Gunster

March 6, 2026

Writer's E-Mail Address: bkeating@gunster.com

VIA E-PORTAL

Mr. Adam Teitzman
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Docket NO. 20260000-OT

Dear Mr. Teitzman:

Attached for electronic filing on behalf of Florida Public Utilities Company, please find the Company's revised Annual Conservation Report, filed in accordance with Rule 25-17.0021(5), F.A.C .

Should you have any questions whatsoever, please do not hesitate to contact me. Thank you for your assistance in this matter.

Sincerely,

//Beth Keating
Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 618
Tallahassee, FL 32301
(850) 521-1706

MEK
Cc://(Barrett)

2025 ANNUAL CONSERVATION REPORT

Florida Public Utilities Company

March 2, 2026

List of Tables

1 Introduction

Annual Report Design

Due to the timing of implementation associated with the new 2025–2029 DSM Plan, program activity contributing toward the 2025 goals includes a combination of measures approved under the new DSM Plan as well as measures implemented from January through September under the prior DSM Plan. The cumulative impact of programs operating under both plans during calendar year 2025 contributes toward and is evaluated against the Commission-approved 2025 performance targets.

Portfolio Overview 2025 Demand-Side Management Programs

The 2025 DSM portfolio comprises residential and commercial programs, as well as supplementary conservation initiatives, including a temporary LED Conversion Program and the Conservation Demonstration and Development (CDD) Program.

Residential Programs

1. Residential Energy Survey Program ("Efficiency First")

The Residential Energy Survey Program was rebranded as "Efficiency First" and emphasizes customer engagement and do-it-yourself efficiency improvements. The program provides energy audits consistent with Rule 25-17.003, F.A.C., and includes a merit-based incentive structure featuring weatherization kits and smart energy kits to encourage installation of efficiency measures. The program is available to all residential customers and is designed to reduce energy consumption through behavioral and equipment-based improvements.

2. Residential Heating & Cooling Efficiency Upgrade Program

This program provides rebates to residential customers for qualifying high-efficiency HVAC equipment upgrades. The program continues as a core component of the residential portfolio and contributes materially to both annual energy (MWh) and peak demand (MW) savings goals.

3. Residential Small Appliance Rebate Program

The Small Appliance Program offers rebates for qualifying energy-efficient residential equipment. The program is structured to promote incremental efficiency gains and complement the HVAC and survey initiatives.

4. Low-Income Program – "Efficiency for All"

The newly introduced "Efficiency for All" program is targeted to low-income customers and focuses on delivering measurable energy savings through direct installation and equipment improvements. The program was launched as a pilot in 2025 with planned expansion and contributes toward the Company's approved residential savings targets.

Commercial Programs

1. Commercial Heating & Cooling Efficiency Upgrade Program

This program provides incentives for high-efficiency HVAC upgrades in commercial facilities. It is structured to increase participation and improve commercial sector savings performance relative to historical participation levels.

2. Commercial Chiller Upgrade Program

The Chiller Upgrade Program offers incentives for the replacement or upgrade of commercial chiller systems with higher-efficiency equipment, generating long-term energy and demand reductions.

3. Commercial Interior and Exterior Lighting Program

The Commercial Lighting Program provides rebates for qualifying lighting upgrades. The program was expanded to include both interior and exterior applications and is designed to improve commercial participation and achieve meaningful MWh savings.

Supplemental Conservation Programs

1. Conservation Demonstration and Development (CDD) Program

Consistent with Rule 25-17.001(5)(e), F.A.C., the CDD Program enables the Company to investigate and evaluate emerging conservation technologies. This program supports future DSM innovation and potential development of new cost-effective conservation offerings.

2. Temporary LED Conversion Program

In addition to the core DSM portfolio, FPUC proposed and received approval to implement a temporary, two-year LED Conversion Program to replace approximately 7,122 streetlights with high-efficiency LED fixtures. While not required to meet annual DSM goals, the program is projected to produce annual energy savings exceeding 4,000 MWh.

