

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition by St. Joe Natural Gas Company, Inc. to reorganize the applicability of general service rate schedules and eliminate the GS-3 rate schedule. | DOCKET NO. 110241-GU
ORDER NO. PSC-11-0396-TRF-GU
ISSUED: September 21, 2011

The following Commissioners participated in the disposition of this matter:

ART GRAHAM, Chairman
LISA POLAK EDGAR
RONALD A. BRISÉ
EDUARDO E. BALBIS
JULIE I. BROWN

ORDER APPROVING MODIFICATIONS TO RATE SCHEDULES

BY THE COMMISSION:

On July 26, 2011, St. Joe Natural Gas Company, Inc. (St. Joe) filed a letter requesting that the Commission restructure the applicability of certain General Service (GS) and Firm Transportation Service (FTS) rate schedules and eliminate the GS-3 and FTS-3 rate schedules. The GS/FTS rate schedules apply to commercial customers, and there are no customers currently taking service on the GS-3 or FTS-3 rate schedule. We last approved St. Joe's current base rates and associated tariffs in St. Joe's most recent rate case, by Order No. PSC-08-0436-PAA-GU.¹ We have jurisdiction pursuant to Section 366.06, Florida Statutes.

St. Joe's tariff provides for ten rate schedules for commercial customers: GS-1 through GS-5, and FTS-1 through FTS-5. Commercial customers elect either sales or transportation service. Sales customers receive their gas supply directly from St. Joe and take service under the GS rate schedules. Transportation customers arrange for the purchase of their gas through a gas marketer, and take service under the FTS rate schedules. The base rate charges are the same for sales and transportation customers.

The table below shows the current applicability and Gas Delivery Service Rate (therm charge) for rate schedules GS/FTS-2 through GS/FTS-4.

¹ Order No. PSC-08-0436-PAA-GU, issued on July 8, 2008, in Docket No. 070592-GU, In re: Petition for rate increase by St. Joe Natural Gas Company, Inc.

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Rate Schedule	Applicability (annual therm consumption)	Therm Charge (cents/therm)
GS/FTS-2	2,000 - <25,000	31.801
GS/FTS-3	25,000 - <150,000	6.610
GS/FTS-4	150,000 - <1,000,000	11.749

St. Joe proposes to expand the applicability of the GS/FTS-2 and GS/FTS-4 rate schedules, and eliminate the GS/FTS-3 rate schedule. Specifically, GS/FTS-2 will be available for customers whose annual usage is equal or greater than 2,000 therms, but less than 87,500 therms. GS/FTS-4 will be available for customers whose annual usage is equal or greater than 87,500 therms, but less than 1,000,000 therms. St. Joe is not proposing any changes to the therm charges.

St. Joe believes that the drop in the therm charge from the GS/FTS-2 to the GS/FTS-3 rate schedule sends an inappropriate price signal. St. Joe further states that this condition arose because there were no customers taking service under the GS/FTS-3 tariff when the rate was set in St. Joe's last rate case and it would be appropriate to approve the proposed tariff schedule revisions to correct this rate anomaly.

We agree that the GS/FTS-3 therm charge does not appear to be consistent with the level of the therm charges in the neighboring rate classes. In a cost of service study, costs are typically assigned to the various customer classes based on cost causation. Since at the time of St. Joe's last rate case no customers took service on the GS-3 or FTS-3 rate, nor were any customers forecast to take service on the GS-3 or FTS-3 rate for the test year, there were no costs or billing determinants associated with that rate to design cost-based rates. Since there are no customers currently receiving service under the GS-3 or FTS-3 rate schedules, merging them with the other schedules will have no effect on existing customers or St. Joe's revenues. For the reasons stated above, we hereby approve St. Joe's proposal.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that St. Joe Natural Gas Company, Inc.'s proposal to restructure the applicability of the GS/FTS-2 and GS/FTS-4 rate schedules and eliminate the GS-3/FTS-3 rate schedules is hereby approved. It is further

ORDERED that the revised tariffs shall become effective on September 20, 2011. It is further

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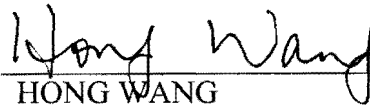
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ORDERED that if a protest is filed within 21 days of issuance of the Order, the tariff shall remain in effect with any charges held subject to refund pending resolution of the protest. It is further

ORDERED that if no timely protest is filed, this docket shall be closed upon the issuance of a Consummating Order.

By ORDER of the Florida Public Service Commission this 21st day of September, 2011.



HONG WANG

Chief Deputy Commission Clerk
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JSC

NOTICE OF FURTHER PROCEEDINGS

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

The Commission's decision on this tariff is interim in nature and will become final, unless a person whose substantial interests are affected by the proposed action files a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on October 12, 2011.

In the absence of such a petition, this Order shall become final and effective upon the issuance of a Consummating Order.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.