

**CONFIDENTIAL
DECLASSIFIED**

MM 3-5-12

Docket No. 100001-EI

Florida Public Utilities Company's
Request for Confidential Treatment
Exhibit "A"

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Fuel and purchased power cost recovery clause with generating performance incentive factor. | DOCKET NO. 100001-EI
| DATED: October 11, 2010

**FLORIDA PUBLIC UTILITIES COMPANY'S
PREHEARING STATEMENT**

In accordance with Order No. PSC-10-0154-PCO-EI, the following Prehearing Statement is filed on behalf of the Florida Public Utilities Company (FPUC), consistent with the schedule for this Docket:

A. Known Witnesses

FPUC intends to offer the testimony of Curtis D. Young filed on March 1, 2010, and August 2, 2010, and the testimony Mark Cutshaw filed on September 1, 2010.

Curtis D. Young	(Cost Recovery True-Up)	Issue: 8
Curtis D. Young	(True-Up Actual/Estimated 2010)	Issues: 3A, 9
Mark Cutshaw	(Purchase Power Projections/ Fuel Factors)	Issues: 3A, 6 - 16

B. Known Exhibits

FPUC intends to sponsor the following exhibits:

Young (Direct)	CDY-1	Schedules M-1, F-1, and M1-B
Young (Direct)	CDY-2 ¹	Schedules E1-A, E1-B, E1-B1

¹ In the August 2, 2010, Testimony and Exhibits, Mr. Young's Exhibit was mis-numbered as Exhibit CDY-1. FPUC would ask that the Prehearing Order reflect that the correct number for Mr. Young's Exhibit submitted on August 2, 2010, is CDY-2.

Cutshaw (Direct)	MC-1	Schedule E1, E-A, E2, E7, and E10 (Marianna) and E1, E1-A, E2, E8, and E10 (Fernandina Beach_
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C. Basic Position

FPUC: The Company has properly projected its costs. Likewise, the Company has calculated its true-up amounts and purchased power cost recovery factors appropriately. As such, the Company would ask that these amounts and factors be approved by the Commission.

Florida Public Utilities Company (Company-Specific)

ISSUE 3A: Has the bankruptcy filing of the Jefferson Smurfit Company had any effect on Florida Public Utilities Company's northeast division fuel factors?

FPUC's Position: No. In order to capture the pre- and post-bankruptcy costs associated with the Northeast Division's GSLD1 customer, two separate bills to the customer were generated, consistent with the GSLD1 rate structure. The timing of the bills resulted in the sum of the two bills totalling more than would have been billed if the bankruptcy had not occurred. The net amount of the GSLD1 excess fuel revenue adjustment is \$100,076, and if applied to the customer's bankruptcy-related bad debt write-off would reduce the GSLD1 Accounts Receivable for fuel revenue. The application of the excess fuel revenue would not have any impact on other rate classes, and would result in a \$100,148 reduction in fuel revenue for the GSLD1 rate class.

GENERIC FUEL ADJUSTMENT ISSUES

ISSUE 6: What are the appropriate actual benchmark levels for calendar year 2010 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

FPUC's Position: No position at this time.

ISSUE 7: What are the appropriate estimated benchmark levels for calendar year 2011 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

FPUC's Position: No position at this time.

ISSUE 8: What are the appropriate fuel adjustment true-up amounts for the period January 2009 through December 2009?

FPUC's Position:

Northwest Division (Marianna): \$1,378,165 (Underrecovery)
Northeast Division (Fernandina Beach): \$2,241,870 (Overrecovery)

ISSUE 9: What are the appropriate fuel adjustment true-up amounts for the period January 2010 through December 2010?

FPUC's Position:

Northwest Division (Marianna): \$84,888 (Underrecovery)
Northeast Division (Fernandina Beach): \$494,751 (Underrecovery)

ISSUE 10: What are the appropriate total fuel adjustment true-up amounts to be collected/refunded from January 2011 to December 2011?

FPUC's Position:

Northwest Division (Marianna): \$1,463,053 (Underrecovery)
Northeast Division (Fernandina Beach): \$1,747,119 (Overrecovery)

ISSUE 11: What is the appropriate revenue tax factor to be applied in calculating each investor-owned electric utility's levelized fuel factor for the projection period January 2011 through December 2011?

FPUC's Position:

Northwest Division (Marianna): 1.00072
Northeast Division (Fernandina Beach): 1.00072

ISSUE 12: What are the appropriate projected net fuel and purchased power cost recovery and Generating Performance Incentive amounts to be included in the recovery factor for the period January 2011 through December 2011?

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FPUC's Position:

Northwest Division (Marianna): \$35,363,963
Northeast Division (Fernandina Beach): \$40,892,517

ISSUE 13: What are the appropriate levelized fuel cost recovery factors for the period January 2011 through December 2011?

FPUC's Position:

Northwest Division (Marianna): 7.609¢ /kwh
Northeast Division (Fernandina Beach): 6.640 ¢ /kwh

ISSUE 14: 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?

FPUC's Position:

Northwest Division (Marianna): 1.0000 (All rate schedules)
Northeast Division (Fernandina Beach): 1.0000 (All rate schedules)

ISSUE 15: What are the appropriate fuel cost recovery factors for each rate class/delivery voltage level class adjusted for line losses?

FPUC's Position:

Northwest Division

Rate Schedule

Adjustment

<i>Rate Schedule</i>	<i>Adjustment</i>
RS	\$0.11925
GS	\$0.11560
GSD	\$0.10977
GSLD	\$0.10586
OL,O11	\$0.08619

SL1, SL2, and SL3	\$0.08566
Step rate for RS	
RS with less than 1,000 kWh/month	\$0.11553
RS with more than 1,000 kWh/month	\$0.12553

Northeast Division

Rate Schedule

Adjustment

RS	\$0.10007
GS	\$0.09735
GSD	\$0.09327
GSLD	\$0.09500
OL	\$0.07158
SL	\$0.07179
Step rate for RS	
RS with less than 1,000 kWh/month	\$0.09630
RS with more than 1,000 kWh/month	\$0.10630

ISSUE 16: What should be the effective date of the fuel adjustment charge and capacity cost recovery charge for billing purposes?

FPUC's Position: The effective date for FPUC's cost recovery factors should be January 1, 2011, beginning with the first billing cycle for the period January 2011.

G. Stipulated Issues

FPUC is not a party to any stipulations at this time, although it believes that it should be possible to reach a stipulation on each of the above issues as they relate to FPUC.

H. Pending Motions

FPUC has no pending motions or other matters requiring attention at this time.

I. Pending Confidentiality Requests

FPUC has three pending requests for confidentiality filed on September 1, 2010, September 27, 2010, and one submitted today, October 11, 2010.

J. Compliance With Order on Procedure

FPUC believes that this Prehearing Statement fully complies with the requirements of the Order on Procedure.

K. Objections to Witness Qualifications

FPUC has no objection to the qualifications of any expert witness.

RESPECTFULLY SUBMITTED this 11th day of October, 2010.

BY: _____

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by U.S. Mail to the following parties of record this 11th day of October, 2010:

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