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October 28, 1999

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Ms. Blanca Bayo, Director
Division of Records and Reporting
Room 110, Easley Building
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850

BY HAND DELIVERY

Re: Docket No. 990001-EI

Dear Ms. Bayo:

Enclosed for filing on behalf of Florida Public Utilities Company in connection with the hearings to begin November 22, 1999 in this docket are an original and 10 copies of the Prehearing Statement. Also enclosed is a 3 1/2" diskette with the document on it in WordPerfect 9.0.

Please indicate receipt of this document by stamping the enclosed extra copy of this letter.

Thank you for your assistance in this matter.

Sincerely,

Norman H. Horton, Jr.
Norman H. Horton, Jr.

- AFA _____
- APP _____
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Enclosures
cc: Mr. George Bachman
Parties of Record

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Fuel and Purchased Power)
Cost Recovery Clause and Generating) Docket No. 990001-EI
Performance Incentive Factor.) Filed: October 28, 1999
_____)

**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 November 22-24, 1999, 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) | 1-8 |

B. EXHIBITS

| <u>Exhibit Number</u> | <u>Witness</u> | <u>Description</u> |
|--------------------------|----------------|--|
| <u>GMB-2 (Composite)</u> | Bachman | Schedules E1-E1-A, E1-B, E1-B1, E2, E7 and E10 (Marianna Division) Schedules E1-E1-A, E1-B, E1-B1, 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.

D. STATEMENT OF ISSUES AND POSITIONS

Issue 1: **What are the appropriate final fuel adjustment true-up amounts for the period April, 1998 through December, 1998?**

FPU's Position:

Marianna: \$250,799 (over-recovery)
Fernandina Beach: \$277,585 (over-recovery)

Issue 2: **What are the estimated fuel adjustment true-up amounts for the period January, 1999 through December, 1999?**

FPU's Position:

Marianna: \$101,570 (under-recovery)
Fernandina Beach: \$467,151 (over-recovery)

Issue 3: **What are the total fuel adjustment true-up amounts to be collected or refunded during the period January, 2000 through December, 2000?**

FPU's Position:

Marianna: \$149,229 to be refunded
Fernandina Beach: \$744,736 to be refunded

Issue 4: **What are the appropriate leveled fuel adjustment factors, excluding demand cost recovery for the period January, 2000 through December, 2000?**

FPU's Position:

Marianna: 2.209¢/kwh
Fernandina Beach: 1.819¢/kwh

Issue 5: **What should be the effective date of the new fuel adjustment 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 January 1, 2000, beginning with the first or applicable billing cycle for the period January, 2000 through December, 2000.

Issue 6: 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?

FPU's Position:

Marianna: All Rate Schedules 1.0000

Fernandina Beach: All Rate Schedules 1.0000

Issue 7: What are the appropriate fuel cost recovery factors for each rate class/delivery voltage level class adjusted for line losses?

FPU's Position:

Marianna:

| <u>Rate Schedule</u> | <u>Adjustment</u> |
|----------------------|-------------------|
| RS | \$.03999 |
| GS | \$.03936 |
| GSD | \$.03504 |
| GSLD | \$.03381 |
| OL | \$.02645 |
| SL | \$.02608 |

Fernandina Beach:

| <u>Rate Schedule</u> | <u>Adjustment</u> |
|----------------------|-------------------|
| RS | \$.03526 |
| GS | \$.03364 |
| GSD | \$.03064 |
| CSL | \$.02102 |
| OL | \$.02102 |
| SL | \$.02102 |

Issue 8: What is the appropriate revenue tax factor to be applied in calculating each company's levelized fuel factor for the projection period of January, 2000 through December, 2000?

FPU's Position:

Marianna: 1.00072

Fernandina Beach: 1.01597

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that true and correct copies of Florida Public Utilities Company's Prehearing Statement and Positions in Docket No. 990001-EI have been served by hand delivery (*) and/or U. S. Mail this 28th day of October, 1999 upon the following:

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NORMAN H. HORTON, JR.

E. QUESTIONS OF LAW

None.

F. POLICY QUESTIONS

None.

G. STIPULATED ISSUES

None.

H. MOTIONS

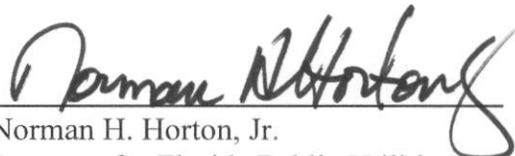
None.

I. OTHER MATTERS

None.

Dated this 28th day of October, 1999.

Respectfully submitted,
MESSER, CAPARELLO & SELF, P.A.
Post Office Box 1876
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Norman H. Horton, Jr.
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