

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 040004-GU
DETERMINATION OF CONSERVATION COSTS RECOVERY FACTOR

REVISED

Direct Testimony of
ROBERT L. SMITH

On Behalf of
FLORIDA PUBLIC UTILITIES COMPANY

1 Q. Please state your name and business address.

2 A. Robert L. Smith: my business address is 401 S. Dixie Highway,
3 West Palm Beach, Florida 33401.

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

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

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

8 A. To advise the Commission of the actual over/under recovery of the
9 Conservation costs for the period January 1, 2003 through
10 December 31, 2003 as compared to the amount previously reported
11 for that period which was based on eight months actual and four
12 months estimated data.

13 Q. Please state the actual amount of over/under recovery of
14 Conservation Program costs for the gas divisions of Florida
15 Public Utilities Company for January 1, 2003 through December 31,
16 2003.

DOCUMENT NUMBER-DATE

05227 MAY-5 8

FPSC-COMMISSION CLERK

1 A. The Company under-recovered \$29,466 during that period. This
2 amount is substantiated on Schedule CT-3, page 2 of 3,
3 Calculation of True-up and Interest Provision.

4 Q. How does this amount compare with the estimated true-up amount
5 which was allowed by the Commission?

6 A. We had estimated that we would over-recover \$156,698 as of
7 December 31, 2003.

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

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

11 Q. Does this conclude your testimony?

12 A. Yes.

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY

SCHEDULE CT-1

CONSERVATION ADJUSTMENT TRUE-UP (revised 5/3/2004)

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FOR MONTHS January-03 THROUGH December-03

1.	ADJUSTED END OF PERIOD TOTAL NET TRUE-UP		
2.	FOR MONTHS	January-03	THROUGH December-03
3.	END OF PERIOD NET TRUE-UP		
4.	PRINCIPAL	<u>30,720</u>	
5.	INTEREST	<u>(1,254)</u>	<u>29,466</u>
6.	LESS PROJECTED TRUE-UP		
7.	November-03 (DATE) HEARINGS		
8.	PRINCIPAL	<u>(154,941)</u>	
9.	INTEREST	<u>(1,757)</u>	<u>(156,698)</u>
10.	ADJUSTED END OF PERIOD TOTAL TRUE-UP		<u><u>186,164</u></u>

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FPSC-COMMISSION CLERK

ANALYSIS OF ENERGY CONSERVATION PROGRAM COSTS
ACTUAL VS PROJECTED (revised 5/3/2004)

	FOR MONTHS	January-03	THROUGH	December-03	
		<u>ACTUAL</u>		<u>PROJECTED</u>	<u>DIFFERENCE</u>
1.	Labor/Payroll	195,622		233,146	(37,524)
2.	Advertisement	739,945		485,316	254,629
3.	Legal				
4.	Outside Services	69,686		89,104	(19,418)
5.	Vehicle	6,274		20,591	(14,317)
6.	Materials & Supplies	57,807		64,364	(6,557)
7.	Travel	9,116		8,302	814
8.	General & Administrative	15,606		11,116	4,490
9.	Incentives	942,649		1,055,646	(112,997)
10.	Other	1,359		22,935	(21,576)
11.	SUB-TOTAL	2,038,064		1,990,520	47,544
12.	PROGRAM REVENUES				
13.	TOTAL PROGRAM COSTS	2,038,064		1,990,520	47,544
14.	LESS. PRIOR PERIOD TRUE-UP	(107,559)		(107,559)	
15.	AMOUNTS INCLUDED IN RATE BASE				
16.	CONSERVATION ADJ REVENUE	2,114,903		2,253,020	(138,117)
17.	ROUNDING ADJUSTMENT				
18.	TRUE-UP BEFORE INTEREST	30,720		(154,941)	185,661
19.	ADD INTEREST PROVISION	(1,254)		(1,757)	503
20.	END OF PERIOD TRUE-UP	29,466		(156,698)	186,164

() REFLECTS OVERRECOVERY

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COMPANY: FLORIDA PUBLIC UTILITIES COMPANY

SCHEDULE CT-2
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ACTUAL CONSERVATION PROGRAM COSTS PER PROGRAM (revised 5/3/2004)