2 DSM Portfolio Goals 2025-2029

Tables 2-1 through 2-6 summarize FPUC's 2025 demand and energy conservation savings for residential, commercial/industrial, and total categories, comparing them to the 2025-2029 goals at both the generator and meter. Order No. PSC-14-0696-FOF-EU specifies goals only at the generator level. For Tables 2-4 through 2-6, meter-level goals are adjusted for losses. Detailed performance of individual programs is provided in Section 3.0.

Table 2-1 Residential Class Programs (At the Generator)

Year	Winter Peak (MW) Reduction			Summer Peak (MW) Reduction			GWh Energy Reduction		
	Total Achieved	Commission Approved Goal	% Variance	Total Achieved	Commission Approved Goal	% Variance	Total Achieved	Commission Approved Goal	% Variance
2025	0.074	0.155	-52%	0.0123	0.055	-78%	0.127	0.406	-69%

Table 2-2 Commercial/Industrial Class Programs (At the Generator)

Year	Winter Peak (MW) Reduction			Summer Peak (MW) Reduction			GWh Energy Reduction		
	Total Achieved	Commission Approved Goal	% Variance	Total Achieved	Commission Approved Goal	% Variance	Total Achieved	Commission Approved Goal	% Variance
2025	0	0.021	-100%	0	0.022	-100%	0	0.111	-100%

Table 2-3 Total Savings Across All Programs and Classes (At the Generator)

Year	Winter Peak (MW) Reduction			Summer Peak (MW) Reduction			GWh Energy Reduction		
	Total Achieved	Commission Approved Goal	% Variance	Total Achieved	Commission Approved Goal	% Variance	Total Achieved	Commission Approved Goal	% Variance
2025	0.074	0.176	-58%	0.012	0.077	-84%	0.127	0.517	-75%

Table 2-4 Residential Class Programs (At the Meter)

Year	Winter Peak (MW) Reduction			Summer Peak (MW) Reduction			GWh Energy Reduction		
	Total Achieved	Commission Approved Goal	% Variance	Total Achieved	Commission Approved Goal	% Variance	Total Achieved	Commission Approved Goal	% Variance
2025	.067	.150	-55%	.011	.050	-78%	0.131	0.365	-64%

Table 2-5 Commercial/Industrial Class Programs (At the Meter)

Year	Winter Peak (MW) Reduction			Summer Peak (MW) Reduction			GWh Energy Reduction		
	Total Achieved	Commission Approved Goal	% Variance	Total Achieved	Commission Approved Goal	% Variance	Total Achieved	Commission Approved Goal	% Variance
2025	0	0.020	-100%	0	0.020	-100%	0	0.100	-100%

Table 2-6 Total Savings Across All Programs and Classes (At the Meter)

Year	Winter Peak (MW) Reduction			Summer Peak (MW) Reduction			GWh Energy Reduction		
	Total Achieved	Commission Approved Goal	% Variance	Total Achieved	Commission Approved Goal	% Variance	Total Achieved	Commission Approved Goal	% Variance
2025	0.067	0.170	-60%	0.011	0.07	-84%	0.131	0.465	-72%

Summary of FPUC's 2025 DSM Portfolio Performance

FPUC's 2025 DSM results reflect a transition year as the Company concluded the prior cycle and began implementation of the 2025–2029 DSM Plan. Residential programs achieved measurable but below-target demand and energy reductions, reflecting program restructuring, contractor onboarding, and revised incentive rollouts during the reporting year. While residential participation remained active, total achieved winter, summer, and annual energy savings were below Commission-approved goals. Commercial programs recorded no participation in 2025, consistent with the timing of new program development and longer commercial planning cycles. Overall performance reflects program transition dynamics rather than diminished portfolio viability, with participation and savings expected to strengthen as full-cycle implementation advances in 2026.

