

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY

SCHEDULE CT-1
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CONSERVATION ADJUSTMENT TRUE-UP

FOR MONTHS January-07 THROUGH December-07

1.	ADJUSTED END OF PERIOD TOTAL NET TRUE-UP		
2.	FOR MONTHS January-07 THROUGH December-07		
3.	END OF PERIOD NET TRUE-UP		
4.	PRINCIPAL	<u>(400,216)</u>	
5.	INTEREST	<u>(25,434)</u>	<u>(425,650)</u>
6.	LESS PROJECTED TRUE-UP		
7.	November-05 (DATE) HEARINGS		
8.	PRINCIPAL	<u>(495,149)</u>	
9.	INTEREST	<u>(29,147)</u>	<u>(524,296)</u>
10.	ADJUSTED END OF PERIOD TOTAL TRUE-UP		<u>98,646</u>

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DOCUMENT NUMBER DATE

03622 MAY-18

FPSC-COMMISSION CLERK

ANALYSIS OF ENERGY CONSERVATION PROGRAM COSTS
ACTUAL VS PROJECTED

	FOR MONTHS	January-07	THROUGH	December-07	
		<u>ACTUAL</u>		<u>PROJECTED</u>	<u>DIFFERENCE</u>
1.	Labor/Payroll	473,194		402,407	70,787
2.	Advertisement	970,780		769,097	201,683
3.	Legal	320		44,071	(43,751)
4.	Outside Services	11,508		10,527	981
5.	Vehicle	27,627		14,428	13,198
6.	Materials & Supplies	18,347		15,818	2,529
7.	Travel	8,068		8,327	(259)
8.	General & Administrative	6,864		27,589	(20,726)
9.	Incentives	705,518		1,048,532	(343,014)
10.	Other	27,347		18,074	9,273
11.	SUB-TOTAL	2,249,573		2,358,870	(109,297)
12.	PROGRAM REVENUES				
13.	TOTAL PROGRAM COSTS	2,249,573		2,358,870	(109,297)
14.	LESS: PRIOR PERIOD TRUE-UP	(268,309)		(268,309)	
15.	AMOUNTS INCLUDED IN RATE BASE				
16.	CONSERVATION ADJ REVENUE	(2,381,480)		(2,585,710)	204,230
17.	ROUNDING ADJUSTMENT				
18.	TRUE-UP BEFORE INTEREST	(400,216)		(495,149)	94,933
19.	ADD INTEREST PROVISION	(25,434)		(29,147)	3,713
20.	END OF PERIOD TRUE-UP	(425,650)		(524,296)	98,646

() REFLECTS OVERRECOVERY

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ACTUAL CONSERVATION PROGRAM COSTS PER PROGRAM

FOR MONTHS January-07 THROUGH December-07

PROGRAM NAME	50 LABOR/PAY	51 ADVERTISE.	52 LEGAL	53 OUT.SERV.	54 VEHICLE	55 MAT.&SUPP.	56 TRAVEL	57 G & A	58 INCENTIVES	59 OTHER	SUB TOTAL	PROGRAM REVENUES	TOTAL
1. Full House Residential New Construction Program	25,865	57,432		2,144	1,330	290	(370)	1,402	197,445	2,962	288,498		288,498
2. Residential Appliance Replacement Program	51,949	425,377			1,313	619		248	179,206		658,712		658,712
3. Conservation Education Program	6,267	49,659				846	(122)	894			57,544		57,544
4. Space Conditioning Program	7,836	3,349			480		(175)				11,491		11,491
5. Residential Conservation Service Program	7,831	39,854				863	154	75		1,993	50,771		50,771
6. Residential Appliance Retention Program	67,630	146,951			943	731		248	328,250		544,753		544,753
7. Dealer / Contractor													
10. Commercial Conservation Service Program	7,845	40,857		7,496	758	2,624	333			2,000	61,913		61,913
12. Residential Service Reractivation Program	1,638	34,300									35,938		35,938
14. Common	296,334	173,001	320	1,869	22,801	12,374	8,248	3,997	617	20,392	539,954		539,954
TOTAL ALL PROGRAMS	473,194	970,780	320	11,508	27,627	18,347	8,068	6,864	705,518	27,347	2,249,573		2,249,573