FOR MONTHS January-03 THROUGH December-03

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 Res New Construction	29,910	96,148		31,534		20,968	5,733	2,232	573,977	470	760,972		760,972
2 Residential Appliance Replacement	10,072	1,930							50,342		62,344		62,344
3 Conservation Education		121,239				5,846					127,085		127,085
4 Space Conditioning	5,154	1,309		24,840		1,139			4,500		36,942		36,942
5 Residential Conservation Service	6,400	50		5,795		5,634					17,879		17,879
6 Residential Appliance Retention	15,524	48,692							313,815		378,031		378,031
10 Commercial Conservation Service	21,176	616		1,340		4,834			15	15	27,996		27,996
12 Commercial Equipment Repair											900		900
13 Residential Service Reactivation		900									900		900
14 Common	107,386	469,061		6,177	6,274	19,386	3,383	13,374		874	625,915		625,915
TOTAL ALL PROGRAMS	195,622	739,945		69,686	6,274	57,807	9,116	15,606	942,649	1,359	2,038,064		2,038,064

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SCHEDULE CT-2
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CONSERVATION COSTS PER PROGRAM--VARIANCE ACTUAL VS PROJECTED
VARIANCE ACTUAL VS PROJECTED (revised 5/3/2004)

FOR MONTHS January-03 THROUGH December-03

PROGRAM NAME	LABOR/PAY	ADVERTISE.	LEGAL	OUT.SERV.	VEHICLE	MAT & SUPP.	TRAVEL	G & A	INCENTIVES	OTHER	SUB TOTAL	PROGRAM REVENUES	TOTAL
1. Full House Res New Construction	(10,272)	1,944		(3,969)		(2,926)	(398)	24	(61,063)	(2,330)	(78,990)		(78,990)
2. Residential Appliance Replacement	(10,645)	(4,600)		(600)		(2,570)			(4,624)	(1,670)	(24,709)		(24,709)
3. Conservation Education	(3,330)	96,944		(1,470)		(1,144)				(1,670)	89,330		89,330
4. Space Conditioning	(2,089)	(516)		1,260		(801)			(9,500)	(1,000)	(12,646)		(12,646)
5. Residential Conservation Service	217	(3,770)		(320)		3,634			(400)	(1,670)	(2,309)		(2,309)
6. Residential Appliance Retention	(8,407)	37,282		(1,200)		(2,870)			(30,740)	(2,000)	(7,935)		(7,935)
10. Commercial Conservation Service	4,687	(3,500)		(4,830)		2,263				(1,330)	(2,710)		(2,710)
12. Commercial Equipment Repair													
13. Residential Service Reactivation	(3,190)	(2,070)				(870)			(6,670)		(12,800)		(12,800)
14. Common	(4,495)	132,915		(8,289)	(14,317)	(1,273)	1,212	4,466		(9,906)	100,313		100,313
TOTAL ALL PROGRAMS	(37,524)	254,629		(19,418)	(14,317)	(6,557)	814	4,490	(112,997)	(21,576)	47,544		47,544

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SCHEDULE CT-3
PAGE 1 OF 3

ENERGY CONSERVATION ADJUSTMENT CALCULATION OF TRUE-UP AND INTEREST PROVISION
SUMMARY OF EXPENSES BY PROGRAM BY MONTH (revised 5/3/2004)