3 DSM Program Goals 2025-2029

Table 3-1 Residential Energy Survey Current Participation and Expected Future Savings

Table 3-1 Residential Energy Survey Current Participation and Expected Future Savings

Year	Number of Customers	Number of Projected Customers	Annual Program Participants	Cumulative Program Participants	Total Penetration Level
2025	25,996	148	21	21	14.19%
2026	26,089	161			
2027	26,182	175			
2028	26,275	187			
2029	26,369	196			
2030	26,463	197			
2031	26,557	190			
2032	26,652	178			
2033	26,747	165			
2034	26,843	152			

Year	Actual Participants	Reduction Per Installation			Total Annual Reduction			Total Annual Reduction		
		kWh	Winter kW	Summer kW	kWh	Winter kW	Summer kW	MWh	Winter MW	Summer MW
At The Meter										
2025	21	796	0.19	0.18	16716	3.99	3.78	16.716	0.004	0.00378
2026										
2027										
2028										
2029										
2030										
2031										
2032										
2033										
2034										
At The Generator										
2025	21	820	0.21	0.20	17220	4.41	4.20	17	0.00	0.00
2026										
2027										
2028										
2029										
2030										
2031										
2032										
2033										
2034										

Table 3-2 Residential Heating & Cooling Upgrade Current Participation and Expected Future Savings

Table 3-2 Residential Heating & Cooling Upgrade Current Participation and Expected Future Savings

Year	Number of Customers	Number of Projected Customers	Annual Program Participants	Cumulative Program Participants	Total Penetration Level
2025	25,996	77	45	45	58.44%
2026	26,089	77			
2027	26,182	76			
2028	26,275	75			
2029	26,369	76			
2030	26,463	76			
2031	26,557	74			
2032	26,652	74			
2033	26,747	73			
2034	26,843	72			

Year	Actual Participants	Reduction Per Installation			Total Annual Reduction			Total Annual Reduction		
		kWh	Winter kW	Summer kW	kWh	Winter kW	Summer kW	MWh	Winter MW	Summer KW
At The Meter										
2025	45	2,282	1.36	0.14	102,690	61.2	6.3	103	0.061	0.006
2026										
2027										
2028										
2029										
2030										
2031										
2032										
2033										
2034										
At The Generator										
2025	45	2350	1.48	0.16	105755	66.8	7.0	106	0.067	0.007
2026										
2027										
2028										
2029										
2030										
2031										
2032										
2033										
2034										

Table 3-3 Low Income Program Participation and Expected Future Savings

Table 3-3 Low Income Program Participation and Expected Future Savings

Year	Number of Customers	Number of Projected Customers	Annual Program Participants	Cumulative Program Participants	Total Penetration Level
2025	25,996	100	10	10	10.00%
2026	26,089	100			
2027	26,182	100			
2028	26,275	100			
2029	26,369	100			
2030	26,463	100			
2031	26,557	100			
2032	26,652	100			
2033	26,747	100			
2034	26,843	100			

Year	Actual Participants	Reduction Per Installation			Total Annual Reduction			Total Annual Reduction		
		kWh	Winter kW	Summer kW	kWh	Winter kW	Summer kW	MWh	Winter MW	Summer MW
At The Meter										
2025	10	702	0.2	0.08	7020	2.0	0.8	7.02	0.002	0.0008
2026										
2027										
2028										
2029										
2030										
2031										
2032										
2033										
2034										
At The Generator										
2025	10	723	0.22	0.089	7232	2.2	0.889	7	0.002	0.001
2026										
2027										
2028										
2029										
2030										
2031										
2032										
2033										
2034										

Table 3-4 Residential Small Appliance and Expected Future Savings

Table 3-4 Res Small Appliance Participation and Expected Future Savings

Year	Number of Customers	Number of Projected Customers	Annual Program Participants	Cumulative Program Participants	Total Penetration Level
2025	25,996	6	4	4	66.67%
2026	26,089	8			
2027	26,182	10			
2028	26,275	12			
2029	26,369	14			
2030	26,463	16			
2031	26,557	18			
2032	26,652	19			
2033	26,747	20			
2034	26,843	20			

Year	Actual Participants	Reduction Per Installation			Total Annual Reduction			Total Annual Reduction		
		kWh	Winter kW	Summer kW	kWh	Winter kW	Summer kW	MWh	Winter MW	Summer MW
At The Meter										
2025	4	231	0.02	0.04	924	0.08	0.16	0.924	0.0001	0.00016
2026										
2027										
2028										
2029										
2030										
2031										
2032										
2033										
2034										
At The Generator										
2025	4	238	0.03	0.039	953	0.11	0.16	0.953	0.0001	0.0002
2026										
2027										
2028										
2029										
2030										
2031										
2032										
2033										
2034										