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

FOR MONTHS January-07 THROUGH December-07

PROGRAM NAME	LABOR/PAY	ADVERTISE.	LEGAL	OUT.SERV.	VEHICLE	MAT.&SUPP.	TRAVEL	G & A	INCENTIVES	OTHER	SUB TOTAL	PROGRAM REVENUES	TOTAL
1. Full House Residential New Construction Program	(11,014)	10,137		981	1,240	120	(370)	108	(254,406)	770	(252,434)		(252,434)
2. Residential Appliance Replacement Program	17,796	25,857			959	119			(32,192)		12,539		12,539
3. Conservation Education Program	(1,406)	3,320				284	(0)	0			2,198		2,198
4. Space Conditioning Program	1,407	(2,073)			480		(81)				(266)		(266)
5. Residential Conservation Service Program	(218)	(16,900)				492	0			269	(16,356)		(16,356)
6. Residential Appliance Retention Program	17,496	51,152			662	120			(42,417)		27,013		27,013
7. Dealer / Contractor													
10. Commercial Conservation Service Program	(6,878)	34,987	(1,667)		273	(0)	(0)			2,000	28,714		28,714
12. Residential Service Reactivation Program	(50)	33,900									33,850		33,850
14. Common	53,655	61,303	(42,084)	(0)	9,584	1,394	193	(20,834)	(14,000)	6,234	55,444		55,444
TOTAL ALL PROGRAMS	70,787	201,683	(43,751)	981	13,198	2,529	(259)	(20,726)	(343,014)	9,273	(109,297)		(109,297)

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

FOR MONTHS		January-07	THROUGH										December-07	
A. CONSERVATION EXPENSE BY PROGRAM		JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
1.	Full House Residential New Construction Program	16,847	19,864	20,988	80,995	6,435	28,761	14,955	19,284	12,995	20,146	10,232	38,993	290,495
2.	Residential Appliance Replacement Program	13,706	16,685	67,492	98,305	79,800	105,833	43,101	84,087	26,285	63,151	36,979	23,288	658,712
3.	Conservation Education Program	778	1,482	1,027	42,218	476	2,067	2,716	3,460	165	2,308	639	208	57,544
4.	Space Conditioning Program	550	(25)	568	477	671	4,959	806	736	715	740	643	650	11,491
5.	Residential Conservation Service Program	447	1,102	1,050	1,956	1,973	1,690	1,409	9,773	27,452	669	2,545	707	50,771
6.	Residential Appliance Retention Program	27,830	40,556	61,989	28,365	25,321	45,767	26,662	33,782	36,064	99,150	79,582	39,684	544,753
7.	Dealer / Contractor		0											0
10.	Commercial Conservation Service Program	755	7,294	4,022	1,326	350	6,217	1,149	6,658	30,629	(350)	1,493	372	59,915
12.														
13.	Residential Service Reactivation Program		40			459	560	629	(50)	16,494	17,806			35,938
14.	Common	30,797	32,118	37,424	41,626	39,571	86,863	45,690	40,770	43,617	50,607	43,920	46,950	539,954
15.														
16.														
17.														
18.														
19.														
20.														
21.	TOTAL ALL PROGRAMS	91,710	119,118	194,559	295,269	155,055	282,718	137,117	198,498	194,416	254,227	176,034	150,852	2,249,573
22.	LESS AMOUNT INCLUDED IN RATE BASE													
23.	RECOVERABLE CONSERVATION EXPENSES	91,710	119,118	194,559	295,269	155,055	282,718	137,117	198,498	194,416	254,227	176,034	150,852	2,249,573

