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September 2, 1998

Ms. Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Betty Easley Conference Center
Room 110
Tallahassee, FL 32399-0850

HAND DELIVERY

RECEIVED-FPSC
93 SEP -2 PM 1:47
RECORDS AND REPORTING

Re: Docket No. 980002-EG

Dear Ms. Bayo:

Enclosed herewith for filing in the above-referenced docket on behalf of Florida Public Utilities Company are the following documents:

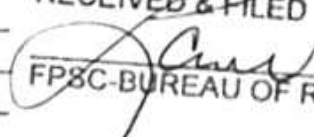
1. Original and fifteen copies of the Direct Testimony of Michael A. Peacock; and
2. Original and fifteen copies of the Composite Exhibit MAP-2 containing True-Up Calculations and Schedules CT-1 through CT-6 for the October 1997 through March 1998 time period.

Please acknowledge receipt of these documents by stamping the extra copy of this letter "filed" and returning the same to me. Thank you for your assistance with this filing.

Sincerely,


Kenneth A. Hoffman

ACK _____
AFA 2
APP _____
CAF _____
CMU _____
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LIN 3 KAH/rl
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RCH _____
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cc: All Parties of Record
Mr. Michael A. Peacock
RECEIVED & FILED

FPSC-BUREAU OF RECORDS

DOCUMENT BY DATE
09586 SEP -2 98
FPSC-RECORDS/REPORTING

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 980002-EG
DETERMINATION OF CONSERVATION COSTS RECOVERY FACTOR

Direct Testimony of
MICHAEL A. PEACOCK

On Behalf of
FLORIDA PUBLIC UTILITIES COMPANY

- 1 Q. Please state your name and business address.
2 A. Michael A. Peacock: my business address is P.O. Box 610
3 Marianna, Florida 32446.
4 Q. By whom are you employed and in what capacity?
5 A. I am employed by Florida Public Utilities Company as
6 Manager of Customer Relations.
7 Q. What is the purpose of your testimony at this time?
8 A. To Advise the Commission of the actual over/under
9 recovery of the Conservation Program costs for the period
10 October 1, 1997 through March 31, 1998 as compared to the
11 true-up amounts previously reported for that period which
12 were based on two months actual and four months estimated
13 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 October 1, 1997 through
17 March 31, 1998.
18 A. The Company over-recovered \$112,506 in the Marianna

1 Division during that period. In the Fernandina Beach
2 Division we over-recovered \$137,457. 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 February 1998 hearing?

8 A. We had estimated that we would over-recover \$85,285 in
9 Marianna. In Fernandina Beach we had estimated an over-
10 recovery of \$99,460 as of March 31, 1998.

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

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

14 Q. Does this conclude your testimony?

15 A. Yes.

16

17 Disk Conservation 11-97

18 Peacocktest.898

19

20

Exhibit No. _____
Docket No. 980002-EG
Florida Public Utilities Company
(MAP-2)

**True-up Calculations
October 1997 - March 1998**

Schedule CT-1	True-up Calculations
Schedule CT-2	Analysis of Energy Conservation Program Costs
Schedule CT-3	Energy Conservation Adjustment Calculation of True-up and Interest Provision
Schedule CT-4	Schedule of Capital Investment, Depreciation & Return
Schedule CT-5	Reconciliation and Explanation of Differences Between Filing and PSC Audit Report
Schedule CT-6	Program Summaries

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY - MARIANNA

SCHEDULE CT-1

CONSERVATION ADJUSTMENT TRUE-UP

PAGE 1 OF 1

FOR MONTHS October-97 THROUGH March-98

1.	ADJUSTED END OF PERIOD TOTAL NET TRUE-UP		
2.	FOR MONTHS October-97 THROUGH March-98		
3.	END OF PERIOD NET TRUE-UP		
4.	PRINCIPAL	<u>(110,126)</u>	
5.	INTEREST	<u>(2,380)</u>	<u>(112,506)</u>
6.	LESS PROJECTED TRUE-UP		
7.	February-98 (DATE) HEARINGS		
8.	PRINCIPAL	<u>(85,131)</u>	
9.	INTEREST	<u>(2,154)</u>	<u>(85,285)</u>
10.	ADJUSTED END OF PERIOD TOTAL TRUE-UP		<u>(27,221)</u>

EXHIBIT NO _____
DOCKET NO 980002-FG
FLORIDA PUBLIC UTILITIES COMPANY
(MAP-2)
PAGE 1 OF 38

ANALYSIS OF ENERGY CONSERVATION PROGRAM COSTS
ACTUAL VS PROJECTED

FOR MONTHS October-97 THROUGH March-98

	<u>ACTUAL</u>	<u>PROJECTED*</u>	<u>DIFFERENCE</u>
1. LABOR/PAYROLL	22,626	30,101	(7,475)
2. ADVERTISING	10,567	9,967	600
3. LEGAL	1,490	2,005	(515)
4. OUTSIDE SERVICES/CONTRACT	3,204	15,617	(12,413)
5. VEHICLE COST	4,005	5,440	(1,435)
6. MATERIAL & SUPPLIES	5,015	3,859	1,156
7. TRAVEL	1,999	2,760	(761)
8. GENERAL & ADMIN	2,079	2,218	(139)
9. INCENTIVES	71	0	71
10. OTHER	649	6,600	(5,251)
11. SUB-TOTAL	51,705	78,667	(27,162)
12. PROGRAM REVENUES			
13. TOTAL PROGRAM COSTS	51,705	78,667	(27,162)
14. LESS: PRIOR PERIOD TRUE-UP	56,065	56,065	0
15. AMOUNTS INCLUDED IN RATE BASE			
16. CONSERVATION ADJ REVENU	105,766	105,933	(167)
17. ROUNDING ADJUSTMENT			
18. TRUE-UP BEFORE INTEREST	(110,126)	(83,131)	(26,995)
19. ADD INTEREST PROVISION	(2,380)	(2,154)	(226)
20. END OF PERIOD TRUE-UP	(112,506)	(85,285)	(27,221)