FOR MONTHS January-03 THROUGH December-03

A CONSERVATION EXPENSE BY PROGRAM		JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
1.	Full House Res New Construction	73,741	55,051	74,384	110,469	58,576	52,237	49,607	46,246	69,498	44,669	34,182	92,312	760,972
2	Residential Appliance Replacement	5,529	7,718	5,557	3,831	6,414	7,237	3,270	4,056	3,650	4,069	4,064	6,949	62,344
3	Conservation Education	206	1,106	206	207	9,171	2,319	1,829	7,711	8,431	42,960	693	52,246	127,085
4.	Space Conditioning	1,188	3,428	3,249	4,511	4,559	3,422	3,431	3,461	3,746	7,985	(5,580)	3,542	36,942
5.	Residential Conservation Service	610	1,743	773	571	522	670	396	402	527	7,096	3,973	596	17,879
6.	Residential Appliance Retention	37,636	31,177	31,841	26,858	22,617	25,867	19,862	28,629	27,932	40,649	25,190	59,753	378,031
10.	Commercial Conservation Service	2,685	1,439	1,494	1,728	3,439	2,200	1,656	2,389	1,838	1,961	5,156	2,011	27,996
12	Commercial Equipment Repair													
13	Residential Service Reactivation		900											900
14	Common	52,310	16,928	76,291	50,528	46,799	38,139	31,294	33,467	17,843	21,660	94,800	147,836	625,915
610			238	(215)				1,465	(1,465)	(23)				
21 TOTAL ALL PROGRAMS		173,905	119,728	193,580	198,703	152,097	130,091	112,830	124,916	133,442	171,049	162,478	365,245	2,038,064
22 LESS AMOUNT INCLUDED IN RATE BASE														
23 RECOVERABLE CONSERVATION EXPENSES		173,905	119,728	193,580	198,703	152,097	130,091	112,830	124,916	133,442	171,049	162,478	365,245	2,038,064

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SCHEDULE CT-3
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CALCULATION OF TRUE-UP AND INTEREST PROVISION (revised 5/3/2004)

FOR MONTHS January-03 THROUGH December-03

B. CONSERVATION REVENUES	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
1. RESIDENTIAL CONSERVATION													
2. CONSERVATION ADJ REVENUES	297,031	259,207	195,528	180,601	156,286	132,627	123,953	121,127	126,561	127,354	162,136	232,491	2,114,903
3. TOTAL REVENUES	297,031	259,207	195,528	180,601	156,286	132,627	123,953	121,127	126,561	127,354	162,136	232,491	2,114,903
4. PRIOR PERIOD TRUE-UP ADJ NOT APPLICABLE TO THIS PERIOD	(8,966)	(8,963)	(8,963)	(8,963)	(8,963)	(8,963)	(8,963)	(8,963)	(8,963)	(8,963)	(8,963)	(8,963)	(107,559)
5. CONSERVATION REVENUE APPLICABLE	288,065	250,244	186,565	171,638	147,323	123,664	114,990	112,164	117,598	118,391	153,173	223,528	2,007,344
6. CONSERVATION EXPENSES (FROM CT-3, PAGE 1, LINE 23)	173,905	119,728	193,580	198,703	152,097	130,091	112,830	124,916	133,442	171,049	162,478	365,245	2,038,064
7. TRUE-UP THIS PERIOD (LINE 5 - 6)	114,160	130,516	(7,015)	(27,065)	(4,774)	(6,427)	2,160	(12,752)	(15,844)	(52,658)	(9,305)	(141,717)	(30,720)
8. INTEREST PROVISION THIS PERIOD (FROM CT-3, PAGE 3, LINE 10)	(49)	90	158	146	141	133	130	137	133	111	91	33	1,254
9. TRUE-UP AND INTEREST PROVISION BEGINNING OF MONTH	(107,559)	15,518	155,087	157,193	139,238	143,567	146,237	157,489	153,837	147,090	103,506	103,255	(107,559)
9A. DEFERRED TRUE-UP BEGINNING OF PERIOD													
10. PRIOR TRUE-UP COLLECTED (REFUNDED)	8,966	8,963	8,963	8,963	8,963	8,963	8,963	8,963	8,963	8,963	8,963	8,963	107,559
11. TOTAL NET TRUE-UP (LINES 7+8+9+9A+10)	15,518	155,087	157,193	139,238	143,567	146,237	157,489	153,837	147,090	103,506	103,255	(29,466)	(29,466)

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CALCULATION OF TRUE-UP AND INTEREST PROVISION (revised 5/3/2004)

