



Florida Public Service Commission

SPECIAL REPORT

DECEMBER 2007

Petition for a Rate Increase By

Florida Public Utilities Company

DOCKET NO. 070304-EI

On August 30, 2007, Florida Public Utilities Company (FPUC) filed a petition for approval of a \$5,249,895 permanent increase to its electric rates with the Florida Public Service Commission (PSC). FPUC also requested and was granted an interim rate increase of \$790,784 effective for meter readings on or after November 22, 2007.

FPUC provides electric service to approximately 31,080 customers in two geographic areas:

- ◆ the Northeast Division headquartered in Fernandina Beach, which serves approximately 15,670 customers on Amelia Island; and
- ◆ the Northwest Division headquartered in Marianna, which serves approximately 15,410 customers in Jackson, Calhoun, and Liberty counties.

QUESTIONS & ANSWERS

1 Is there an opportunity for public input on this rate case?

Yes. As part of the evaluation process for FPUC's rate request, the Commission will conduct two customer service hearings to allow customer feedback about the utility and the rate setting process. The Commissioners take customer comments, written and oral, into consideration in reaching a decision. In making a final determination, the Commission will consider the evidence and testimony presented by both customers and other parties.

2 Why is FPUC requesting a rate increase?

FPUC states that it is requesting a rate change to recover increasing operating costs, including insurance, pensions, maintenance and replacement, and regulatory compliance at the state and federal levels. Required plant expansions due

to customer growth and FPUC's effort to improve the durability, resilience, and restoration of its transmission and distribution system have also contributed to the need for rate relief.

continued on back

CUSTOMER HEARINGS

Wednesday, December 5, 2007

10:00 a.m. (CST)

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

Thursday, December 6, 2007

10:00 a.m.

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

To check if a meeting has been cancelled, look on the Commission's Web site (www.floridapsc.com) under the Hot Topics link on the home page. Cancellation can also be confirmed by calling the Office of the General Counsel at 850-413-6199.

3 When was FPUC's last approved rate increase?

The utility's last full rate case was in 2004 when the Commission granted FPUC a \$1,820,373 rate increase. The Northeast (Fernandina Beach) and Northwest (Marianna) Electric Divisions were consolidated into a single Electric Division for ratemaking purposes.

4 How much is the current 1,000 kilowatt-hour (kwh) monthly bill for residential customers?

The current 1,000 kwh bill for residential customers is \$79.81 in Marianna and \$90.13 in Fernandina Beach. When interim rates become effective on November 22, 2007, the 1,000 kwh residential bill will increase to \$81.23 in Marianna and \$91.56 in Fernandina Beach.

5 Using FPUC's proposed rates, how much would the 1,000 kwh monthly bill be for residential customers?

Under FPUC's proposal, a residential customer using 1,000 kwh will pay \$113.27 in Marianna and \$103.20 in Fernandina Beach.

6 What if I can't make the customer meeting or prefer not to speak? Are there other ways to comment on the matter?

Any person who wants to comment or provide information to the PSC staff regarding this matter may do so orally at the meeting or in writing. Correspondence will be placed in the docket file. Written comments should be mailed to:

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

The PSC will also accept faxes and e-mails.

Fax number: 1-800-511-0809

Internet e-mail address:

contact@psc.state.fl.us

Please be sure to include the docket number, 070304-EI.

Customer comments become part of the official record for the case and are taken into consideration by the Commissioners in reaching their decision. In accordance with Florida Statutes, the PSC will also consider the utility's quality of service and other matters. If you have questions, call the Florida PSC's Division of Regulatory Compliance and Consumer Assistance at 1-800-342-3552.

7 Who can answer technical or legal questions?

For technical questions, contact:

John Slemkewicz (850) 413-6420
Elisabeth Draper (Rates) (850) 413-6706

For legal questions, contact:

Martha Brown (850) 413-6187

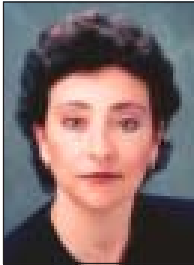
8 Where on the Internet can I obtain more detailed information?

Detailed docket information is available on the PSC Web site at www.floridapsc.com. Click on Dockets and Filings/Dockets and then type in the docket number, 070304.

9 When will the PSC make a decision?

The PSC staff is scheduled to file a recommendation with the Commission on April 10, 2008. The Commissioners are expected to vote on this matter at the April 22, 2008 Agenda Conference.

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



COMMISSIONER
Nancy Argenziano



COMMISSIONER
Matthew M. Carter II



CHAIRMAN
Lisa Polak Edgar



COMMISSIONER
Katrina J. McMurrin



COMMISSIONER
Nathan A. Skop

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. In August 2007 Chairman Edgar was appointed to the Governor's Action Team on Energy and Climate Change. 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 children.

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Katrina J. McMurrian was appointed to the Florida Public Service Commission by Governor Jeb Bush for a four-year term beginning January 2006. Commissioner McMurrian serves on the National Association of Regulatory Utility Commissioners (NARUC) Committee on Consumer Affairs, the Committee on Electricity, and the Subcommittee on Education and Research. She also serves as Vice Chair of the Subcommittee on Nuclear Issues – Waste Disposal and on the Executive Committee of the Nuclear Waste Strategy Coalition. In the eleven years prior to appointment, Commissioner McMurrian developed extensive experience in regulatory policy issues involving energy, water, and telecommunications. From 2001 to 2005, Commissioner McMurrian 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 McMurrian 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 McMurrian 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 McMurrian was a recipient of the PSC Extraordinary Accomplishment Award in 1999 and the PSC Outstanding Achievement Award in 1997. A Northwest Florida native, Commissioner McMurrian received a Bachelor's degree in finance from Florida State University in 1994 and an MBA from FSU in 1998.