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

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY - MARUANNA
ACTUAL CONSERVATION PROGRAM COSTS PER PROGRAM
FOR MONTHS October-97 THROUGH March-98

PROGRAM NAME	LABOR & PAYROLL	ADVERTISING	LEGAL	OUTSIDE SERVICES	VEHICLE COST	MATERIALS & SUPPLIES	TRAVEL	GENERAL & ADMIN.	INCENTIVES	OTHER	SUB TOTAL	PROGRAM REVENUES	TOTAL
1. In Contact with the Environment	1,238	0	0	3,065	0	0	10	0	71	0	4,374	0	4,374
2. Direct Leakage Repair	1,446	1,398	0	0	0	409	0	0	0	0	3,254	0	3,254
3. Residential Geothermal Heat Pump	1,191	0	0	0	0	0	0	0	0	0	1,191	0	1,191
4. Residential Energy Audits	2,299	3,048	0	0	0	0	118	0	0	0	5,463	0	5,463
5. Low Income Customer Energy Audits	1,071	0	0	0	0	0	0	0	0	0	1,071	0	1,071
6. FPU Express	1,471	2,727	0	0	0	0	78	0	0	0	4,276	0	4,276
7. Enhanced Good Cents Home	1,483	2,462	0	78	0	2,469	(353)	51	0	0	6,190	0	6,190
8. Commercial/Industrial Good Cents Building	915	607	0	0	0	1,437	0	0	0	0	2,959	0	2,959
9. Commercial/Industrial Energy Audits & Tech. Ass	857	45	0	71	0	0	1,962	21	0	0	3,086	0	3,086
10. Common	10,565	291	1,490	0	4,005	700	154	2,007	0	649	19,851	0	19,851
11.													
12.													
13.													
14.													
15.													
16.													
17.													
18.													
19.													
20.													
TOTAL ALL PROGRAMS	22,626	10,967	1,490	3,304	4,005	5,015	1,990	2,079	71	649	51,705	0	51,705

EXHIBIT NO. _____
DOCKET NO. 980002-EG
FLORIDA PUBLIC UTILITIES COMPANY
(MAP-2)
PAGE 3 OF 38

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY - MARUANNA

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

FOR MONTHS October-97 THROUGH March-98

PROGRAM NAME	LABOR & PATROLL		ADVERTISING	LEGAL	OUTSIDE SERVICES	VEHICLE COST	MATERIALS & SUPPLIES		TRAVEL	GENERAL & ADMIN		INCENTIVES	OTHER	SUB TOTAL	PROGRAM REVENUES	TOTAL
1 In Concert with the Environment	352	0	0	0	(5,740)	(300)	0	1	0	0	0	71	0	(5,516)	0	(5,516)
2 Direct Leakage Repair	262	333	(300)	0	(1,300)	(300)	109	0	0	0	0	0	(400)	(1,296)	0	(1,296)
3 Residential Geothermal Heat Pump	107	(300)	0	0	(1,100)	(300)	(300)	(300)	(300)	(300)	0	0	(700)	(3,000)	0	(3,000)
4 Residential Energy Audits	(541)	(25)	(700)	0	0	(300)	(300)	(300)	(300)	(300)	0	0	(700)	(2,696)	0	(2,696)
5 Low Income Customer Energy Audits	(145)	(700)	0	0	(300)	(300)	(300)	0	(300)	(300)	0	0	(1,100)	(3,045)	0	(3,045)
6 FPU Express	(513)	1,327	0	0	(700)	(300)	(300)	0	(300)	(300)	0	0	(1,100)	(1,786)	0	(1,786)
7 Enhanced Good Cents Home	(1,555)	134	0	0	(1,000)	(300)	1,169	(104)	(196)	(300)	0	0	(700)	(3,516)	0	(3,516)
8 Commercial/Industrial Good Cents Building	(57)	5	0	0	(700)	(300)	1,137	(700)	(300)	(300)	0	0	(700)	(1,515)	0	(1,515)
9 Commercial/Industrial Energy Audits & Tech. A4	31	(455)	0	0	(1,573)	(300)	(300)	(104)	(179)	(300)	0	0	(1,100)	(2,792)	0	(2,792)
10 Common	(5,116)	281	0	(515)	0	1,265	241	154	1,208	0	0	0	649	(1,835)	0	(1,835)
11																
12																
13																
14																
15																
16																
17																
18																
19																
20																
TOTAL ALL PROGRAMS	(7,473)	600	(515)	(12,413)	(1,435)	1,156	(781)	(1,339)	71	(8,251)	0	0	0	(27,152)	0	(27,152)