FOR MONTHS January-03 THROUGH December-03

C. INTEREST PROVISION	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
1. BEGINNING TRUE-UP (LINE B-9)	(107,559)	15,518	155,087	157,193	139,238	143,567	146,237	157,489	153,837	147,090	103,506	103,255	(107,559)
2. ENDING TRUE-UP BEFORE INTEREST (LINES B7+B9+B9A+B10)	15,567	154,997	157,035	139,092	143,426	146,104	157,359	153,700	146,957	103,395	103,164	(29,499)	(30,720)
3. TOTAL BEG AND ENDING TRUE-UP	(91,992)	170,515	312,122	296,285	282,664	289,671	303,596	311,190	300,794	250,484	206,670	73,756	(138,279)
4. AVERAGE TRUE-UP (LINE C-3 X 50%)	(45,996)	85,258	156,061	148,142	141,332	144,835	151,798	155,595	150,397	125,242	103,335	36,878	(69,139)
5. INTEREST RATE - FIRST DAY OF REPORTING BUSINESS MONTH	1.29%	1.27%	1.25%	1.18%	1.19%	1.21%	1.00%	1.05%	1.06%	1.06%	1.06%	1.06%	1.06%
6. INTEREST RATE - FIRST DAY OF SUBSEQUENT BUSINESS MONTH	1.27%	1.25%	1.18%	1.19%	1.21%	1.00%	1.05%	1.06%	1.06%	1.06%	1.06%	1.06%	1.06%
7. TOTAL (LINE C-5 + C-6)	2.56%	2.52%	2.43%	2.37%	2.40%	2.21%	2.05%	2.11%	2.12%	2.12%	2.12%	2.12%	2.12%
8. AVG INTEREST RATE (C-7 X 50%)	1.28%	1.26%	1.22%	1.19%	1.20%	1.11%	1.03%	1.06%	1.06%	1.06%	1.06%	1.06%	1.06%
9. MONTHLY AVERAGE INTEREST RATE	0.107%	0.105%	0.101%	0.099%	0.100%	0.092%	0.085%	0.088%	0.088%	0.088%	0.088%	0.088%	0.088%
10. INTEREST PROVISION (LINE C-4 X C-9)	(49)	90	158	146	141	133	130	137	133	111	91	33	1,254

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SCHEDULE CT-4
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SCHEDULE OF CAPITAL INVESTMENT, DEPRECIATION & RETURN (revised 5/3/2004)

FOR MONTHS January-03 THROUGH December-03

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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COMPANY: FLORIDA PUBLIC UTILITIES COMPANY

SCHEDULE CT-5
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RECONCILIATION AND EXPLANATION OF
DIFFERENCES BETWEEN FILING AND PSC AUDIT (5/3/2004)

FOR MONTHS January-03 THROUGH December-03

AUDIT EXCEPTION

TO OUR KNOWLEDGE, NONE EXIST

COMPANY RESPONSE:

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**FLORIDA PUBLIC UTILITIES COMPANY
CONSOLIDATED NATURAL GAS DIVISION
PROGRAM DESCRIPTION AND SUMMARY**
(revised 5/3/2004)

**SCHEDULE CT-6
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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

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**FLORIDA PUBLIC UTILITIES COMPANY
CONSOLIDATED NATURAL GAS DIVISION
PROGRAM DESCRIPTION AND PROGRESS**
(revised 5/3/2004)

**SCHEDULE CT-6
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PROGRAM TITLE:

Full House Residential New Construction Program

PROGRAM DESCRIPTION:

This program is designed to increase the overall energy efficiency in the residential single- and multi-family new construction market by promoting energy-efficient natural gas appliances. The program offers builders and developers incentives in the form of cash allowances to defray the additional costs associated with the installation of natural gas supply lines, house piping, venting and natural gas appliances.

PROGRAM ALLOWANCES:

Furnace or Hydro heater	\$300
Water Heater	\$300
Range	\$ 85
Dryer	\$ 85

PROGRAM PROJECTIONS:

For the twelve-month period of January to December 2003, FPUC estimated that 1,100 single- and multi-family homes would be connected to its natural gas system. The company connected 819 homes in 2003.

PROGRAM FISCAL EXPENDITURES:

During the twelve-month period of January to December 2003, FPUC had expenses of \$760,972.

