

Law Offices

HOLLAND & KNIGHT

A Registered Limited Liability Partnership

315 South Calhoun Street
Suite 600
P.O. Drawer 810 (ZIP 32302-0810)
Tallahassee, Florida 32301
904-224-7000
FAX 904-224-8832

January 27, 1997

Atlanta	Orlando
Boca Raton	St. Petersburg
Fort Lauderdale	Tallahassee
Jacksonville	Tampa
Lakeland	Washington, D.C.
Miami	West Palm Beach

ORIGINAL
FILE COPY

D. BRUCE MAY
904-425-6607

Internet Address:
dbmay@hklaw.com

Ms. Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Betty Easley Conference Center, Room 110
Tallahassee, FL 32399-0850

Via Hand Delivery

970015-60

Re: St. Joe Natural Gas Company, Inc.'s Petition for Limited Proceeding to Restructure Rates

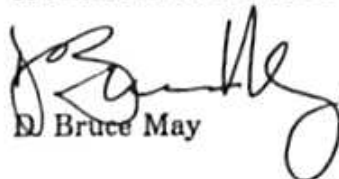
Dear Ms. Bayo:

Enclosed for filing in the docket referenced above are the original and 15 copies of St. Joe Natural Gas Company, Inc.'s Petition for Limited Proceeding to Restructure Rates. Also enclosed is a diskette containing this document. For our record keeping, please acknowledge your receipt of this filing on the enclosed copy of this letter.

Thank you for your consideration in this matter.

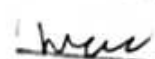
Sincerely,

HOLLAND & KNIGHT


D. Bruce May

- ACK _____
- AFA _____
- APP _____
- CAF _____
- CMU _____
- CTR _____
- EAG _____
- LEG _____
- LIN _____
- OPC _____
- RCM _____
- SEP _____
- WFO _____
- YH _____

Enclosure
DBM/sms
cc: Mr. Stuart Shoaf (w/enclosure)
TAL-100272

RECEIVED & FILED

FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE
01064 JAN 27 97
FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition of St. Joe)
Natural Gas Company, Inc.)
for a Limited Proceeding to)
Restructure Its Rates.)
_____)

Docket No. 970115-GU

Filed: January 27, 1997

PETITION FOR LIMITED PROCEEDING TO RESTRUCTURE RATES

St. Joe Natural Gas Company, Inc. ("SJNG"), by and through undersigned counsel, petitions the Florida Public Service Commission (the "Commission") to initiate a limited proceeding pursuant to Section 366.076(1), Florida Statutes, and approve SJNG's restructured rates. SJNG respectfully requests that the Commission expedite consideration of this Petition using its proposed agency action procedures. Immediate rate restructuring is needed in order for SJNG to retain existing industrial customers and ensure equity among SJNG's rate classifications. In support of this Petition, SJNG states:

Introduction

1. The name and address of Petitioner is:

St. Joe Natural Gas Company, Inc.
Post Office Box 549
Port St. Joe, Florida 32456

2. All pleadings and correspondence should be directed to:

D. Bruce May
Karen D. Walker
HOLLAND & KNIGHT
P.O. Drawer 810
Tallahassee, Florida 32302

DOCUMENT NUMBER - DATE
01064 JAN 27 97
FPSC-RECORDS/REPORTING

Mr. Stuart Shoaf, President
St. Joe Natural Gas Company, Inc.
Post Office Box 549
Port St. Joe, Florida 32456

3. SJNG is a public utility subject to Commission regulation pursuant to Chapter 366, Florida Statutes. SJNG's general offices are located at 301 Long Avenue, Port St. Joe, Florida.

4. Through this Petition, SJNG proposes to redesign its present rates into a more cost-based rate structure which will reduce inequities between SJNG's rate classes. This Petition is submitted pursuant to Section 366.076(1), Florida Statutes, which expressly authorizes the Commission to conduct limited proceedings to consider any matter within its jurisdiction, including any matter which requires an adjustment to a public utility's rates. SJNG is not aware of any disputed issues of material fact.