Before her appointment to the Florida Public Service Commission in May of 2007, **Commissioner Argenziano** served more than 10 years in the Florida legislature. She was first elected to the Florida House of Representatives in 1996 (District 43) and served there until her election in 2002 to the Florida Senate (District 3). While serving in the legislature, she served on many different committee and council assignments including Environmental Preservation, Governmental Oversight (Chair), Comprehensive Planning, Criminal Justice (Chair), Criminal Justice Appropriations, Regulated Industries, Rules and Calendar, Agriculture (Chair), Administrative Procedure, Public Service Commission Oversight, Ethics and Elections, Health Policy, Elder Affairs (Chair), Healthcare Council (Chair), Crime and Punishment, Water Resource Management, and Utilities and Communication. Senator Argenziano's legislative career has focused on protection of the elderly and other vulnerable citizens, resource protection, and full participation of the citizens in their government. Notable legislation which she has sponsored includes nursing home reform, "local sources first" (water use), two pharmacy discount programs, a law providing for clearing the courtroom for victim sex crime testimony, enhanced penalties for crimes against the elderly, Public Counsel representation in utility rates cases, protection of our springs, a "scambusters" program for the protection of consumers, and protection for our children from sexual predators (the Jessica Lunsford Act), just to mention a few. Commissioner Argenziano has one son, Joseph, who has proudly served his country for 14 years in the United States Air Force. Commissioner Argenziano is a member of the National Association of Regulatory Utility Commissioners (NARUC).

Commissioner Nathan A. Skop was appointed to the Florida Public Service Commission by Governor Charlie Crist for a four-year term beginning January 2007. Prior to his appointment, Commissioner Skop gained over thirteen years of engineering, manufacturing, operations, program management, and financial management experience working for Fortune 500 corporations. Commissioner Skop began his professional career as a nuclear project engineer with the Electric Boat Division of General Dynamics Corporation in Groton, Connecticut. As a member of the Advanced Propulsion Plant Technology Program he participated in the design, integration and qualification testing of propulsion system turbomachinery for the USS SEAWOLF (SSN 21), and participated in the initial criticality and power range testing of the USS SANTA FE (SSN 763) reactor plant. Commissioner Skop continued his professional career as a specialist engineer with the Propulsion Systems and Customer Service divisions of the Boeing Commercial Airplane Group in Seattle, Washington. While serving in these positions he participated in the design, integration, and test of Engine Build-Up installations for Pratt & Whitney engines installed on Boeing 777 aircraft, and supported General Electric aircraft engines installed on Boeing 747, 767, and 777 aircraft. Prior to attending law school, Commissioner Skop gained substantial renewable energy and energy industry experience as a business manager with FPL Energy (an unregulated subsidiary of FPL Group) through managing nine renewable wind energy projects located in Altamont Pass, California, and a coal fired co-generation plant located in Stockton, California. Commissioner Skop's extensive power generation experience includes renewable energy (wind and solar), fossil fuel (combined cycle, gas turbine, co-generation, and coal), and nuclear power. Commissioner Skop graduated from the University of Florida with a BS in Aerospace Engineering in 1991. He later earned an MBA with concentrations in finance management and investment analysis from Rensselaer Polytechnic Institute in 1996, and a JD from the University of Florida in 2006. Commissioner Skop also holds a graduate level certificate in environmental management from the Hartford Graduate Center and attended an executive education program focusing on mergers and acquisitions at the Wharton School of Business at the University of Pennsylvania. Commissioner Skop is a member of the Florida Bar and recently had a case comment published in the Journal of Technology Law & Policy for the Levin College of Law at the University of Florida. Commissioner Skop was raised in Sanford, Florida. Prior to relocating to Tallahassee to serve in his current position, Commissioner Skop previously lived in Gainesville and Palm Beach Gardens, Florida.

Florida Public Utilities Company
1,000 Kilowatt-hour Monthly Residential Electricity Bill
Current vs. Requested

Below is a monthly electric bill comparison for a residential customer who uses 1,000 kilowatt hours. The comparison shows what customers currently pay and what they would pay based on FPUC's requested rate increase. Purchased power and conservation cost recovery factors are included for January through December 2008. Local taxes or franchise fees are not included.

	Marianna Division Current	Marianna Division Requested	Fernandina Beach Division Current	Fernandina Beach Division Requested
Customer Charge	\$ 10.59	\$ 14.00	\$ 10.59	\$ 14.00
Energy Charge	\$ 14.53	\$ 19.67	\$ 14.53	\$ 19.67
Purchased Power *	\$ 76.10	\$ 76.10	\$ 66.28	\$ 66.28
Conservation *	\$ 0.67	\$ 0.67	\$ 0.67	\$ 0.67
Gross Receipts Taxes	\$ 2.61	\$ 2.83	\$ 2.36	\$ 2.58
Total Monthly Bill	\$104.50	\$113.27	\$ 94.43	\$103.02

** Purchased Power and Conservation Factors effective for January - December 2008.*

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Name _____

Address _____

If you want to let the Public Service Commission know how you feel about this case, you may fill out this comment form and return it by mail, or send a fax to 1-800-511-0809.

Correspondence will be placed in the file of this docket.

CONSUMER COMMENTS	

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STAMP

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

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