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY - MARIANNA

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

FOR MONTHS October-87 THROUGH March-88

A. CONSERVATION EXPENSE BY PROGRAM	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	TOTAL
1. In Contact with the Environment	1,761	629	926	439	243	376	0	0	0	0	0	0	4,374
2. Direct Leakage Repair	993	256	672	81	305	747	0	0	0	0	0	0	3,254
3. Residential Geothermal Heat Pump	325	179	462	81	138	26	0	0	0	0	0	0	1,191
4. Residential Energy Audits	741	276	686	1,154	1,351	1,233	0	0	0	0	0	0	5,453
5. Low Income Customer Energy Audits	203	113	395	176	165	(1)	0	0	0	0	0	0	1,071
6. FPU Express	473	789	1,319	687	421	577	0	0	0	0	0	0	4,276
7. Enhanced Good Cents Home	333	475	2,548	1,314	719	801	0	0	0	0	0	0	8,190
8. Commercial/Industrial Good Cents Building	237	237	1,124	777	625	(41)	0	0	0	0	0	0	2,699
9. Commercial/Industrial Energy Audits & Tech Aa	247	331	308	56	1,694	448	0	0	0	0	0	0	3,086
10. Common	2,562	3,624	3,053	2,502	3,369	4,341	0	0	0	0	0	0	19,851
11.													
12.													
13.													
14.													
15.													
16.													
17.													
18.													
19.													
20.													
21. TOTAL ALL PROGRAMS	7,855	8,911	11,693	7,679	9,090	8,507	0	0	0	0	0	0	51,795
22. LESS AMOUNT INCLUDED IN RATE BASE													
23. RECOVERABLE CONSERVATION EXPENSES	7,855	8,911	11,693	7,679	9,090	8,507	0	0	0	0	0	0	51,795

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY - MARINNA
CALCULATION OF TRUE-UP AND INTEREST PROVISION
FOR MONTHS October-87 THROUGH March-88

	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	TOTAL
B. CONSERVATION REVENUES													
1. RESIDENTIAL CONSERVATION													0
2. CONSERVATION ADJ REVENUES	20,026	15,464	17,868	18,520	17,498	16,380	0	0	0	0	0	0	105,796
3. TOTAL REVENUES	20,026	15,464	17,868	18,520	17,498	16,380	0	0	0	0	0	0	105,796
4. PRIOR PERIOD TRUE-UP ADJ NOT APPLICABLE TO THIS PERIOD	4,672	4,672	4,672	4,672	4,672	4,672	4,672						56,065
5. CONSERVATION REVENUE APPLICABLE	24,708	20,136	22,540	23,192	22,170	21,052	0	0	0	0	0	0	161,831
6. CONSERVATION EXPENSES (FROM CT-3, PAGE 1, LINE 23)	7,855	8,911	11,693	7,679	9,280	8,507	0	0	0	0	0	0	51,725
7. TRUE-UP THIS PERIOD (LINE 5 - 6)	16,853	13,225	10,847	15,513	13,110	12,545	0	0	0	0	0	0	110,126
8. INTEREST PROVISION THIS PERIOD (FROM CT-3, PAGE 3, LINE 10)	290	308	381	419	457	499	0	0	0	0	0	0	2,380
9. TRUE-UP AND INTEREST PROVISION BEGINNING OF MONTH	56,065	68,532	77,423	83,979	89,229	104,134							
9A. DEFERRED TRUE-UP BEGINNING OF PERIOD													
10. PRIOR TRUE-UP COLLECTED (REFUNDED)	(4,672)	(4,672)	(4,672)	(4,672)	(4,672)	(4,672)	(4,672)						0
11. TOTAL NET TRUE-UP (LINES 7+8-9A+10)	66,532	77,423	83,979	89,229	104,134	112,506	0	0	0	0	0	0	112,506

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY - MAIRIANA

CALCULATION OF TRUE-UP AND INTEREST PROVISION

FOR MONTHS October-97 THROUGH March-98

C. INTEREST PROVISION	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	TOTAL
1. BEGINNING TRUE-UP (LINE B-9)	56,065	68,532	77,423	83,979	95,229	104,134	0	0	0	0	0	0	0
2. ENDING TRUE-UP BEFORE INTEREST (LINES B7+B8+B9+B10)	68,246	77,085	83,998	94,800	103,677	112,007	0	0	0	0	0	0	110,128
3. TOTAL BEG. AND ENDING TRUE-UP	124,311	145,617	161,421	178,779	198,918	216,141	0	0	0	0	0	0	110,128
4. AVERAGE TRUE-UP (LINE C-3 X 50%)	62,158	72,808	80,511	89,400	99,458	108,071	0	0	0	0	0	0	55,063
5. INTEREST RATE - FIRST DAY OF REPORTING BUSINESS MONTH	5.53%	5.53%	5.60%	5.75%	5.50%	5.03%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
6. INTEREST RATE - FIRST DAY OF SUBSEQUENT BUSINESS MONTH	5.53%	5.60%	5.75%	5.50%	5.53%	5.58%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
7. TOTAL (LINE C-6 + C-6)	11.06%	11.13%	11.35%	11.25%	11.03%	11.08%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
8. AVG. INTEREST RATE (C-7 X 50%)	5.53%	5.57%	5.68%	5.63%	5.52%	5.54%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
9. MONTHLY AVERAGE INTEREST RATE	0.461%	0.464%	0.473%	0.469%	0.460%	0.462%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
10. INTEREST PROVISION (LINE C-4 X C-8)	298	338	381	419	457	498	0	0	0	0	0	0	2,380

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY - MARIANNA
 SCHEDULE OF CAPITAL INVESTMENT, DEPRECIATION & RETURN
 FOR MONTHS October-87 THROUGH March-88

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

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY - MARIANNA

SCHEDULE CT-4
PAGE 1 OF 1

RECONCILIATION AND EXPLANATION OF
DIFFERENCES BETWEEN FILING AND PSC AUDIT

FOR MONTHS October-87 THROUGH March-88

AUDIT EXCEPTION

TO OUR KNOWLEDGE, NONE EXIST

COMPANY RESPONSE:

EXHIBIT NO _____
DOCKET NO 980002-EG
FLORIDA PUBLIC UTILITIES COMPANY
(MAP-2)
PAGE 9 OF 38

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

PROGRAM TITLE : In Concert With the Environment

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

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

PROGRAM ACCOMPLISHMENTS : The offering of this program is currently being implemented in cooperation with area school board members, administrators, and teachers. The program itself will continue during the current school year for 9th grade students in schools within our service area. The schools which will be taking part are the three county school systems located in Calhoun, Liberty, and Jackson counties (Marianna Division). Teachers and administrators alike have embraced the program with great enthusiasm.