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CALCULATION OF TRUE-UP AND INTEREST PROVISION

FOR MONTHS January-07 THROUGH December-07

B.	CONSERVATION REVENUES	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
1.	RESIDENTIAL CONSERVATION													
2.	CONSERVATION ADJ. REVENUES	(267,869)	(266,849)	(279,499)	(224,468)	(186,362)	(174,986)	(153,697)	(140,256)	(131,577)	(156,351)	(181,929)	(217,637)	(2,381,480)
3.	TOTAL REVENUES	(267,869)	(266,849)	(279,499)	(224,468)	(186,362)	(174,986)	(153,697)	(140,256)	(131,577)	(156,351)	(181,929)	(217,637)	(2,381,480)
4.	PRIOR PERIOD TRUE-UP ADJ. NOT APPLICABLE TO THIS PERIOD	(22,360)	(22,359)	(22,359)	(22,359)	(22,359)	(22,359)	(22,359)	(22,359)	(22,359)	(22,359)	(22,359)	(22,359)	(268,309)
5.	CONSERVATION REVENUE APPLICABLE	(290,229)	(289,208)	(301,858)	(246,827)	(208,721)	(197,345)	(176,056)	(162,615)	(153,936)	(178,710)	(204,288)	(239,996)	(2,649,789)
6.	CONSERVATION EXPENSES (FROM CT-3, PAGE 1, LINE 23)	91,710	119,118	194,559	295,269	155,055	282,718	137,117	198,498	194,416	254,227	176,034	150,852	2,249,573
7.	TRUE-UP THIS PERIOD (LINE 5 - 6)	(198,519)	(170,090)	(107,299)	48,442	(53,666)	85,373	(38,939)	35,883	40,480	75,517	(28,254)	(89,144)	(400,216)
8.	INTEREST PROVISION THIS PERIOD (FROM CT-3, PAGE 3, LINE 10)	(1,308)	(1,957)	(2,475)	(2,628)	(2,619)	(2,553)	(2,448)	(2,362)	(2,085)	(1,741)	(1,546)	(1,712)	(25,434)
9.	TRUE-UP AND INTEREST PROVISION BEGINNING OF MONTH	(268,309)	(445,776)	(595,464)	(682,879)	(614,706)	(648,632)	(543,453)	(562,480)	(506,600)	(445,846)	(349,711)	(357,153)	(268,309)
9A.	DEFERRED TRUE-UP BEGINNING OF PERIOD													
10.	PRIOR TRUE-UP COLLECTED (REFUNDED)	22,360	22,359	22,359	22,359	22,359	22,359	22,359	22,359	22,359	22,359	22,359	22,359	268,309
11.	TOTAL NET TRUE-UP (LINES 7+8+9+9A+10)	(445,776)	(595,464)	(682,879)	(614,706)	(648,632)	(543,453)	(562,480)	(506,600)	(445,846)	(349,711)	(357,153)	(425,650)	(425,650)

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CALCULATION OF TRUE-UP AND INTEREST PROVISION

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FOR MONTHS January-07 THROUGH December-07

C. INTEREST PROVISION	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
1. BEGINNING TRUE-UP (LINE B-9)	(268,309)	(445,776)	(595,464)	(682,879)	(614,706)	(648,632)	(543,453)	(562,480)	(506,600)	(445,846)	(349,711)	(357,153)	(268,309)
2. ENDING TRUE-UP BEFORE INTEREST (LINES B7+B9+B9A+B10)	(444,468)	(593,507)	(680,404)	(612,078)	(646,013)	(540,900)	(560,032)	(504,238)	(443,761)	(347,970)	(355,607)	(423,938)	(400,216)
3. TOTAL BEG. AND ENDING TRUE-UP	(712,777)	(1,039,283)	(1,275,868)	(1,294,957)	(1,260,719)	(1,189,531)	(1,103,485)	(1,066,718)	(950,361)	(793,816)	(705,318)	(781,090)	(668,525)
4. AVERAGE TRUE-UP (LINE C-3 X 50%)	(356,388)	(519,641)	(637,934)	(647,478)	(630,360)	(594,766)	(551,742)	(533,359)	(475,180)	(396,908)	(352,659)	(390,545)	(334,262)
5. INTEREST RATE - FIRST DAY OF REPORTING BUSINESS MONTH	4.30%	4.51%	4.53%	4.78%	4.96%	5.01%	5.29%	5.36%	5.27%	5.26%	5.27%	5.25%	
6. INTEREST RATE - FIRST DAY OF SUBSEQUENT BUSINESS MONTH	4.51%	4.53%	4.78%	4.96%	5.01%	5.29%	5.36%	5.27%	5.26%	5.27%	5.25%	5.27%	
7. TOTAL (LINE C-5 + C-6)	8.81%	9.04%	9.31%	9.74%	9.97%	10.30%	10.65%	10.63%	10.53%	10.53%	10.52%	10.52%	
8. AVG. INTEREST RATE (C-7 X 50%)	4.41%	4.52%	4.66%	4.87%	4.99%	5.15%	5.33%	5.32%	5.27%	5.27%	5.26%	5.26%	
9. MONTHLY AVERAGE INTEREST RATE	0.367%	0.377%	0.388%	0.406%	0.415%	0.429%	0.444%	0.443%	0.439%	0.439%	0.438%	0.438%	
10. INTEREST PROVISION (LINE C-4 X C-9)	(1,308)	(1,957)	(2,475)	(2,628)	(2,619)	(2,553)	(2,448)	(2,362)	(2,085)	(1,741)	(1,546)	(1,712)	(25,434)

