

MESSER CAPARELLO & SELF, P.A.

Attorneys At Law

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October 6, 2006

BY HAND DELIVERY

Ms. Blanca Bayo, Director
Commission Clerk and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Re: Florida Public Utilities Company; Docket No. 060001-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 12.0 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
Ms. Cheryl Martin
Mr. Mark Cutshaw
Mr. Robert Camfield
Parties of Record

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Fuel and Purchased Power)	
Cost Recovery Clause and Generating)	Docket No. 060001-EI
Performance Incentive Factor.)	Filed: October 6, 2006
_____)	

**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 6-8, 2006, in the above-styled docket.

A. WITNESSES

<u>Witness</u>	<u>Subject Matter</u>	<u>Issues</u>
Cheryl Martin	Purchased power cost recovery and true-up (Marianna and Fernandina Beach Divisions)	1 - 11
George Bachman	Purchased power contract process	17a
Robert Camfield	Purchased power contract process	17a
Mark Cutshaw	Customer education activities	17a

B. EXHIBITS

<u>Exhibit Number</u>	<u>Witness</u>	<u>Description</u>
_____ CMM-1 (Composite)	Martin	Schedules M1, F1, and E1-B (for the Marianna and Fernandina Beach Divisions)
_____ CMM-2	Martin	Schedules E1-A, E1-B, and E1-B1 (for the Marianna and Fernandina Beach Divisions)

CMM-3

Martin

Schedules E1, E1-A, E2, E7 and E10 for the Marianna Division and Schedules E1, E1-A, E2, E7, E8 and E10 for the 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 fuel adjustment true-up amounts for the period January 2005 through December 2005?

FPU's Position:

Marianna:	\$53,882	(underrecovery)
Fernandina Beach:	\$153,867	(underrecovery)

Issue 2: What are the appropriate estimated fuel adjustment true-up amounts for the period January 2006 through December 2006?

FPU's Position:

Marianna:	\$262,709	(underrecovery)
Fernandina Beach:	\$738,815	(underrecovery)

Issue 3: What are the appropriate total fuel adjustment true-up amounts to be collected/refunded from January 2007 through December 2007?

FPU's Position:

Marianna:	\$316,591 (to be collected)
Fernandina Beach:	\$892,682 (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 2007 through December 2007?

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 2007 through December 2007?

FPU's Position:

Marianna: \$13,920,307
Fernandina Beach: \$22,203,752

Issue 6: What are the appropriate levelized fuel cost recovery factors for the period January 2007 through December 2007?

FPU's Position:

Marianna: 2.709¢/kwh
Fernandina: 3.412¢/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: 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	\$.04420
GS	\$.04366
GSD	\$.04177
GSLD	\$.04001
OL	\$.03447
SL	\$.03463

Fernandina:

<u>Rate Schedule</u>	<u>Adjustment</u>
RS	\$.05134
GS	\$.05050
GSD	\$.04909
GSLD	\$.04796
OL	\$.03910
SL	\$.03983

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, 2007, beginning with the first or applicable billing cycle for the period January, 2007.

Issue 10: What are the appropriate actual benchmark levels for calendar year 2006 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 2007 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

FPU's Position: No position at this time.

Issue 12: What is the appropriate methodology for calculating over and under recoveries of projected fuel costs, pursuant to Commission Order Nos. 13694 and PSC-98-0691?

FPU's Position: No position at this time.

Issue 13: At what point in time should a utility notify the Commission that an over or under recovery exceeds 10% of the projected fuel costs?

FPU's Position: The Commission should be notified that an over or under recovery exceeds 10% by a filing timely made, when the utility becomes aware that it's projected fuel revenues will result in an over or under recovery in excess of 10% of the projected fuel costs for the period.

Issue 14: What are the appropriate credits for emissions allowances for power sales for each investor-owned electric utility for the years 2005 through 2007?

FPU's Position: No position at this time.

Issue 17a: Are FPUC's purchased power costs as proposed for recovery in its 2007 fuel factor and as reflected in its purchased power agreements, prudent and reasonable?

FPU's Position: Yes, the Company has properly reflected the expected purchased power costs in both the Northwest and Northeast divisions in the fuel factors and the costs are prudent and reasonable. The purchase power agreement for the Northwest division has remained unchanged from the previous period, and continues to be prudent and reasonable. The new purchased power agreement for the Northeast division has been reflected in the fuel factors for 2007. The Company obtained a prudent and reasonable contract for fuel for it's customers and has taken all necessary steps to obtain prudent contract terms for customers as outlined in testimony and exhibits submitted with the fuel filing for the calendar year 2007.

E. QUESTIONS OF LAW

None.

F. POLICY QUESTIONS

None.

G. STIPULATED ISSUES

None.

H. MOTIONS

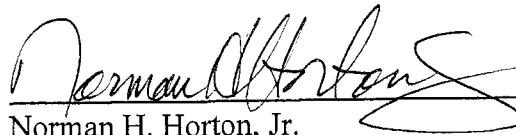
None.

I. OTHER MATTERS

None.

Dated this 6th day of October, 2006.

Respectfully submitted,
MESSER, CAPARELLO & SELF, P.A.
Post Office Box 15579
Tallahassee, Florida 32317

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 U. S. Mail this 6th day of October, 2006 upon the following:

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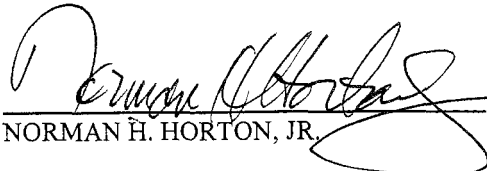
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