PROGRAM FISCAL EXPENDITURES : The expenditures October 1997 through March 30, 1998 were \$4,374.

PROGRAM PROGRESS SUMMARY : This program was instituted for the first time during the 1997 school year, with 288 students participating thus far. We received an enthusiastic response from both teachers and students which will continue to make this program a great success.

PROGRAM TITLE : Duct Leakage Repair

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

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

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

PROGRAM ACCOMPLISHMENTS : The program goal for the current year is fourteen participants. As of the end of this reporting period we have a total of 22 participants.

PROGRAM FISCAL EXPENDITURES : The expenditures October 1997 through March 30, 1998 were \$3,254.

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

PROGRAM TITLE : Residential Geothermal Heat Pump

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

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

PROGRAM ACCOMPLISHMENTS : This current year we have not had a geothermal installation in our service area. Several customers have inquired about this technology, therefore, we are confident that we will see a number of geothermal installations by the end of the current year.

PROGRAM FISCAL EXPENDITURES : The expenditures October 1997 through March 30, 1998 were \$1,191.

PROGRAM PROGRESS SUMMARY : Even though there is not a goal for this particular program we feel confident that by our efforts to promote this technology we will see a number of geothermal installations in our service areas. We will continue to educate customers and strive to develop a network of installers in order to better promote this highly energy efficient heating and cooling source.

PROGRAM TITLE : Residential Energy Audits

PROGRAM DESCRIPTION : The objective of the Residential Energy Audit Program is to provide FPUC's residential customers with energy conservation advice that will encourage the implementation of efficiency measures resulting in energy savings for the customer. FPUC views this program as a vehicle to promote the installation of cost-effective conservation features. During the audit process, the customer is provided with specific whole-house recommendations. Through follow-up audit work, FPUC monitors and tracks the implementation of the measures.

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

PROGRAM ACCOMPLISHMENTS : The goal for this program is 141 participants. This has been a successful program to date. Audits have been conducted for 108 customers at the end of this reporting period.

PROGRAM FISCAL EXPENDITURES : Expenditures beginning October 1997 through March 30, 1998 were \$5,453.

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

PROGRAM TITLE : Low Income Customer Energy Audits

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

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

PROGRAM ACCOMPLISHMENTS: Eighty-three low income customer audits have been completed to date.

PROGRAM FISCAL EXPENDITURES : Expenditures beginning October 1997 through March 30, 1998 were \$1,071.

PROGRAM PROGRESS SUMMARY: The program goal is twenty participants per year. The audits that have been done were completed in the first quarter of the year. We will continue to make contacts with low income agencies in order to stay up to date on their progress and needs.

PROGRAM TITLE : FPU Express Loan Program

PROGRAM DESCRIPTION : The objective of the FPU Express Loan Program is to provide FPUC's residential customers a vehicle to encourage installation of energy conservation features in their homes. This below-market interest rate loan program provides financing from participating banks in FPUC's service area for up to \$5,000 for a period of 5 years (\$7,500 and 7 years if a closed loop heat pump is installed) to customers that choose to install energy conservation features in their existing homes.

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

PROGRAM ACCOMPLISHMENTS: This year's goal is ten program participants. To date, we have completed four FPU Express Loans. Program participation is expected to increase as contractors, realtors and customers become more aware of the availability of the program.

PROGRAM FISCAL EXPENDITURES : Expenditures beginning October 1997 through March 30, 1998 were \$4,276.

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

PROGRAM TITLE : Enhanced Good Cents Home Program

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

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

PROGRAM ACCOMPLISHMENTS : A total of ten Enhanced Good Cents Homes have been built to date with several more currently under construction.

PROGRAM FISCAL EXPENDITURES : Expenditures beginning October 1997 through March 30, 1998 were \$6,100.

PROGRAM PROGRESS SUMMARY : The program goal is forty-two participants by the end of the current year. We are below our goal at this time . We've enhanced our efforts in promoting contractor participation and customer benefits. Informational presentations will be conducted to educate area builders, realtors, and suppliers. We feel these measures along with increased efforts in building partnerships with local contractors will enable us to make this program successful.

PROGRAM TITLE : Commercial/Industrial Good Cents Buildings

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

Promotion of the Commercial/Industrial Good Cents Building program will feature a positive relationship with trade allies, the public, and local commercial/industrial customers. The program's design is sufficiently flexible to allow an architect or designer to use initiative and ingenuity to achieve results that are meaningful to both the customer and FPUC.

To provide an accurate quantitative analysis of the demand and energy savings due to the Commercial/Industrial Good Cents Building program, the Good Cents standards for our average commercial building are compared to the Florida Model Energy Code. The features used to prepare the customer's analysis include: wall and ceiling R-values; glass area; description of glass; and equipment used in determining the demand and energy differences for the two types of structures. The AXCESS - Energy Analysis Computer Program (AXCESS) is used in calculating these demand and energy differences.

