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October 15, 2003

**BY HAND DELIVERY**

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

Re: Florida Public Utilities Company; Docket No. 030001-EI

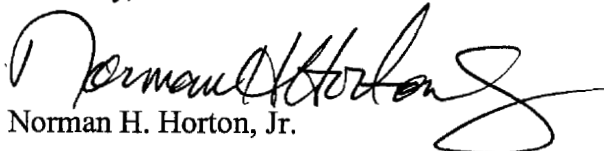
Dear Ms. Bayo:

Enclosed for filing on behalf of Florida Public Utilities Company in this docket are an original and 10 copies of Florida Public Utilities Company's Prehearing Statement. Also enclosed is a 3 1/2" diskette with the document on it in WordPerfect 9.0 format.

Please acknowledge receipt of these documents by stamping the enclosed extra copy of this letter.

Thank you for your assistance.

Sincerely,

  
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 ) Docket No. 030001-EI  
Performance Incentive Factor. ) Filed: October 15, 2003  
\_\_\_\_\_ )

**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 12-14, 2003, 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 - 11, and 15A

**B. EXHIBITS**

<u>Exhibit Number</u>	<u>Witness</u>	<u>Description</u>
_____ GMB-1 (Composite)	Bachman	Schedules E1-A, E1-B, E1-B1 (for the Marianna and Fernandina Beach Divisions)
_____ GMB-2 (Composite)	Bachman	Schedules E1, E1-A, E2, E7, E8, and E10 (for the Marianna and Fernandina Beach Divisions)

**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 fuel adjustment true-up amounts for the period January 2002 through December 2002?**

**FPU's Position:**

Marianna:                 \$78,631 (underrecovery)  
Fernandina Beach:      \$1,167,570 (overrecovery)

**Issue 2:**      **What are the appropriate fuel adjustment true-up amounts for the period January, 2003 through December, 2003?**

**FPU's Position:**

Marianna:                 \$265,146 (underrecovery)  
Fernandina Beach:      \$135,130 (overrecovery)

**Issue 3:**      **What are the appropriate total fuel adjustment true-up amounts to be collected/refunded from January, 2004 through December, 2004?**

**FPU's Position:**

Marianna:                 \$343,777 (to be collected)  
Fernandina Beach:      \$1,302,700 (to be refunded)

**Issue 4:**      **What are the appropriate revenue tax factor to be applied in calculating each investor-owned electric utility's levelized fuel factor for the projection period January 2004 through December 2004?**

**FPU's Position:**

Marianna:                 1.00072  
Fernandina Beach:      1.01597

**Issue 5:**      **What are the appropriate projected net fuel and purchased power cost recovery amounts to be included in the recovery factor for the period January 2004 through December 2004?**

**FPU's Position:**

Marianna:                 \$11,706,084  
Fernandina Beach:      \$13,835,447

**Issue 6: What are the appropriate levelized fuel cost recovery factors for the period January 2004 through December 2004?**

FPU's Position:

Marianna: 2.430¢/kwh  
Fernandina Beach: 1.569¢/kwh

**Issue 7: 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: 1.0000 All Rate Schedules  
Fernandina Beach: 1.0000 All Rate Schedules

**Issue 8: 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	\$.04056
GS	\$.04005
GSD	\$.03738
GSLD	\$.03536
OL	\$.02912
SL	\$.02903

Fernandina Beach:

<u>Rate Schedule</u>	<u>Adjustment</u>
RS	\$.02968
GS	\$.02941
GSD	\$.02765
CSL	\$.01956
OL	\$.01956
SL	\$.01956

**Issue 9: What should be the effective date of the 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, 2004, beginning with the first or applicable billing cycle for the period January, 2004.

**Issue 10:** **What are the appropriate actual benchmark levels for calendar year 2003 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?**

FPU's Position: No position at this time.

**Issue 11:** **What are the appropriate estimated benchmark levels for calendar year 2004 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?**

FPU's Position: No position at this time.

**Issue 15A:** **When should the Commission approve the consolidation of the fuel rates for the Marianna and Fernandina Beach Divisions?**

FPU's Position: The company has requested that the base rates be consolidated in Docket No. 030438-EI and the fuel cost recovery factors should be consolidated at the same time as the base rates are revised.

#### **E. QUESTIONS OF LAW**

None.

#### **F. POLICY QUESTIONS**

None.

#### **G. STIPULATED ISSUES**

None.

#### **H. MOTIONS**

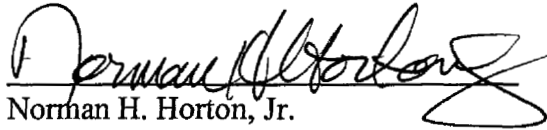
None.

#### **I. OTHER MATTERS**

None.

Dated this 15th day of October, 2003.

Respectfully submitted,  
MESSER, CAPARELLO & SELF, P.A.  
Post Office Box 1876  
Tallahassee, Florida 32302-1876

A handwritten signature in black ink, appearing to read "Norman H. Horton, Jr.", written over a horizontal line.

Norman H. Horton, Jr.  
Attorney 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 15<sup>th</sup> day of October, 2003 upon the following:

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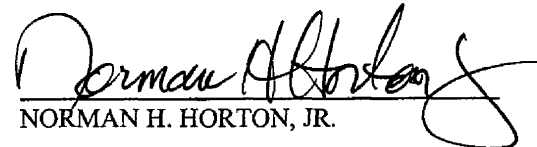
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