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SCHEDULE OF CAPITAL INVESTMENT, DEPRECIATION & RETURN

FOR MONTHS January-07 THROUGH December-07

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

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RECONCILIATION AND EXPLANATION OF
DIFFERENCES BETWEEN FILING AND PSC AUDIT

FOR MONTHS January-07 THROUGH December-07

AUDIT EXCEPTION: TO OUR KNOWLEDGE, NONE EXIST

COMPANY RESPONSE:

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1. Full House Residential New Construction Program
2. Residential Appliance Replacement Program
3. Residential Appliance Retention Program
4. Residential Service Reactivation Program
5. Residential Conservation Service Program
6. Commercial Conservation Service Program
7. Conservation Education Program
8. Space Conditioning Program

PROGRAM TITLE: Residential New Construction Program

PROGRAM DESCRIPTION: The Residential New Construction Program (formerly, Full House Residential New Construction Program) promotes the use of natural gas in single and multi-family residential new construction projects to developers, builders, and homebuyers. The program is designed to increase the overall energy efficiency in the new construction home market through the installation of efficient gas appliances. The programs incentives are used to overcome market barriers created by the split incentive between the builders who are purchasing the appliances and the homeowners who are benefiting from reduced utility costs.

PROGRAM ACCOMPLISHMENTS: For the reporting period 710 incentives were paid. There were 86 heating (furnaces), 235 water heaters, 188 dryers, and 201 ranges.

PROGRAM FISCAL EXPENDITURES: The expenditures for the reporting period of January 1, 2007 through December 31 2007 were \$288,498.

PROGRAM TITLE: Residential Appliance Replacement Program

PROGRAM DESCRIPTION: This program is designed to encourage the replacement of inefficient non-natural gas appliances with energy efficient natural gas appliances. The program offers financial incentives to residential customers to defray the additional costs associated with installing natural gas appliances

PROGRAM ACCOMPLISHMENTS: For the reporting period a total of 352 incentives were paid. There were 18 heating (furnaces), 123 tankless water heaters, 70 storage tank style water heaters, 71 dryers, and 70 ranges.

PROGRAM FISCAL EXPENDITURES: The expenditures for the reporting period of January 1, 2007 through December 31 2007 were \$658,712.

PROGRAM PROGRESS SUMMARY: The FPSC approved this program on August 29, 2000. From the inception FPUC has provided 2,274 appliance replacement incentives for connecting approved natural gas appliances to its system.

PROGRAM TITLE: Residential Appliance Retention Program

PROGRAM DESCRIPTION: The purpose of the Residential Appliance Retention Program is to encourage homeowners with existing natural gas appliances to retain natural gas appliances at time of replacement. The program was expanded during the reporting period to include additional appliances to include furnaces, tankless hot water heaters, ranges, and dryers. The programs incentives defray the cost of purchase the more expensive energy-efficient natural gas appliances.

PROGRAM ACCOMPLISHMENTS: For the reporting period 735 incentives were paid. There we 52 heating (furnaces), 166 tankless water heater, 323 storage tank style water heaters, 64 dryers, and 130 ranges.

PROGRAM FISCAL EXPENDITURES: The expenditures for the reporting period of January 1, 2007 through December 31 2007 were \$544,753.

PROGRAM PROGRESS SUMMARY: The FPSC approved this program on August 29, 2000. From the inception FPUC has retained 5627 natural gas hot water heaters.

