



Florida Public Service Commission

SPECIAL REPORT

MAY 2007

Petition for Recovery of Costs of Implementing Storm Preparedness Initiatives

DOCKET NO. 060638 -EI

On September 20, 2006, Florida Public Utilities Company (FPUC or the company) filed a petition with the Florida Public Service Commission (Commission) for approval of the recovery of unanticipated expenditures related to the storm preparedness initiatives required by the Commission. FPUC serves customers in two separate geographic areas: the Northeast or Fernandina Beach division with 15,100 customers and the Northwest or Marianna division with 15,000 customers.

On April 25, 2006, the Commission required all investor-owned utilities to file plans and estimated implementation costs for 10 ongoing storm preparedness initiatives, such as vegetation management and inspection of poles and other transmission and distribution facilities. The average incremental annual revenue requirement for FPUC to fund the activities is estimated to be approximately \$700,000. These costs were not known or anticipated in 2004 when the Commission set FPUC's rates through a rate case proceeding.

Because these costs are both significant and unanticipated, FPUC requests that the Commission approve an adjustment to its base rates through a limited proceeding to be in effect until the next base rate proceeding is held. FPUC asks for a base rate adjustment of \$700,000 to cover the costs of meeting the annual storm preparedness requirements, as well as the amortization costs of the one-time expenditures and the annual rate of return on investment capital costs. A residential customer using 1,000 kWh per month would see a \$1.18 increase in his or her electric bill if FPUC's petition is granted.

The staff of the PSC has scheduled two customer meetings in the utility's service area to provide customers an opportunity to comment and ask questions regarding the company's petition to adjust its base rates.

This limited proceeding is being processed under the Commission's "Proposed Agency Action" (PAA) procedure. Under the PAA process, the case will not be set for a formal

hearing unless a timely protest to the Commission's proposed agency action is filed.

The Commission staff is scheduled to file a recommendation with the Commission on May 10, 2007. The Commissioners are expected to vote on this matter at the May 22, 2007 Agenda Conference.

Customer Meetings

Tuesday, May 1, 2007

6:00 p.m.

Jackson County Administration Building
County Commission Meeting Room
2864 Madison Street
Marianna, Florida

Wednesday, May 2, 2007

6:00 p.m.

Fernandina Beach City Hall
City Commission Chambers
204 Ash Street
Fernandina Beach, Florida

For more information:

For technical questions:

Kathy Lewis (850) 413-6594

For legal questions:

Rosanne Gervasi (850) 413-6224

For general questions:

Dick Durbin (850) 413-6121

Or call toll-free 1-800-342-3552

(1-800-511-0809 to fax)

E-mail: contact@psc.state.fl.us

Internet Home Page: www.floridapsc.com

P S C C O M M I S S I O N E R S



Vacant

COMMISSIONER
Matthew M. Carter II

CHAIRMAN
Lisa Polak Edgar

COMMISSIONER
Katrina J. McMurrin

Vacant

Lisa Polak Edgar was appointed to the Florida Public Service Commission by Governor Jeb Bush for a four-year term beginning January 2005; she assumed the chairmanship at the PSC in January 2006. Chairman Edgar is a member of the National Association of Regulatory Utility Commissioners Board of Directors, telecommunications committee and was appointed by the Federal Communications Commission to the Universal Service Joint Board for a three-year term beginning November 2005. Prior to her appointment, Chairman Edgar served as Deputy Secretary for Planning and Management for the Florida Department of Environmental Protection (DEP) from August 1999 through January 2005. Her responsibilities at DEP included oversight of the agency's \$2.1 billion budget, fiscal and strategic planning, accountability measures, information technology, administrative services, and coordination between the state and federal government on environmental issues, including oil and gas drilling on the Outer Continental Shelf. Prior to serving at DEP, Chairman Edgar was chief analyst on Environmental Policy for the Office of Policy and Budget, Executive Office of the Governor. Chairman Edgar was appointed by the Secretary of the U.S. Department of Interior to represent the State of Florida on the Minerals Management Service Outer Continental Shelf (OCS) Policy Committee from 1993-2004. She served on the Subcommittees on Environmental Studies in OCS Areas under Moratoria and OCS Hard Minerals. During her career in public service, Chairman Edgar has also served as senior cabinet aide in the Department of Agriculture and Consumer Services, as staff counsel and legislative analyst for the Florida Senate Committees on Reapportionment and Regulated Industries, completed the Harvard Kennedy School of Government program for Senior Executives in State and Local Government, and co-taught a special topics graduate course on the Everglades at Florida A&M University. She is a member of Leadership Florida, Class XXIV. Chairman Edgar graduated cum laude from Florida State University in 1985 with a Bachelor's degree in political science and minor in English. She studied in London during her undergraduate education and in Yugoslavia during law school. She received a juris doctorate from the Florida State University College of Law in 1988 and is a member of the Florida Bar.