PROGRAM PROGRESS SUMMARY:

FPSC approval of this program occurred on August 29, 2000. From the inception of this program on September 1, 2000 through December 31, 2003, FPUC has connected 2,981 single- and multi-family homes to its natural gas system with an estimated annual usage of 703,918 therms.

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**FLORIDA PUBLIC UTILITIES COMPANY
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PROGRAM DESCRIPTION AND PROGRESS**
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**SCHEDULE CT-6
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PROGRAM TITLE:

Residential Appliance Replacement Program

PROGRAM DESCRIPTION:

This program is designed to encourage the replacement of inefficient non-natural gas residential appliances with energy-efficient natural gas appliances. The program offers incentives in the form of cash allowances to residential consumers to assist in defraying the additional costs associated with the installation of efficient natural gas appliances.

PROGRAM ALLOWANCES:

Furnace or Hydro heater	\$330
Water Heater	\$330
Range	\$ 50
Dryer	\$ 50

PROGRAM PROJECTIONS:

For the twelve-month period of January to December 2003, FPUC estimated that 200 natural gas appliances would be connected (limited to furnaces or hydro heaters, water heaters, ranges and dryers) to its natural gas system. The company connected 180 new appliances under this program in 2003.

PROGRAM EXPENDITURES:

During the twelve-month period of January to December 2003, FPUC had expenses of \$62,344.

PROGRAM PROGRESS SUMMARY:

FPSC approval of this program occurred on August 29, 2000. This program was implemented on September 1, 2000. From the inception of the program through December 31, 2003, FPUC has connected 565 appliances (only furnaces and hydro heaters, water heaters, ranges and dryers) to its natural gas system. These appliances have resulted in an estimated cumulative annual usage of 49,757 therms.

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**FLORIDA PUBLIC UTILITIES COMPANY
CONSOLIDATED NATURAL GAS DIVISION
PROGRAM DESCRIPTION AND PROGRESS**
(revised 5/3/2004)

**SCHEDULE CT-6
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PROGRAM TITLE:

Residential Appliance Retention Program

PROGRAM DESCRIPTION:

This program is designed to promote the retention of energy-efficient appliances for current natural gas customers. The program offers allowances to customers to assist in defraying the cost of purchasing and installing more expensive energy-efficient appliances.

PROGRAM ALLOWANCES:

Water Heater \$350

PROGRAM PROJECTIONS:

For the twelve-month period of January to December 2003, FPUC estimated that 960 water heaters would be connected to its system. FPUC replaced 903 water heaters with more efficient gas units.

PROGRAM FISCAL EXPENDITURES:

During the twelve-month period of January to December 2003, FPUC had expenses of \$378,031.

PROGRAM PROGRESS SUMMARY:

FPSC approval of this program occurred on August 29, 2000. This program was implemented on September 1, 2000. From the inception of this program through December 31, 2003, FPUC has retained 2,448 natural gas water heaters connected to its distribution system.

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**FLORIDA PUBLIC UTILITIES COMPANY
CONSOLIDATED NATURAL GAS DIVISION
PROGRAM DESCRIPTION AND PROGRESS**
(revised 5/3/2004)

**SCHEDULE CT-6
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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 allowances to residential consumers to assist in defraying the additional costs associated with the purchase and the installation of energy-efficient natural gas appliances.

PROGRAM ALLOWANCES:

Service Reactivation (the installation of a water heater is required) \$350

PROGRAM PROJECTIONS:

For the twelve-month period of January to December 2003, FPUC estimated that 36 services would be reactivated with water heaters on its natural gas system. There were no participants in this program during 2003.

PROGRAM FISCAL EXPENDITURES:

During the twelve-month period of January to December 2003, FPUC had expenses of \$900.

PROGRAM PROGRESS SUMMARY:

FPSC approval of this program occurred on August 29, 2000. This program was implemented on September 1, 2000. From the inception of this program through December 31, 2003, FPUC has not reactivated any services with water heaters as a result of this program.