Table 3-5 Commercial Chiller Current Participation and Expected Future Savings

Table 3-6 Commercial Chiller Current Participation and Expected Future Savings

Year	Number of Customers	Number of Projected Customers	Annual Program Participants	Cumulative Program Participants	Total Penetration Level
2025	4,446	1	0	0	0.00%
2026		1			
2027		1			
2028		1			
2029		1			
2030		1			
2031		1			
2032		1			
2033		1			
2034		1			

Year	Actual Participants	Reduction Per Installation			Total Annual Reduction		
		kWh	Winter kW	Summer kW	kWh	Winter kW	Summer kW
At The Meter							
2025	0	3933	0	1.23	0	0	0
2026							
2027							
2028							
2029							
2030							
2031							
2032							
2033							
2034							
At The Generator							
2025	0	4051	0	1.34	0	0	0
2026							
2027							
2028							
2029							
2030							
2031							
2032							
2033							
2034							

Table 3-5 Commercial HVAC Program Current Participation and Expected Future Savings

Table 3-5 Commercial Heating & Cooling Current Participation and Expected Future Savings

Year	Number of Customers	Number of Projected Customers	Annual Program Participants	Cumulative Program Participants	Total Penetration Level
2025	4,446	13	0	0	0.00%
2026		13			
2027		15			
2028		16			
2029		17			
2030		18			
2031		18			
2032		18			
2033		19			
2034		20			

Year	Actual Participants	Reduction Per Installation			Total Annual Reduction		
		kWh	Winter kW	Summer kW	kWh	Winter kW	Summer kW
At The Meter							
2025	0	1943	0.61	0.55	0	0	0
2026							
2027							
2028							
2029							
2030							
2031							
2032							
2033							
2034							
At The Generator							
2025	0	2001	0.67	0.60	0	0	0
2026							
2027							
2028							
2029							
2030							
2031							
2032							
2033							
2034							

Table 3-7 Commercial Indoor/Outdoor Program Current Participation and Expected Future Savings

Table 3-7 Commercial Lighting Current Participation and Expected Future Savings

Year	Number of Customers	Number of Projected Customers	Annual Program Participants	Cumulative Program Participants	Total Penetration Level
2025	4,446	18	0	0	0.00%
2026		20			
2027		21			
2028		24			
2029		27			
2030		29			
2031		30			
2032		30			
2033		30			
2034		28			

Year	Actual Participants	Reduction Per Installation			Total Annual Reduction		
		kWh	Winter kW	Summer kW	kWh	Winter kW	Summer kW
At The Meter							
2025	0	3,912	0.42	0.48	0	0	0
2026							
2027							
2028							
2029							
2030							
2031							
2032							
2033							
2034							
At The Generator							
2025	0	4029	0.45	0.52	0	0	0
2026							
2027							
2028							
2029							
2030							
2031							
2032							
2033							
2034							

2025 DSM Program Performance

FPUC's 2025 DSM results reflect a transitional implementation year as the Company concluded prior program structures and prepared for full deployment of the newly approved 2025–2029 DSM Plan. Participation across both residential and commercial sectors was moderated by the sunset of legacy offerings and the staged rollout of revised program components.

Residential programs remained active during the reporting year, though below approved demand and energy goals. The Residential HVAC Program experienced reduced participation due to the expiration of prior incentive levels; revised and increased rebate levels have now been implemented to strengthen contractor engagement beginning in 2026. The Residential Survey Program continued operating while transitioning to an enhanced model integrating online audits, facilitated follow-up, verified installation pathways, and structured energy kit distribution. The Low-Income Program advanced through pilot deployment and infrastructure development, positioning it for expanded community implementation in 2026. The Small Appliance Rebate Program recorded four participants in 2025, producing approximately 0.953 MWh in annual generator-level energy savings, with modest associated winter and summer demand reductions. Retailer engagement efforts are planned to improve participation under the new DSM cycle.