PROGRAM ACCOMPLISHMENTS : To date, we have a total of two Good Cents Building qualifications.

PROGRAM FISCAL EXPENDITURES : Expenditures beginning October 1997 through March 30, 1998 were \$2,959.

PROGRAM PROGRESS SUMMARY : New construction in the commercial/industrial area is not a common occurrence in FPUC's service territory. The goal for this program is two Good Cents Buildings for the current year. By developing a plan of action to gain knowledge of possible projects from the architect before the design stage begins we feel that we will have further success with this program. We have laid the foundation of customer trust in this area, just as in our Commercial/Industrial Audit and Technical Assistance Program. We feel that with these changes we will exceed the program goal for the current year.

PROGRAM TITLE : Commercial/Industrial Energy Audits and Technical Assistance

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

FPUC's representative will be provided a prospective customer for an audit through a phone call, advertising, a complaint, or referral. In this initial contact the representative determines needs, sets an appointment, and begins to gather some basic data such as the address, account number, business type, and past energy records.

At the time of the audit, the representative discusses the audit and submits an outline of the procedure to the customer. During the discussion, the representative also acquires some customer data as it relates to the characteristics of the operation, time of operation, occupancy, and duration of the occupancy. In the audit's visual inspections, the representative observes overall layout, gathers equipment data, statistics, observes housekeeping and maintenance, checks various energy sources, and checks waste heat sources. The representative also makes appropriate measurements of lighting, ambient air temperatures, water temperatures, and air quantities.

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

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

PROGRAM FISCAL EXPENDITURES : Expenditures beginning October 1997 through March 30, 1998 were \$3,086.

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

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY - FERNANDINA

SCHEDULE CT-1

CONSERVATION ADJUSTMENT TRUE-UP

PAGE 1 OF 1

FOR MONTHS October-97 THROUGH March-98

1.	ADJUSTED END OF PERIOD TOTAL NET TRUE-UP		
2.	FOR MONTHS October-97 THROUGH March-98		
3.	END OF PERIOD NET TRUE-UP		
4.	PRINCIPAL	<u>(134,853)</u>	
5.	INTEREST	<u>(2,604)</u>	<u>(137,457)</u>
6.	LESS PROJECTED TRUE-UP		
7.	February-98 (DATE) HEARINGS		
8.	PRINCIPAL	<u>(97,178)</u>	
9.	INTEREST	<u>(2,282)</u>	<u>(99,460)</u>
10.	ADJUSTED END OF PERIOD TOTAL TRUE-UP		<u>(37,997)</u>

EXHIBIT NO _____
DOCKET NO 980002-EG
FLORIDA PUBLIC UTILITIES COMPANY
(MAP-2)
PAGE 20 OF 38

ANALYSIS OF ENERGY CONSERVATION PROGRAM COSTS
ACTUAL VS PROJECTED

FOR MONTHS October-97 THROUGH March-98

	<u>ACTUAL</u>	<u>PROJECTED*</u>	<u>DIFFERENCE</u>
1. LABOR/PAYROLL	22,598	31,115	(8,517)
2. ADVERTISING	7,662	8,525	(863)
3. LEGAL	1,479	1,997	(518)
4. OUTSIDE SERVICES/CONTRACT	3,682	16,122	(12,440)
5. VEHICLE COST	3,388	4,938	(1,550)
6. MATERIAL & SUPPLIES	4,516	3,400	1,116
7. TRAVEL	2,472	3,470	(998)
8. GENERAL & ADMIN	4,141	2,242	1,899
9. INCENTIVES	0	0	0
10. OTHER	864	6,331	(5,467)
11. SUB-TOTAL	50,802	78,140	(27,338)
12. PROGRAM REVENUES			
13. TOTAL PROGRAM COSTS	50,802	78,140	(27,338)
14. LESS: PRIOR PERIOD TRUE-UP	50,545	50,545	0
15. AMOUNTS INCLUDED IN RATE BASE			
16. CONSERVATION ADJ REVENUE	135,110	124,773	10,337
17. ROUNDING ADJUSTMENT			
18. TRUE-UP BEFORE INTEREST	(134,853)	(97,178)	(37,675)
19. ADD INTEREST PROVISION	(2,604)	(2,282)	(322)
20. END OF PERIOD TRUE-UP	(137,457)	(99,460)	(37,997)

() REFLECTS OVERRECOVERY

* 2 MONTHS ACTUAL AND 4 MONTHS PROJECTED

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY - FERNANDINA
ACTUAL CONSERVATION PROGRAM COSTS PER PROGRAM

FOR MONTHS October-87 THROUGH March-88

PROGRAM NAME	LABOR & PAYROLL		ADVERTISING	LEGAL	OUTSIDE SERVICES	VEHICLE COST	MATERIALS & SUPPLIES		TRAVEL	GENERAL & ADMIN.		INCENTIVES	OTHER	SUB TOTAL	PROGRAM REVENUES	TOTAL
1. In Concert with the Environment	2,040		0	0	3,021	0	0	43	0	0	0	0	0	5,104		5,104
2. Direct Leakage Repair	1,275		0	0	0	0	415	0	0	0	0	0	0	1,690		1,690
3. Residential Geothermal Heat Pump	510		0	0	50	0	0	0	0	0	0	0	0	560		560
4. Residential Energy Audits	2,730		3,804	0	0	0	176	0	0	0	0	0	0	6,810		6,810
5. Low Income Customer Energy Audits	751		0	0	0	0	0	0	0	0	0	0	0	751		751
6. FPU Express	874		1,744	0	0	0	0	79	0	0	0	0	18	2,715		2,715
7. Enhanced Good Cents Home	3,531		1,723	0	420	0	2,488	503	370	0	0	0	371	9,406		9,406
8. Commercial/Industrial Good Cents Building	394		198	0	0	0	1,437	865	0	0	0	0	0	2,894		2,894
9. Commercial/Industrial Energy Audits & Tech Ass	1,915		0	0	191	0	0	560	0	0	0	0	0	2,666		2,666
10. Common	8,578		83	1,479	0	3,386	0	722	3,771	0	0	0	475	18,508		18,508
11.																
12.																
13.																
14.																
15.																
16.																
17.																
18.																
19.																
20.																
TOTAL ALL PROGRAMS	22,598		7,862	1,479	3,662	3,386	4,516	2,472	4,141		0	0	864	50,802	0	50,802