Commissioner Matthew Mark Carter II was appointed to the Florida Public Service Commission by Governor Jeb Bush for a four-year term beginning January 2006. Currently, he serves on the National Association of Regulatory Utility Commissioners Committee on Water, the Committee on International Relations, and the Ad Hoc Committee on Critical Infrastructure. Commissioner Carter is the son of the late Rev. Matthew and Pearl Carter. He was born in Douglas, Georgia and educated in the public schools there. He graduated from Atkinson County High School (in Pearson). After graduation from high school, he volunteered for the United States Army. In the Army, he served in the Presidential Honor Guard in Washington, D.C. and the First Armored Division in Germany. After being honorably discharged from the Army, Commissioner Carter attended Tallahassee Community College where he graduated with honors. He then attended Florida State University and graduated with a Bachelor's of Science in Mass Communications and was commissioned a Second Lieutenant in the United States Army Reserve and later the Florida National Guard. After a tour of duty with the 124th Infantry in the Panama Canal Zone, Commissioner Carter returned to Tallahassee where he set up a public relations firm concentrating on political campaigns for over ten years. Afterward, he entered into the financial investment industry and worked as a financial consultant for Waddell & Reed, Florida Professional Services Group, and Merrill Lynch. Commissioner Carter left Merrill Lynch to complete law school at the Florida State University College of Law. After graduation, he became a member of the Florida Bar and a Minister of the Gospel of Jesus Christ. As an attorney, he specialized in business law. He also served as a communications consultant and senior manager for private industry and governmental agencies. Commissioner Carter obtained a Master's degree in Theological Science from Smith Chapel Bible College and was awarded an honorary Doctor of Divinity degree from the St. Thomas Christian College. Commissioner Carter is currently pastor of the Beulah Hill Missionary Baptist Church in Gretna, Florida, where he also serves as President of the Congress of Christian Education (Union Baptist Association) and Vice Moderator for the Gadsden County Baptist Association. He has also written the book *The 90% Rule – How to Get Out of Debt and Prosper and Why It's Important*. Commissioner Carter is married to the former Rita Taylor (of Enigma, Georgia) and they have two beautiful daughters: Pearl and Markesha.

Katrina J. McMurrin was appointed to the Florida Public Service Commission by Governor Jeb Bush for a four-year term beginning January 2006. Commissioner McMurrin serves on the National Association of Regulatory Utility Commissioners (NARUC) Committee on Consumer Affairs, the Committee on Electricity, the Subcommittee on Nuclear Issues – Waste Disposal, the Subcommittee on Education and Research, and the Task Force on Net Neutrality, as well as the Executive Committee of the Nuclear Waste Strategy Coalition. Participation in these committees affords Commissioner McMurrin the opportunity to engage in national policy issues that impact each of the industries regulated by the Commission, the state economy, and millions of Florida consumers. In the eleven years prior to appointment, Commissioner McMurrin developed extensive experience in regulatory policy issues involving energy, water, and telecommunications. From 2001 to 2005, Commissioner McMurrin served consecutive terms as Chief Advisor to Commissioners Palecki and Davidson, advising them on all Commission proceedings and policy matters. Prior to becoming a Chief Advisor, Commissioner McMurrin managed the State Liaison Section of the Commission's Division of Policy Analysis & Intergovernmental Liaison. Here, she consulted with state and local government agencies on issues such as "black water," reuse, universal service, and electric reliability. Before leading the State Liaison Section, Commissioner McMurrin served as the Commission's primary liaison on all nuclear energy matters for over three years. Additionally, she was instrumental in drafting the Commission's positions on electric industry restructuring. In recognition of her work on federal energy policy, Commissioner McMurrin was a recipient of the PSC Extraordinary Accomplishment Award in 1999 and the PSC Outstanding Achievement Award in 1997. A Northwest Florida native, Commissioner McMurrin received a Bachelor's degree in finance from Florida State University in 1994 and an MBA from FSU in 1998.

Consumer Statements at PSC Meetings

The Commission is interested in what consumers have to say about the petition for recovery of costs of implementing storm preparedness initiatives by Florida Public Utilities Company. The main purpose of these meetings is to receive comments from the public.

Anyone may make a statement, and speaking is an effective way to let the Commission know how you feel about the case under review. At the beginning of the meetings, procedures will be set up to establish an order for comments. PSC staff will have sign-up sheets that will be used to call consumers to speak. PSC staff will also be available to coordinate consumer comments and assist members of the public.

Any person who wishes to comment or provide information to the PSC staff regarding this matter may do so at the meetings, orally or in writing. Written comments also may be mailed to: Florida Public Service Commission, Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, or faxed to 1-800-511-0809. Correspondence will be placed in the file of this docket (Docket No. 060638-EI). For your convenience, a comment form is attached to this Special Report.

Any person who wishes to obtain a copy of the Commission staff's recommendation or the Commission's order in this case may do so by writing to: Florida Public Service Commission, Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, or by going on-line at www.floridapsc.com.

Florida Public Service Commission

2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

The Public Service Commission provides a staff of information specialists who are available to answer questions from Florida consumers.

To reach a consumer representative, please call the Public Service Commission during business hours at **1-800-342-3552**, or send a fax to 1-800-511-0809. See the PSC's Internet home page at www.floridapsc.com.

Monthly 1,000 kWh Residential Electricity Bill

Northwest Florida Division (Marianna)

Bill Component	Utility's Current Rates	Utility's Proposed Rates	Percentage Increase
Base Rate Charges			
Customer Charge	\$ 10.00	\$ 10.00	
Base Energy Charge	\$ 13.73	\$ 14.89	
Recovery Clauses			
Purchased Power	\$ 44.20	\$ 44.20	
Energy Conservation	\$ 0.60	\$ 0.60	
Gross Receipts Taxes	\$ 1.76	\$ 1.78	
TOTAL	\$ 70.29	\$ 71.47	1.68%

Northeast Florida Division (Fernandina Beach)

Base Rate Charges			
Customer Charge	\$ 10.00	\$ 10.00	
Base Energy Charge	\$ 13.73	\$ 14.89	
Recovery Clauses			
Purchased Power	\$ 51.70	\$ 51.70	
Energy Conservation	\$ 0.60	\$ 0.60	
Gross Receipts Taxes	\$ 1.95	\$ 1.98	
TOTAL	\$ 77.98	\$ 79.17	1.53%

STAMP

Florida Public Service Commission
Office of Commission Clerk
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

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