Background

5. SJNG currently serves approximately 3,200 residential, commercial, and industrial customers in Port St. Joe, Mexico Beach, Wewahitchka, and unincorporated areas of Gulf County.

6. SJNG has never sought and obtained a rate increase since the Commission obtained jurisdiction over SJNG. In 1983, the Commission revised SJNG's rates from a step-type rate to a flat rate, with no change in revenue. Additionally, as a result of a 1988 Stipulation, the Commission reduced SJNG's industrial customer rates from the previously negotiated rate. SJNG's residential and commercial customers presently enjoy rates that are lower than those charged by any other natural gas local distribution company in Florida.

7. SJNG's present residential and commercial rates have been approved at levels which are significantly below SJNG's cost of providing service. SJNG's present interruptible rates, however, have been approved at levels substantially above cost. This disparity among rate classes is reflected in the relative contributions by each of SJNG's rate classes as set forth in SJNG's Cost of Service Study which is attached hereto as Composite Exhibit "A." Because of the discrepancy between the allocation of costs among SJNG's rate classes, SJNG is requesting that the Commission approve its restructured rates in order to comport with the requirements of Section 366.07, Florida Statutes (1995).

8. SJNG has one very large industrial customer which takes approximately 66 percent of SJNG's natural gas volume and contributes approximately 75 percent of SJNG's overall revenues. SJNG and the customer have entered into a service contract whereby the customer purchases gas from SJNG at interruptible rates. That contract, however, is scheduled to conclude in approximately 20 months.

9. As the industry continues to move to a more competitive environment, SJNG is faced with the risk of its large industrial customer choosing to use a different source of energy. This risk is heightened by the fact that SJNG's interruptible rates are priced at levels substantially above cost.

10. Should SJNG's largest industrial customer decide to no longer purchase gas from SJNG, SJNG's would lose approximately 75 percent of its revenues. This would almost certainly cause SJNG to request a considerable increase in its residential and commercial rates. Indeed, this is exactly what happened in Docket No. 820364-GU

in which City Gas Company of Florida requested an increase in its rates and charges "in order to reflect the unanticipated loss of all revenue from a single, unique and financially significant customer . . ." In re: Petition of City Gas Company for an increase in rates and charges, 82 F.P.S.C. 9:84, 84, Docket No. 820364-GU, Order No. 11162 (Sept. 13. 1982).

Proposed Rate Restructuring

11. In order to forestall losing its largest industrial customer and the corresponding need to recoup the lost revenues from its remaining residential and commercial customers, SJNG proposes to restructure its rates to more closely reflect the cost for each rate class. The Commission has recognized that it is desirable for all customer classes to pay a fair share of the total costs and that this can be accomplished by bringing all classes as close as possible to the system rate of return. In Re: Application for a Rate Increase for Marianna electric operations by Florida Public Utilities Company, 94 F.P.S.C. 2:144, 171, Docket No. 930400-EI, Order No. PSC-94-0170-FOF-EI (Feb. 10, 1994).

12. SJNG's Cost of Service Study attached as Composite Exhibit "A" uses the 12 month period ending December 31, 1995 as the test year because this data has already been audited by the Commission's Accounting and Financial Analysis Division. The Cost of Service Summary contained in Composite Exhibit "A" sets forth SJNG's proposed restructured rates which are as follows:

	<u>Customer Charge</u>	<u>Non-Fuel Charge (per therm)</u>
Residential	\$ 6.00	\$0.24146
Commercial	\$12.00	\$0.29876
Commercial Large Volume	\$35.00	\$0.10064
Large Interruptible	\$1,000.00	\$0.04070

Under this rate structure, all rate classes should produce an equivalent rate of return. Thus, SJNG's proposed new rate structure will provide for each of SJNG's customer classes to pay a comparable share of the total costs.

