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August 4, 1998

Ms. Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Betty Easley Conference Center, Room 110
Tallahassee, Florida 32399-0850

HAND DELIVERY

RECEIVED-FPSC
AUG - 4 AM 10:57
RECORDS AND REPORTING

Re: Docket No. 980001-EI

Dear Ms. Bayo:

Enclosed herewith for filing in the above-referenced docket on behalf of Florida Public Utilities, Inc. ("FPU") are the following documents:

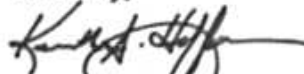
1. Original and fifteen copies of FPU's Prehearing Statement; and
2. A disk containing a copy of the Prehearing Statement in Word Perfect 6.0.

Please acknowledge receipt of these documents by stamping the extra copy of this letter "filed" and returning the same to me.

ACK _____
AFA _____
APP _____
CAF _____
CMU _____
CTR _____
EAG Bohannon
LEC 1 Enclosures
LIR 3 cc: Parties of Record
OP _____
RC _____
SE 1
WAS _____
OTH _____

Thank you for your assistance with this filing.

Sincerely,


Kenneth A. Hoffman

DOCUMENT NUMBER-DATE

08218 AUG -4 98

FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Fuel and Purchased Power)	Docket No. 980001-E1
Cost Recovery Clause and Generating)	
Performance Incentive Factor.)	Filed: August 4, 1998
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**FLORIDA PUBLIC UTILITIES COMPANY'S
PREHEARING STATEMENT**

Florida Public Utilities Company ("FPU"), by and through its undersigned counsel, submits its Prehearing Statement in connection with the hearing that is scheduled for August 26-28, 1998 in the above-styled docket.

A. WITNESSES

<u>Witness</u>	<u>Subject Matter</u>	<u>Issues</u>
George M. Bachman	Purchased power cost recovery and true-up (Marianna and Fernandina Beach Divisions)	Issues 1-10

B. EXHIBITS

<u>Exhibit No.</u>	<u>Witness</u>	<u>Description</u>
<hr/> (GMB-1) (Composite)	George M. Bachman	Schedules E1, E1-A, E1-B, E-1B-1, E2, E7 and E10 (Marianna Division)
		Schedules E1, E1-A, E1-B, E-1B-1, E2, E7, E8 and E10 (Fernandina Beach Division)

C. BASIC POSITION

FPU has properly projected its costs and calculated its true-up amounts and purchased power cost recovery factors. Those amounts and factors should be approved by the Commission.

DOCUMENT NUMBER-DATE

08218 AUG-4 88

FPSC-RECORDS/REPORTING

D. STATEMENT OF ISSUES AND POSITIONS

GENERIC FUEL ADJUSTMENT ISSUES

Issue 1: What are the appropriate final fuel adjustment true-up amounts for the period October, 1997 through March, 1998?

FPU's Position:

Marianna: \$125,045 (over-recovery)
Fernandina Beach: \$121,303 (over-recovery)

Issue 2: What are the estimated fuel adjustment true-up amounts for the period April, 1998 through September, 1998?

FPU's Position:

Marianna: \$47,885 (over-recovery)
Fernandina Beach: \$125,825 (over-recovery)

Issue 3: What are the total fuel adjustment true-up amounts to be collected or refunded during the period October, 1998 through December, 1998?

FPU's Position:

Marianna: \$172,930 to be refunded
Fernandina Beach: \$247,128 to be refunded

Issue 4: What is the appropriate recovery period to collect/refund the total fuel adjustment true-up amounts?

FPU's Position: FPU does not object to a refund period of three months (October-December, 1998) or a longer period if the Commission determines that it is appropriate to maintain the current fuel cost recovery factors in effect subject to a true-up in the establishment of the 1999 factors.

Issue 5: Should the Commission allow the electric utilities to keep their levelized fuel cost recovery factors at the rate set by Order No. PSC-98-0412-FOF-EI, in Docket No. 980001-EI, issued March 20, 1998, for the period October, 1998, through December, 1998?

FPU's Position: FPU does not object to such a proposal.

Issue 6: What are the appropriate levelized fuel cost recovery factors, excluding demand cost recovery, for the period October, 1998 through December, 1998?

FPU's Position:

Marianna: 2.112¢/kwh
Fernandina Beach: 2.006¢/kwh

Issue 7: What should be the effective date of the new fuel adjustment charge, oil backout charge and capacity cost recovery charge for billing purposes?

FPU's Position: FPU's approved fuel adjustment and purchased power cost recovery factors should be effective for all meter readings on or after October 1, 1998, beginning with the first or applicable billing cycle for the period October, 1998.

Issue 8: What are the appropriate fuel recovery line loss multipliers to be used in calculating the fuel cost recovery factors charged to each rate class?

FPU's Position:

Marianna:

All Rate Schedules 1.0000

Fernandina Beach:

All Rate Schedules 1.0000

Issue 9: What are the appropriate Fuel Cost Recovery Factors for each rate class adjusted for line losses?

FPU's Position:

Marianna:

<u>Rate Schedule</u>	<u>Adjustment</u>
RS	\$0.04140
GS	\$0.04070
GSD	\$0.03580
GSLD	\$0.03440
OL	\$0.02592
SL	\$0.02601

Fernandina Beach:

<u>Rate Schedule</u>	<u>Adjustment</u>
R	\$0.03595
GS	\$0.03446
GSD	\$0.03164
CSL	\$0.02253
OL	\$0.02253
SL	\$0.02253

Issue 10: What is the appropriate revenue tax factor to be applied in calculating each company's levelized fuel factor for the projection period of October, 1998, through December, 1998?

FPU's Position:

Marianna: 1.00083

Fernandina Beach: 1.01609

E. QUESTIONS OF LAW

FPU is not aware of any questions of law that are at issue in the above-styled docket.

F. POLICY QUESTIONS

FPU is not aware of any policy questions that are at issue in the above-styled docket.

G. STIPULATED ISSUES

FPU has not stipulated to any issues in the above-styled docket.

H. PENDING MOTIONS

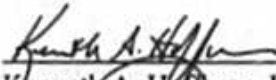
FPU has no motions pending in the above-styled docket.

I. OTHER REQUIREMENTS

At this time FPU is not aware of any requirements set forth in the Order Establishing Procedure and Amendatory Order Establishing Procedure with which it cannot comply.

Respectfully submitted this 4th day of August, 1998.

Respectfully submitted,



Kenneth A. Hoffman, Esq.
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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of the foregoing was furnished by U.S. Mail to the following this 4th day of August, 1998:

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By: 
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Florida/01.hea