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY - FERNANDINA
CONSERVATION COSTS PER PROGRAM--VARIANCE ACTUAL VS PROJECTED
VARIANCE ACTUAL VS PROJECTED

FOR MONTHS October-97 THROUGH March-98

PROGRAM NAME	LABOR & PAYROLL	ADVERTISING	LEGAL	OUTSIDE SERVICES	VEHICLE COST	MATERIALS & SUPPLIES	TRAVEL	GENERAL & ADMIN.	INCENTIVES	OTHER	SUB TOTAL	PROGRAM REVENUES	TOTAL
1. In Concert with the Environment	1,404	0	0	(4,440)	(300)	0	0	(100)	0	(400)	(3,836)	0	(3,836)
2. Direct Leakage Repair	486	(300)	0	(1,000)	(300)	115	0	(100)	0	(800)	(1,919)	0	(1,919)
3. Residential Geothermal Heat Pump	162	(300)	0	(700)	(300)	(300)	(300)	(100)	0	(700)	(2,536)	0	(2,536)
4. Residential Energy Audits	(1,000)	610	0	(700)	(300)	(124)	(300)	(100)	0	(1,000)	(2,820)	0	(2,820)
5. Low Income Customer Energy Audits	(486)	(700)	0	(300)	(300)	(300)	0	(100)	0	(1,000)	(3,186)	0	(3,186)
6. FPU Express	(225)	867	0	(300)	(300)	(300)	1	(100)	0	(1,000)	(1,439)	0	(1,439)
7. Enhanced Good Certs Home	(247)	(331)	0	(1,000)	(300)	1,188	(700)	(100)	0	(97)	(2,474)	0	(2,474)
8. Commercial/Industrial Good Certs Building	(540)	(300)	0	(1,300)	(300)	1,137	(136)	(100)	0	(1,100)	(2,640)	0	(2,640)
9. Commercial/Industrial Energy Audits & Tech A4	140	(500)	0	(2,700)	(300)	(300)	(280)	(100)	0	0	(4,000)	0	(4,000)
10. Common	(8,155)	93	(515)	0	1,150	0	766	2,799	0	1,599	(2,366)	0	(2,366)
11.													
12.													
13.													
14.													
15.													
16.													
17.													
18.													
19.													
20.													
TOTAL ALL PROGRAMS	(8,517)	(963)	(518)	(12,440)	(1,550)	1,118	(966)	1,179	0	(5,467)	(27,338)	0	(27,338)

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

FOR MONTHS: October-97 THROUGH March-98

A BY PROGRAM	CONSERVATION EXPENSE												
	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	TOTAL
1	In Contact with the Environment	1,833	807	1,777	135	178	474	0	0	0	0	0	5,104
2	Direct Leakage Repair	229	280	574	183	258	186	0	0	0	0	0	1,890
3	Residential Operational Heat Pump	173	105	87	68	68	58	0	0	0	0	0	580
4	Residential Energy Audits	880	750	1,855	483	2,129	703	0	0	0	0	0	6,810
5	Low Income Customer Energy Audits	31	208	78	87	138	210	0	0	0	0	0	751
6	FPU Expenses	143	311	437	460	340	1,024	0	0	0	0	0	2,715
7	Enhanced Good Cents Home	2,812	1,988	2,874	1,140	835	1,177	0	0	0	0	0	8,408
8	Commercial/Industrial Good Cents Building	5	28	852	811	758	139	0	0	0	0	0	2,594
9	Commercial/Industrial Energy Audits & Tech. As	384	402	287	227	889	477	0	0	0	0	0	2,698
10	Common	2,713	2,758	2,759	3,598	3,094	3,582	0	0	0	0	0	18,508
11													
12													
13													
14													
15													
16													
17													
18													
19													
20													
21	TOTAL ALL PROGRAMS	8,024	8,816	11,293	7,203	8,435	8,031	0	0	0	0	0	60,802
22	LESS AMOUNT INCLUDED IN RATE BASE												
23	RECOVERABLE CONSERVATION EXPENSES	9,024	8,816	11,293	7,203	8,435	8,031	0	0	0	0	0	60,802

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY - FERNANDINA
 CALCULATION OF TRUE-UP AND INTEREST PROVISION
 FOR MONTHS October-87 THROUGH March-88

