

**PROGRAM PROJECTIONS:**

For January 2006 through December 2006 the goal for the number of program participants is 11.

**PROGRAM FISCAL EXPENDITURES:**

For January 2006 through December 2006 the projected expenses are \$13,595.

**PROGRAM SUMMARY:**

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

**PROGRAM TITLE:**

Residential Ceiling Insulation Upgrade Program

**PROGRAM DESCRIPTION:**

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

**PROGRAM PROJECTIONS:**

For January 2006 through December 2006 the goal for the number of program participants is 11.

**PROGRAM FISCAL EXPENDITURES:**

For January 2006 through December 2006 the projected expenses are \$6,999.

**PROGRAM SUMMARY:**

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

**PROGRAM TITLE:**

Commercial Indoor Efficient Lighting Rebate Program

**PROGRAM DESCRIPTION:**

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

**PROGRAM PROJECTION:**

For January 2006 through December 2006 the goal for the number of program participants is 2.

**PROGRAM FISCAL EXPENDITURES:**

For January 2006 through December 2006 the projected expenses are \$9,593.

**PROGRAM SUMMARY:**

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

**PROGRAM TITLE:**

Conservation Demonstration and Development (CDD) Program

**PROGRAM DESCRIPTION:**

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

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

**PROGRAM PROJECTION:**

For January 2006 through December 2006: There are no goals set for this program.

**PROGRAM FISCAL EXPENDITURES:**

For January 2006 through December 2006 the projected expenses for this period are \$2,345.

**PROGRAM SUMMARY:**

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