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September 9, 2005

**BY HAND DELIVERY**

Ms. Blanca Bayo, Director  
Commission Clerk and Administrative Services  
Room 110, Easley Building  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, Florida 32399-0850

Re: Docket No. 050001-EI

Dear Ms. Bayo:

Enclosed for filing on behalf of Florida Public Utilities Company are an original and fifteen copies of the following documents in the above referenced docket:

1. Petition for Approval of Florida Public Utilities Company's Fuel Adjustment and Purchased Power Cost Recovery Factor;
2. Direct Testimony of George M. Bachman, Mark Cutshaw and Cheryl Martin;
3. Schedules E1, E1-A, E2, E7, and E10 for the Marianna Division and Schedules E1, E1-A, E2, E7, E8, and E10 for the Fernandina Beach Division (CMM-3);
4. Redacted Projection of Surcharge (CMM-4);
5. Schedule E1 with Surcharge for Consolidated Electric Divisions, Fernandina Beach Division and Marianna Division (CMM-5); and
6. Schedule E1, E1-A, E2, E7, E8 and E10 for Consolidated Electric Divisions (CMM-6).

DOCUMENT NUMBER-DATE

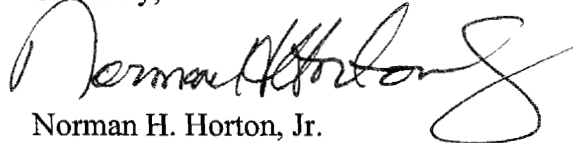
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Ms. Blanca Bayó  
September 9, 2005  
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Please indicate receipt of this document by stamping the enclosed extra copy of this letter.

Thank you for your assistance in this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Norman H. Horton, Jr.", with a large, stylized flourish at the end.

Norman H. Horton, Jr.

NHH:amb  
Enclosures

cc: Mr. George Bachman  
Parties of Record

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Fuel and Purchased Power Cost )  
Recovery Clause and Generating )  
Performance Incentive Factor )  
\_\_\_\_\_ )

Docket No. 050001-EI  
Filed: September 9, 2005

**PETITION FOR APPROVAL OF FLORIDA  
PUBLIC UTILITIES' FUEL ADJUSTMENT AND  
PURCHASED POWER COST RECOVERY FACTOR**

Florida Public Utilities Company ("the Company" or "FPUC"), through its undersigned attorneys and pursuant to the requirements of this docket, hereby petitions the Commission for approval of the Company's fuel adjustment and purchased power cost recovery factors for the period January, 2006 through December, 2006. In support hereof, the Company states:

- 1) The exact name of Petitioner and the address of its principal office is

Florida Public Utilities  
P.O. Box 3395  
West Palm Beach, FL 33420-3395

- 2) The names and addresses of the persons authorized to receive notices and communications with respect to this Petition:

Norman H. Horton, Jr.  
Messer, Caparello & Self, P. A.  
215 S. Monroe Street, Suite 701  
Post Office Box 1876  
Tallahassee, FL 32302-1876

Ms. Cheryl Martin  
Controller  
Florida Public Utilities Company  
Post Office Box 3395  
West Palm Beach, FL 33402-3395

- 3) Pursuant to the requirements of this Docket, the Company has prefiled the fuel adjustment and purchased power cost recovery forms wherein the Company has calculated the appropriate fuel adjustment factor to be approved for the Company. The factor presented by the Company is on a consolidated basis which the Company requests be approved as the appropriate

approach and factor. The Company provides electric service to customers in Fernandina Beach and Marianna and in past years separate factors have been calculated for those divisions. Consolidation provides savings and benefits to customers and is consistent with the treatment of all other investor owned electric utilities in the state.

4) Accompanying the petition are schedules and testimony reflecting and supporting the calculation of the appropriate consolidated factor. These schedules reflect an underrecovery of \$285,297. This results in a fuel adjustment factor of 2.278 cents per kWh on a consolidated basis.

5) Although the Company is presenting and supporting a fuel adjustment factor on a consolidated basis, schedules supporting a factor on a division basis have been provided for informational purposes. These schedules reflect an underrecovery of \$702,270 for Marianna (Northwest Division) and an overrecovery of \$416,973 for Fernandina Beach (Northeast Division). The corresponding fuel adjustment factors are 2.819 cents per kWh for Marianna and 1.857 cents for Fernandina Beach.

6) The factors as calculated by the Company include recovery of expenses reasonably and prudently incurred with the purchase and provision of power provided to customers and they should be approved.

7) The Company also requests that the Commission approve with the full adjustment factor a surcharge calculated for the purpose of mitigating known increases in the costs of purchasing and providing power to customers. As described in testimony and schedules filed with this Petition and in Docket No. 050317-EI, FPUC will be executing new contracts for purchased power effective January 1, 2008. There will be a significant increase in the fuel prices

at that time and FPUC has proposed a reasonable plan to mitigate those increases. Under the proposal, FPUC would collect a surcharge with the fuel adjustment factor for the remainder of the current contracts, which will then be used as credits against the factors after the new contracts become effective January 1, 2008. All of the collected surcharges plus interest would be returned to customers and would not inure to the benefit of the Company or its investors. The Company has proposed a surcharge of .254 for the period January 1, 2006 to July 1, 2006 and .526 for the period July 1, 2006 to December 1, 2006.

8) If the surcharge is approved, the consolidated fuel adjustment factor would be 2.532 cents per kWh beginning January 1, 2006 and 2.804 cents beginning July 1, 2006. On a separate basis, the corresponding factors would be 3.074 cents per kWh and 3.346 cents per kWh for Marianna and 2.111 cents per kWh and 2.383 cents per kWh for Fernandina Beach.


9) The fuel adjustment surcharge is explained in detail in accompanying testimony and in testimony filed in Docket No. 050317-EI and presents a reasonable and prudent solution to mitigate known increases to be experienced by customers effective January 1, 2008. The Company is taking all possible steps to mitigate the known increases — including engaging experienced consultants to help in the process — but absent an unprecedented reversal of economic and market conditions, there will be a sharp increase in fuel costs effective with new contracts.

10) The consolidated fuel adjustment factors, including the surcharge, represent properly calculated factors comprised of appropriate components and should be approved.

WHEREFORE, Florida Public Utilities petitions the Commission to approve consolidated and fuel adjustment and purchased power cost recovery factors with surcharge as proposed.

DATED this 9<sup>th</sup> day of September, 2005.

Respectfully submitted,  
MESSER, CAPARELLO & SELF, P. A.  
Post Office Box 1876  
Tallahassee, FL 32302-1876  
(850) 222-0720

  
NORMAN H. HORTON, JR., ESQ.

Attorneys for Florida Public Utilities Company

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that true and correct copies of the foregoing have been served by Hand Delivery (\*) and/or U. S. Mail this 9<sup>th</sup> day of August, 2005 upon the following:

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NORMAN H. HORTON, JR.