SCHEDULE CT-3
 PAGE 1 OF 2

	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	TOTAL
1 RESIDENTIAL CONSERVATION	25,870	18,011	22,006	24,322	22,821	22,270	0	0	0	0	0	0	128,110
2 CONSERVATION ADJ. REVENUES	25,870	18,011	22,006	24,322	22,821	22,270	0	0	0	0	0	0	128,110
3 TOTAL REVENUES	4,212	4,212	4,212	4,212	4,212	4,212	4,212	4,212	4,212	4,212	4,212	4,212	50,545
4 PRIOR PERIOD TRUE-UP ADJ. NOT APPLICABLE TO THIS PERIOD	30,082	22,233	28,218	28,534	28,833	28,482	0	0	0	0	0	0	188,883
5 CONSERVATION REVENUE APPLICABLE	9,024	6,819	11,202	7,203	6,435	8,021	0	0	0	0	0	0	50,882
6 CONSERVATION EXPENSES (FROM CT-3, PAGE 1, LINE 23)	21,058	15,417	14,825	21,331	18,398	18,461	0	0	0	0	0	0	134,883
7 TRUE-UP THIS PERIOD (LINE 5 - 6)	272	340	400	464	529	599	0	0	0	0	0	0	2,804
8 INTEREST PROVISION THIS PERIOD (FROM CT-3, PAGE 2, LINE 10)	50,545	67,863	79,201	90,321	107,804	122,819	0	0	0	0	0	0	505,545
9 TRUE-UP AND INTEREST PROVISION BEGINNING OF MONTH	(4,212)	(4,212)	(4,212)	(4,212)	(4,212)	(4,212)	0	0	0	0	0	0	0
9A DEFERRED TRUE-UP BEGINNING OF PERIOD	(4,212)	(4,212)	(4,212)	(4,212)	(4,212)	(4,212)	0	0	0	0	0	0	0
10 PRIOR TRUE-UP COLLECTED (REFUNDED)	67,863	79,208	90,321	107,804	122,819	137,457	0	0	0	0	0	0	505,457
11 TOTAL NET TRUE-UP (LINES 7-9+9A-10)													137,457

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY - FERNANDINA

SCHEDULE CT-3
PAGE 3 OF 3

CALCULATION OF TRUE-UP AND INTEREST PROVISION

FOR MONTHS: OCTOBER-87 THROUGH MARCH-88

	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	TOTAL
1 BEGINNING TRUE-UP (LINE 8-2)	50,545	67,667	79,208	90,327	107,904	122,619	0	0	0	0	0	0	0
2 ENDING TRUE-UP BEFORE INTEREST (LINES 87-88+89A+B+C)	67,291	78,168	89,821	107,440	122,090	138,668	0	0	0	0	0	0	134,653
3 TOTAL BEG. AND ENDING TRUE-UP	117,836	146,131	168,129	197,767	229,994	261,287	0	0	0	0	0	0	134,653
4 AVERAGE TRUE-UP (LINE C-3 X 6.50%)	58,968	73,215	84,565	98,881	114,997	130,759	0	0	0	0	0	0	67,427
5 INTEREST RATE - FIRST DAY OF REPORTING BUSINESS MONTH	5.53%	5.53%	5.50%	5.75%	5.50%	5.53%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
6 INTEREST RATE - FIRST DAY OF SUBSEQUENT BUSINESS MONTH	5.53%	5.50%	5.75%	5.50%	5.53%	5.50%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
7 TOTAL (LINE C-3 X C-6)	11,080%	11.13%	11.25%	11.25%	11.07%	11.08%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
8 AVG. INTEREST RATE (C-7 X 50%)	5.53%	5.57%	5.62%	5.62%	5.53%	5.54%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
9 MONTHLY AVERAGE INTEREST RATE	0.461%	0.464%	0.472%	0.469%	0.460%	0.462%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
10 INTEREST PROVISION (LINE C-4 X C-8)	272	340	400	464	511	599	0	0	0	0	0	0	2,004

EXHIBIT NO. 880003-EG
DOCKET NO. 880003-EG
FLORIDA PUBLIC UTILITIES COMPANY
(MAY-82)
PAGE 28 OF 38

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY - FERNANDINA
 SCHEDULE OF CAPITAL INVESTMENT/DEPRECIATION & RETURN

FOR MONTHS: October-97 THROUGH March-98

SCHEDULE CT-4
 PAGE 1 OF 1

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

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY - FERNANDINA

SCHEDULE CT-4
PAGE 1 OF 1

RECONCILIATION AND EXPLANATION OF
DIFFERENCES BETWEEN FILING AND PSC AUDIT

FOR MONTHS October-87 THROUGH March-88

AUDIT EXCEPTION:

TO OUR KNOWLEDGE, NONE EXIST

COMPANY RESPONSE:

EXHIBIT NO. _____
DOCKET NO. 980002-EG
FLORIDA PUBLIC UTILITIES COMPANY
(MAP-2)
PAGE 28 OF 38

FLORIDA PUBLIC UTILITIES COMPANY
FERNANDINA BEACH DIVISION
PROGRAM DESCRIPTION AND PROGRESS

SCHEDULE CT-6
PAGE 1 OF 10

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

EXHIBIT NO. _____
DOCKET NO. 980002-EG
FLORIDA PUBLIC UTILITIES CO.
(MAP-2)
PAGE 29 OF 38

PROGRAM TITLE : In Concert With the Environment

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

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

PROGRAM ACCOMPLISHMENTS : The offering of this program has been implemented in cooperation with area school board members, administrators, and teachers. The school which will participate in the Fernandina Beach service territory is Fernandina Beach High School. Teachers and administrators alike have embraced the program with great enthusiasm. Actual participants in this program will not begin accumulating until June of 1998 in this particular area.

PROGRAM FISCAL EXPENDITURES : The expenditures October 1, 1997 through March 31, 1998 were \$5,104.

PROGRAM PROGRESS SUMMARY : Program accomplishments in this territory will fall short due to the small number of students in the Fernandina area. In the future we hope to offer In Concert to other grades to increase participation.