Commercial participation was limited during 2025 due to the timing of program transition and onboarding under the new DSM Plan. The commercial lighting program was entirely new and required foundational development and trade ally alignment during the reporting year. Given longer commercial planning cycles and contractor-driven participation pathways, performance is particularly sensitive to program rollout timing. Targeted outreach to contractors, distributors, and equipment vendors will begin in 2026 to establish measurable participation.

Overall, 2025 represents a structural transition period rather than a steady-state performance year. With revised incentives, enhanced delivery mechanisms, and direct engagement strategies now in place, FPUC anticipates improved residential and commercial participation beginning in 2026 and continuing throughout the DSM cycle.

OTHER CONSERVATION ACTIVITIES

Conservation Demonstration and Development CDD

FPUC did not pursue any Conservation Demonstration and Development (CDD) initiatives during 2025, as priority was placed on core portfolio administration and implementation of the 2025–2029 DSM Plan. The Company has refined its CDD strategy to focus future efforts specifically on validating assumptions underlying the technical, economic, and achievable potential supporting the 2025–2029 DSM goals docket and/or evaluating targeted Measurement and Verification (M&V) approaches to improve quantification of participant energy savings. No CDD projects were selected or implemented in 2025; this reflects a strategic prioritization decision rather than a programmatic discontinuation.

LED Conservation Program

The LED Conversion Program was implemented in 2025 pursuant to FPUC's Commission-approved electric DSM framework, with annual numeric goals established in the 2024 goals docket (Docket No. 20240015-EG) and program standards approved as part of the 2025 DSM Plan (Docket No. 20240170-EG). The program is designed to convert existing non-LED lighting to high-efficiency LED technology, improving system efficiency, reducing energy consumption, and lowering ongoing maintenance requirements. The initiative supports portfolio performance objectives while aligning with the Company's broader conservation strategy under the approved 2025–2029 DSM Plan.

Program activity began in September 2025 and resulted in 397 total LED conversions during the reporting year, including 292 in the Fernandina Beach territory (NE – 45) and 105 in the Marianna territory (NW – 44). NE represented approximately 74 percent of installations, reflecting stronger initial uptake. Activity was concentrated at launch in September and continued steadily through year-end. Based on fourth quarter run rates, full program completion is anticipated in 2026, with NE projected to complete earlier under current participation trends.

4.1 PROGRAM COSTS

The per installation cost and total program cost for FPUC for each program for 2024 are presented in Tables 4-1. The total program costs are based on the actual 2025 **direct costs** to each program sub-ledger, and the Cost Per Installation is the direct cost divided by the number of program participants.

Table 4-1 Program Costs

Program	Direct Program Cost	Annual_Gen_kWh
Residential Energy Survey	$60,002	$600
Residential Heating and Cooling Upgrade	$5,660	$126
Residential Low Income Program	$5,731	$573
Residential Small Appliance Program	$108	$27
Commercial Heating and Cooling Upgrade	$0	$0
Commercial Chiller Upgrade	$0	$0
Commercial Indoor & Outdoor Lighting	$0	$0

4.2 NET BENEFIT

Table 4-2 Annual Net Benefits

Program	2025 Direct Program Cost ($)	2025 Net Generation Benefit ($)	10-Year NPV Net Generation Benefit ($)	Net Benefit (NPV - Cost) ($)	Benefit-Cost Ratio (NPV / Cost)
Residential Energy Survey	$60,002.00	$937.80	$6,526.26	-$53,475.74	0.11
Residential Heating and Cooling Upgrade	$5,660.00	$5,759.15	$40,078.50	$34,418.50	7.08
Residential Low-Income Program	$5,731.00	$393.75	$2,740.12	-$2,990.88	0.48
Residential Small Appliance Program	$108.00	$51.85	$360.80	$252.80	3.34
Commercial Heating and Cooling Upgrade	$0.00	$0.00	$0.00	$0.00	
Commercial Chiller Upgrade	$0.00	$0.00	$0.00	$0.00	
Commercial Indoor & Outdoor Lighting	$0.00	$0.00	$0.00	$0.00	

The table above presents a direct-cost-based comparison of 2025 program expenditures to avoided generation fuel benefits. Year-one benefits are calculated using verified generator-side kWh savings multiplied by the avoided fuel cost of 5.446¢/kWh, and 10-year benefits reflect the present value of recurring annual savings over a 10-year measure life discounted at 7.2%. This approach provides a conservative assessment of program performance by comparing actual direct program costs to fuel-only avoided energy benefits, without incorporating transmission, distribution, capacity, or non-fuel impacts.

