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September 27, 2010

**VIA HAND DELIVERY**

Ms. Ann Cole  
Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

**Docket No. 100001-EI: Fuel and purchased power cost recovery clause with generating performance incentive factor.**

Dear Ms. Cole:

Enclosed for filing, please find the original and 15 copies of Florida Public Utilities Company's redacted Preliminary Statement of Issues and Positions. Under separate cover filed today, the Company is providing the confidential version of the Preliminary Statement, along with a Request for Confidential Classification.

Thank you for your assistance with this filing. As always, if you have any questions

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DOCUMENT NUMBER: 100001-EI

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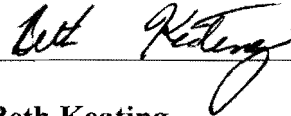
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Ms. Ann Cole  
September 27, 2010  
Page 2

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whatsoever about this filing, please do not hesitate to contact me.

Sincerely,



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**Beth Keating**  
**AKERMAN SENTERFITT**  
106 East College Avenue, Suite 1200  
Tallahassee, FL 32302-1877  
Phone: (850) 224-9634  
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Enclosures

cc: Parties of Record

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Fuel and purchased power cost recovery  
clause with generating performance incentive  
factor.

DOCKET NO. 100001-EI

DATED: September 27, 2010

**FLORIDA PUBLIC UTILITIES COMPANY**  
**PRELIMINARY STATEMENT OF ISSUES AND POSITIONS**

The following is the preliminary statement of issues and positions filed on behalf of the Florida Public Utilities Company, consistent with the schedule for this Docket:

**Florida Public Utilities Company (Company-Specific)**

**ISSUE 3A:** Should the Commission approve FPUC's proposal to apply the fuel revenue recovered from the GSLD-1 class for the January 2009 billing period to the fuel portion of bad debt associated with the GSLD-1 class for the same period?

**FPUC's Position:** Yes. In order to capture the pre- and post-bankruptcy costs associated with the Northeast Division's GSLD1 customer, two separate bills to the customer were generated, consistent with the GSLD1 rate structure. The timing of the bills resulted in the sum of the two bills totalling more than would have been billed if the bankruptcy had not occurred. The net amount of the GSLD1 excess fuel revenue adjustment is \$100,076, and if applied to the customer's bankruptcy-related bad debt write-off would reduce the GSLD1 Accounts Receivable for fuel revenue. The application of the excess fuel revenue would not have any impact on other rate classes, and would result in a \$100,148 reduction in fuel revenue for the GSLD1 rate class.

**GENERIC FUEL ADJUSTMENT ISSUES**

**ISSUE 6:** What are the appropriate actual benchmark levels for calendar year 2010 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

**FPUC's Position:** No position at this time.

**ISSUE 7:** What are the appropriate estimated benchmark levels for calendar year 2011 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

**FPUC's Position:** No position at this time.

**ISSUE 8:** What are the appropriate fuel adjustment true-up amounts for the period January 2009 through December 2009?

**FPUC's Position:**

Northwest Division (Marianna): \$1,378,165 (Underrecovery)  
Northeast Division (Fernandina Beach): \$2,241,870 (Overrecovery)

**ISSUE 9:** What are the appropriate fuel adjustment true-up amounts for the period January 2010 through December 2010?

**FPUC's Position:**

Northwest Division (Marianna): \$84,888 (Underrecovery)  
Northeast Division (Fernandina Beach): \$494,751 (Underrecovery)

**ISSUE 10:** What are the appropriate total fuel adjustment true-up amounts to be collected/refunded from January 2011 to December 2011?

**FPUC's Position:**

Northwest Division (Marianna): \$1,463,053 (Underrecovery)  
Northeast Division (Fernandina Beach): \$1,747,119 (Overrecovery)

**ISSUE 11:** What is the appropriate revenue tax factor to be applied in calculating each investor-owned electric utility's levelized fuel factor for the projection period January 2011 through December 2011?

**FPUC's Position:**

Northwest Division (Marianna): 1.00072  
Northeast Division (Fernandina Beach): 1.00072

**ISSUE 12:** What are the appropriate projected net fuel and purchased power cost recovery and Generating Performance Incentive amounts to be included in the recovery factor for the period January 2011 through December 2011?

FPUC's Position:

Northwest Division (Marianna): [REDACTED]  
Northeast Division (Fernandina Beach): \$40,892,517

**ISSUE 13:** What are the appropriate levelized fuel cost recovery factors for the period January 2011 through December 2011?

FPUC's Position:

Northwest Division (Marianna): 7.609¢ /kwh  
Northeast Division (Fernandina Beach): 6.640 ¢ /kwh

**ISSUE 14:** What are the appropriate fuel recovery line loss multipliers to be used in calculating the fuel cost recovery factors charged to each rate class/delivery voltage level class?

FPUC's Position:

Northwest Division (Marianna): 1.0000 (All rate schedules)  
Northeast Division (Fernandina Beach): 1.0000 (All rate schedules)

**ISSUE 15:** What are the appropriate fuel cost recovery factors for each rate class/delivery voltage level class adjusted for line losses?

FPUC's Position:

**Northwest Division**

*Rate Schedule*

*Adjustment*

<i>Rate Schedule</i>	<i>Adjustment</i>
RS	\$0.11925
GS	\$0.11560
GSD	\$0.10977

GSLD	\$0.10586
OL,O11	\$0.08619
SL1, SL2, and SL3	\$0.08566
Step rate for RS	
RS with less than 1,000 kWh/month	\$0.11553
RS with more than 1,000 kWh/month	\$0.12553

**Northeast Division**

*Rate Schedule*

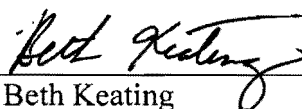
*Adjustment*

RS	\$0.10007
GS	\$0.09735
GSD	\$0.09327
GSLD	\$0.09500
OL	\$0.07158
SL	\$0.07179
Step rate for RS	
RS with less than 1,000 kWh/month	\$0.09630
RS with more than 1,000 kWh/month	\$0.10630

**ISSUE 16:** What should be the effective date of the fuel adjustment charge and capacity cost recovery charge for billing purposes?

**FPUC's Position:** The effective date for FPUC's cost recovery factors should be January 1, 2011, beginning with the first billing cycle for the period January 2011.

RESPECTFULLY SUBMITTED this 27th day of September, 2010.

BY:   
Beth Keating  
Akerman Senterfitt Attorneys at Law  
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(850)224-9634

*Attorneys for Florida Public Utilities Company*

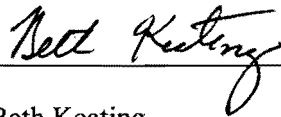
CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by U.S. Mail to the following parties of record this 27th day of September, 2010:

Florida Public Utilities Company Thomas A. Geoffroy/ Curtis Young P.O. Box 3395 West Palm Beach, FL 33402-3395	Cecilia Bradley, Esq. Office of the Attorney General PL-01, The Capitol Tallahassee, FL 32399-1050
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Ms. Susan Ritenour Secretary and Treasurer Gulf Power Company One Energy Place Pensacola, FL 32520-0780	James W. Brew, Esq. Brickfield, Burchette, Ritts & Stone, P.C.. Eighth Floor, West tower 1025 Thomas Jefferson Street, NW Washington, DC 20007
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Randy B. Miller White Springs Agricultural Chemicals, Inc. P. O. Box 300 15843 Southeast 78 <sup>th</sup> St. White Springs, FL 32096	Patrick K. Wiggins Post Office Drawer 1657 Tallahassee, FL 32302



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