PROGRAM TITLE: Residential Service Reactivation Program

PROGRAM DESCRIPTION: This program is designed to encourage the reactivation of existing residential service lines that are scheduled to be cut-off and capped. The program offers incentives in the form of cash incentives to residential customers to assist in defraying the additional cost associated with the purchase and installation energy-efficient natural gas appliances.

PROGRAM ACCOMPLISHMENTS: For the reporting period 0 incentives were paid.

PROGRAM FISCAL EXPENDITURES: The expenditures for the reporting period of January 1, 2007 through December 31 2007 were \$35,938.

PROGRAM PROGRESS SUMMARY: FPSC approval of this program occurred on August 29th, 2000. From the inception of this program through the reporting period, FPUC has not reactivated any services with water heaters as a result of this program.

PROGRAM TITLE: Residential Conservation Service Program

PROGRAM DESCRIPTION: The objective of the Residential Conservation Service Program is to provide Florida Public Utilities Company's residential customers with energy conservation advice based on review of their homes actual performance that encourages the implementation of efficiency measures and/or practices resulting in energy savings for the customer. Florida Public Utilities Company views this program as a way of promoting the installation of cost-effective conservation measures. During the survey process, the customer is provided with specific whole-house recommendations. The survey process also checks for possible duct leakage.

PROGRAM ACCOMPLISHMENTS: This year a total of 28 surveys were performed.

PROGRAM FISCAL EXPENDITURES: The expenditures for the reporting period of January 1, 2007 through December 31 2007 were \$50,771.

PROGRAM PROGRESS SUMMARY: This program was implemented on September 1, 2000. Since inception through December 2007, 77 residential customers have participated.

PROGRAM TITLE: Commercial Conservation Service Program

PROGRAM DESCRIPTION: The Commercial Conservation Service Program is an interactive program that assists commercial customers in identifying energy conservation opportunities. The survey process consists of an on-site review of the customer's facility operation, equipment, and energy usage pattern by a Florida Public Utilities Company Conservation Representative. The representative identifies all areas of potential energy usage reduction 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. Florida Public Utilities Company will subcontract the evaluation process to an independent engineering firm and/or contracting consultant, if necessary.

PROGRAM ACCOMPLISHMENTS: This year a total of 7 surveys were completed during the reporting period.

PROGRAM FISCAL EXPENDITURES: The expenditures for the reporting period of January 1, 2007 through December 31 2007 were \$61,913.

PROGRAM PROGRESS SUMMARY: This program was implemented on September 1st 2000. From the inception of this program through December 31st, 2007 143 commercial customers have participated.

PROGRAM TITLE: Conservation Education Program

PROGRAM DESCRIPTION: The purpose of the Conservation Education Program is to educate consumers, businesses, and contractors to make wise energy choices. For consumers to make educated choices they must know the benefits of conserving energy and have a basic understanding of energy as well as the measures and behavioral practices needed to make these choices.

PROGRAM ACCOMPLISHMENTS: This year FPU conducted seminars reaching 104 customers.

PROGRAM FISCAL EXPENDITURES: The expenditures for the reporting period of January 1, 2007 through December 31 2007 were \$57,544.

PROGRAM PROGRESS SUMMARY: This program has been successful and we are optimistic that our customers will continue to involve us to an even greater extent in the future on upcoming commercial and residential construction projects.

PROGRAM TITLE: Space Conditioning Program

PROGRAM DESCRIPTION: The program is designed to convert on-main customers from electric space conditioning equipment to energy-efficient natural gas space conditioning equipment. The program provides a financial incentive to qualified participants to compensate for the higher initial cost of natural gas space conditioning equipment. The program reduces summer as well as winter peak demand and contributes to consumption reduction.

PROGRAM ACCOMPLISHMENTS: There were no participants in this program in 2007.

PROGRAM FISCAL EXPENDITURES: The expenditures for the reporting period of January 1, 2007 through December 31 2007 were \$11,491.

PROGRAM PROGRESS SUMMARY: From FPSC approval of the program on August 29, 2000 through December 31st 2007 FPUC has connected 10 space conditioning projects to its natural gas system.