Response to Staff Suggestions for Report Inclusion

Item 1- Energy Surveys

Program Tier	In-Person Audits	Online Audits	Total Participants
Energy Survey – In-Person (Walkthrough)	18	0	18
Energy Survey – Online Only	0	61	61
Efficiency First (Weatherization & Smart Home Kits)	0	0	21
Total	18	61	100

Explanatory Note – Energy Survey Participation vs. Program Savings

The Energy Survey participation totals reported in this table reflect all customers who engaged with the Company's residential energy education offerings during the reporting year, including both in-person walkthrough surveys and online energy audit tools. These participation figures represent customer engagement activities intended to provide energy education and identify potential efficiency opportunities; however, participation in an energy survey alone does not qualify a customer for reported energy savings within the Company's approved DSM programs. Only customers who complete the full **Efficiency First (Weatherization & Smart Home Kits)** program and meet the associated installation and verification requirements are included in the Company's claimed energy savings. Accordingly, while 100 customers participated in survey or program activities during the reporting year, energy savings are reported only for the **21 customers who completed the Efficiency First program and received qualifying measures** consistent with the Commission-approved program methodology.

Item 2 – Goal Achievement Variances

The Company's 2025 DSM performance reflects a transition year associated with implementation of the approved 2025–2029 DSM Plan. Residential programs achieved measurable winter peak, summer peak, and annual energy reductions; however, aggregate class results were below Commission-approved goals. Variances exceeding 15 percent are attributable to expiration of legacy program components, phased rollout of revised incentives, contractor onboarding, and restructuring of delivery mechanisms during the reporting year. Commercial programs did not record participation in 2025 due to trade ally development, updated program design, and typical commercial capital planning cycles. These variances reflect implementation timing rather than diminished technical potential or customer demand.

Item 3 – Participation Variances

Where individual program participation differed materially from projections, the primary driver was the split-year transition between DSM portfolios during 2025. Participation forecasts assumed continuity of legacy program structures; however, revised rebate alignment, delayed rollout of enhanced offerings, updated verification protocols, and trade ally onboarding moderated enrollment levels. Activity in the residential programs was maintained under revised structures, while commercial offerings were particularly sensitive to timing and vendor engagement. These participation differences reflect sequencing of program modernization rather than reduced customer interest.

Item 4 – Federal and State Energy Efficiency Standards

The Company monitors federal and state energy efficiency standards and incorporates applicable changes into DSM measure baselines and cost-effectiveness screening. During 2025, no new state or federal efficiency standards were implemented that required changes to DSM program eligibility, savings assumptions, or design. The Florida Energy Conservation Code (FECC), 8th Edition, remained in effect throughout the reporting year. Accordingly, no code-driven structural modifications to the portfolio were necessary in 2025.

Item 5 – Energy Efficiency Research and Development Activities

During 2025, the Company focused on applied program development activities designed to strengthen long-term DSM effectiveness. These efforts included digital audit workflow enhancements, third-party implementation integration, low-income pilot deployment planning, structured energy kit distribution optimization, and contractor engagement strategy development. No formal Conservation Demonstration and Development (CDD) projects were initiated in 2025, as priority was placed on portfolio restructuring and implementation under the approved DSM Plan.

Item 6 – Low-Income Outreach Efforts

In 2025, the Company advanced its low-income strategy through structured pilot preparation and targeted community coordination under the Efficiency for All initiative. Activities included establishment of eligibility verification protocols, contractor coordination processes, standardized intake documentation, and controlled pilot deployment serving ten income-qualified participants. These actions established the administrative and operational framework necessary for expanded implementation beginning in 2026.