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October 18, 2004

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. 040001-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.
Norman H. Horton, Jr.

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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. 040001-EI
Performance Incentive Factor.)	Filed: October 18, 2004
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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 November 8-10, 2004, 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 - 12, and 15A

B. EXHIBITS

<u>Exhibit Number</u>	<u>Witness</u>	<u>Description</u>
<hr/> GMB-1 (Composite)	Bachman	Schedules E1-A, E1-B, E1-B1 (for the Marianna and Fernandina Beach Divisions)
<hr/> 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 2003 through December 2003?**

FPU's Position:

Marianna: \$624,352 (underrecovery)
Fernandina Beach: \$1,837,973 (overrecovery)

Issue 2: **What are the appropriate estimated fuel adjustment true-up amounts for the period January, 2004 through December, 2004?**

FPU's Position:

Marianna: \$230,633 (underrecovery)
Fernandina Beach: \$1,907,817 (underrecovery)

Issue 3: **What are the appropriate total fuel adjustment true-up amounts to be collected/refunded from January, 2005 through December, 2005?**

FPU's Position:

Marianna: \$854,984 (to be collected)
Fernandina Beach: \$69,844 (to be collected)

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 2005 through December 2005?**

FPU's Position:

Marianna: 1.00072
Fernandina Beach: 1.00072

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 2005 through December 2005?**

FPU's Position:

Marianna: \$12,755,509
Fernandina Beach: \$15,140,932

Issue 6: What are the appropriate levelized fuel cost recovery factors for the period January 2005 through December 2005?

FPU's Position:

Marianna: 2.790¢/kwh
Fernandina Beach: 1.950¢/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	\$.04464
GS	\$.04412
GSD	\$.04220
GSLD	\$.04002
OL, OL1	\$.03502
SL, SL2, SL3	\$.03538

Fernandina Beach:

<u>Rate Schedule</u>	<u>Adjustment</u>
RS	\$.03263
GS	\$.03144
GSD	\$.03029
CSL	\$.02956
OL	\$.02185
SL	\$.02208

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, 2005, beginning with the first or applicable billing cycle for the period January, 2005.

Issue 10: **What are the appropriate actual 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 11: **What are the appropriate estimated benchmark levels for calendar year 2005 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?**

FPU's Position: No position at this time.

Issue 12: **Should each investor-owned utility be required to report its capacity charges and costs, estimated and actual, for wholesale capacity sales and purchases in a schedule similar in format to Schedules E-6, A-6, E-7, A-7, E-8, A-8, E-9, and A-9? (Lee, Bohrmann)**

FPU's Position: No. FPUC should not be required to file these schedules.

Issue 15A: **Should the Commission adjust FPUC's true-up balances to account for the unbundling of the Gross Receipts Tax from FPUC's base rates by Order No. PSC-04-0369-AS-EI, in Docket No. 030438-EI, issued April 6, 2004? (Brinkley)**

FPU's Position: No.

E. QUESTIONS OF LAW

None.

F. POLICY QUESTIONS

None.

G. STIPULATED ISSUES

None.

H. MOTIONS

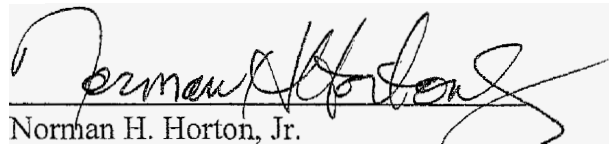
None.

I. OTHER MATTERS

None.

Dated this 18th day of October, 2004.

Respectfully submitted,
MESSER, CAPARELLO & SELF, P.A.
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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 18th day of October, 2004 upon the following:

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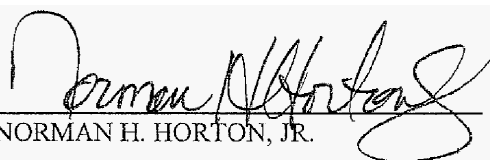
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