PROGRAM TITLE : Duct Leakage Repair

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

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

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

PROGRAM ACCOMPLISHMENTS : The program goal for the current year is 22 participants. As of the end of this reporting period we have had a total of 30 participants in the Fernandina Beach service territory..

PROGRAM FISCAL EXPENDITURES : The expenditures October 1, 1997 through March 31, 1998 were \$1,690.

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

PROGRAM TITLE : Residential Geothermal Heat Pump

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

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

PROGRAM ACCOMPLISHMENTS : At this time we have had no geothermal installations completed in our service area within this reporting period. Many customers are beginning to learn more about this technology, therefore, we are confident that we will see a greater number of geothermal installations in the future..

PROGRAM FISCAL EXPENDITURES : The expenditures October 1, 1997 through March 31, 1998 were \$560.

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

PROGRAM TITLE : Residential Energy Audits

PROGRAM DESCRIPTION : The objective of the Residential Energy Audit Program is to provide FPUC's residential customers with energy conservation advice that will encourage the implementation of efficiency measures resulting in energy savings for the customer. FPUC views this program as a vehicle to promote the installation of cost-effective conservation features. During the audit process, the customer is provided with specific whole-house recommendations. Through follow-up audit work, FPUC monitors and tracks the implementation of the measures.

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

PROGRAM ACCOMPLISHMENTS : The goal for this program is 141 participants. This has been a very successful program to date. Audits have been conducted for 179 customers at the end of this reporting period.

PROGRAM FISCAL EXPENDITURES : Expenditures beginning October 1, 1997 through March 31, 1998 were \$6,810.

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

PROGRAM TITLE : Low Income Customer Energy Audits

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

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

PROGRAM ACCOMPLISHMENTS: Six low-income customer audits have been completed to date.

PROGRAM FISCAL EXPENDITURES : Expenditures beginning October 1, 1997 through March 31, 1998 were \$751.

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

PROGRAM TITLE : Commercial/Industrial Energy Audits and Technical Assistance

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

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

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

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

PROGRAM FISCAL EXPENDITURES : Expenditures beginning October 1, 1997 through March 31, 1998 were \$2,666.

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

PROGRAM TITLE : FPUC Express Loan Program

PROGRAM DESCRIPTION : The objective of the FPUC Express Loan Program is to provide FPUC's residential customers a vehicle to encourage installation of energy conservation features in their homes. This below-market interest rate loan program provides financing from participating banks in FPUC's service area for up to \$5,000 for a period of 5 years (\$7,500 and 7 years if a closed loop heat pump is installed) to customers that choose to install energy conservation features in their existing homes.

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

PROGRAM ACCOMPLISHMENTS: This year's goal is 10 program participants. To date no FPUC Express Loans have been completed. Program participation is expected to increase as contractors, realtors and customers become more aware of the availability of the program.

PROGRAM FISCAL EXPENDITURES : Expenditures beginning October 1, 1997 through March 31, 1998 were \$2,715.

PROGRAM PROGRESS SUMMARY : The contract agreement that was needed to offer this program was not signed until October of 1997. Full implementation of this program has now begun. We feel this program will be extremely successful due to increased advertising and our new promotional efforts. During Residential Audits we will also inform residents of the advantages of this program. We will continue to develop close relationships with area realtors and contractors by providing them with program materials that will enhance their efforts to inform customers of this program.

PROGRAM TITLE : Enhanced Good Cents Home Program

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

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

PROGRAM ACCOMPLISHMENTS : A total of 13 Enhanced Good Cents Homes have been built to date with several more currently under construction.

PROGRAM FISCAL EXPENDITURES : Expenditures beginning October 1, 1997 through March 31, 1998 were \$9,406.

PROGRAM PROGRESS SUMMARY : The program goal is forty-two participants by the end of the current year. We are considerably below our goal at this time but we are making progress. During 1997 there were only a total of 8 Enhanced Good Cents Homes built in the Fernandina Beach service territory. Through our increased efforts this number has risen to 13 in only the first half of 1998. We will continue to build on our success with even greater creativity and better marketing efforts in order to reach our goal during the current year.

PROGRAM TITLE : Commercial/Industrial Good Cents Buildings

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

Promotion of the Commercial/Industrial Good Cents Building program will feature a positive relationship with trade allies, the public, and local commercial/industrial customers. The program's design is sufficiently flexible to allow an architect or designer to use initiative and ingenuity to achieve results that are meaningful to both the customer and FPUC.

To provide an accurate quantitative analysis of the demand and energy savings due to the Commercial/Industrial Good Cents Building program, the Good Cents standards for our average commercial building are compared to the Florida Model Energy Code. The features used to prepare the customer's analysis include: wall and ceiling R-values; glass area; description of glass; and equipment used in determining the demand and energy differences for the two types of structures. The AXCESS - Energy Analysis Computer Program (AXCESS) is used in calculating these demand and energy differences.

PROGRAM ACCOMPLISHMENTS : To date, we have had two Good Cents Building qualifications in the Fernandina Beach service territory.

PROGRAM FISCAL EXPENDITURES : Expenditures beginning October 1, 1997 through March 31, 1998 were \$2,594.

PROGRAM PROGRESS SUMMARY : The goal for this program is two Good Cents Buildings for the current year. By developing a plan of action to gain knowledge of possible projects before the design stage begins we feel that we will have greater success with this program. We have laid the foundation of customer trust in this area through our Commercial/Industrial Audit and Technical Assistance Program. We feel that with these changes the program goal will be met for the current year.