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**FLORIDA PUBLIC UTILITIES COMPANY
CONSOLIDATED NATURAL GAS DIVISION
PROGRAM DESCRIPTION AND SUMMARY**
(revised 5/3/2004)

**SCHEDULE CT-6
PAGE 6 OF 9**

PROGRAM TITLE:

Residential Conservation Service Program

PROGRAM DESCRIPTION:

This program is designed to assist residential customers in conserving all forms of energy consumption. Certified company representatives or private contractors will conduct energy surveys. This service will be provided based on customer requests and scheduling availability.

PROGRAM ALLOWANCES:

Not applicable.

PROGRAM PROJECTIONS:

For the twelve-month period of January to December 2003, FPUC estimated that 20 residential customers would participate in this program. There were no participants for this program during 2003.

PROGRAM FISCAL EXPENDITURES:

During the twelve-month period of January to December 2003, FPUC had expenses of \$17,879.

PROGRAM PROGRESS SUMMARY:

FPSC approval of this program occurred on August 29, 2000. This program was implemented on September 1, 2000. Since the inception of this program through December 31, 2003, only 18 residential customers have participated. Changes in FPUC's Marketing Department staff and the training of personnel have also affected the active marketing of this program to its customers.

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PROGRAM TITLE:

Commercial Conservation Service Program

PROGRAM DESCRIPTION:

This program is designed to assist commercial customers in conserving all forms of energy consumption. Certified company representatives or private contractors will conduct energy surveys. This service will be provided based on customer requests and scheduling availability.

PROGRAM ALLOWANCES:

Not applicable.

PROGRAM PROJECTIONS:

For the twelve-month period of January to December 2003, FPUC estimated that 50 commercial customers would participate in this program. FPUC surveyed 35 commercial customers during 2003.

PROGRAM FISCAL EXPENDITURES:

During the twelve-month period of January to December 2003, FPUC had expenses of \$27,996.

PROGRAM PROGRESS SUMMARY:

FPSC approval of this program occurred on August 29, 2000. This program was implemented on September 1, 2000. From the inception of this program through December 31, 2003, 135 commercial customers have participated.

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PROGRAM TITLE:

Conservation Education Program

PROGRAM DESCRIPTION:

The purpose of this program is to teach adult and young people about conservation measures designed to reduce energy consumption and consequently reduce their utility bills.

PROGRAM ALLOWANCES:

Not applicable.

PROGRAM PROJECTONS:

For the twelve-month period of January to December 2003, FPUC estimated that 25 adult and youth presentations with 750 participants would result from this program. During 2003, there were 12 adult and youth presentations with 350 participants.

PROGRAM FISCAL EXPENDITURES:

During this twelve-month period of January to December 2003, FPUC had expenses of \$127,085.

PROGRAM PROGRESS SUMMARY:

FPSC approval of this program occurred on August 29, 2000. This program was implemented on September 1, 2000. From the inception of this program through December 31, 2003, FPUC has given 67 adult and youth presentations.

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PROGRAM TITLE:

Space Conditioning Program

PROGRAM DESCRIPTION:

This program is designed to convert on-main customers from electric space conditioning equipment to energy-efficient natural gas space conditioning equipment. The program provides an allowance to qualifying participants to compensate for higher initial costs of natural gas space conditioning equipment and the associated installation costs. This program also reduces summer as well as winter peak demand and contributes to the conservation of kwh/kwd consumption.

PROGRAM ALLOWANCES:

Residential	\$1200 (For Robur model or equivalent unit)
Non-Residential	\$ 50 per ton

PROGRAM PROJECTIONS:

For the twelve-month period of January to December 2003, FPUC estimated that 5 customer projects would utilize this program. In 2003, this program was utilized by 2 customer projects.

PROGRAM FISCAL EXPENDITURES:

During the twelve-month period of January to December 2003, FPUC had expenses of \$36,942.

PROGRAM PROGRESS SUMMARY:

FPSC approval of this program occurred on August 29, 2000. This program was implemented on September 1, 2000. From the inception of this program through December 31, 2003, FPUC has connected 10 space conditioning projects to its natural gas system.

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