13. The proposed restructuring will have no effect on SJNG's total revenues. Additionally, under the new proposed rate structure, SJNG's residential and commercial rates will continue to be among the lowest in the State. SJNG proposes to phase in the restructured rates over a two year period implementing the rate increases in two 12 month intervals. In order to facilitate an effective transition, a schedule for phasing in the restructured rates is attached as Exhibit "B."

14. SJNG's proposed rate restructuring was recently foreshadowed in Docket No. 960930-GU addressing SJNG's overearnings. In that docket, the Commission approved SJNG's proposal to dispose of overearning and potential overearnings noting that: "The refund procedures will not apply where [SJNG] petitions to restructure its rates such that the resulting rate changes have no effect on [SJNG's] total revenues. . . ." In Re: Investigation into earnings for 1994, 1995 and 1996 of St. Joe Natural Gas Company, Inc., 96 F.P.S.C. 9:505, 507, Docket No. 960930-GU, Order No. PSC-96-1188-

FOF-GU (Sept. 23, 1996). This is not a petition for a rate increase. Instead, it is a petition to restructure SJNG's rates in a manner that will have no impact on SJNG's total revenues as contemplated by SJNG's proposal approved by the Commission in Order No. PSC-96-1188-FOF-GU.

15. SJNG respectfully requests that the Commission address this Petition on an expedited basis through a limited proceeding utilizing the Commission's proposed agency action procedures. SJNG seeks to avoid the catastrophic loss of revenues that SJNG would experience if its largest industrial customer leaves the system. Because SJNG's contract with this large customer will conclude in approximately 20 months and SJNG's proposed rate restructuring will be implemented over a two year period, immediate relief is necessary.

16. Pursuant to Section 366.076(1), Florida Statutes, the Commission has jurisdiction to entertain limited proceedings relating to the adjustment of rates of public utilities. SJNG requests that the Commission invoke this mechanism with the objective of obtaining a minimal level of relief while avoiding the expense of a full rate case.

Conclusion

17. For the foregoing reasons, SJNG's current rate design should be restructured to ensure equity among customers in SJNG's different rate classifications, and to comport with the requirements of Section 366.07, Florida Statutes. Immediate restructuring relief is needed in order for SJNG to prevent the loss of its largest customer and to protect its other ratepayers should such loss occur.

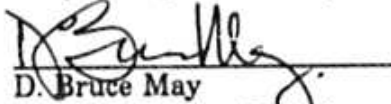
WHEREFORE, SJNG respectfully request that the Commission:

(a) address this Petition on an expedited basis in a limited proceeding pursuant to Section 367.076(1), Florida Statutes, using its proposed agency action procedures;

(b) approve SJNG's restructured rates as set forth in this Petition and Composite Exhibit "A"; and

(c) grant such other relief as the Commission deems appropriate.

Respectfully submitted,



D. Bruce May

Florida Bar No. 354473

Karen D. Walker

Florida Bar No. 0982921

HOLLAND & KNIGHT

P.O. Drawer 810

Tallahassee, FL 32302

(904) 224-7000

**Attorneys for St. Joe Natural
Gas Company, Inc.**

TAL-98083.4

SCHEDULE - A (COST OF SERVICE)
CLASSIFICATION OF RATE BASE
 (Page 1 of 2:PLANT)

ATTACHMENT

COMPANY NAME: ST. JOE NATURAL GAS COMPANY, INC.
 SOCIETY NO.

ENDING DECEMBER 1995

	TOTAL	CUSTOMER	CAPACITY	COMMODITY	CLASSIFIER
LOCAL STORAGE PLANT	\$0.00		\$0.00		100% capacity
INTANGIBLE PLANT:	\$13,149.00		\$13,149.00		*
PRODUCTION PLANT	\$0.00		\$0.00		*
DISTRIBUTION PLANT:					
374 Land and Land Rights	\$22,517.70		\$22,517.70		*
375 Structures and Improvements	\$22,184.10		\$22,184.10		*
376 Mains	\$3,029,427.33		\$3,029,427.33		*
377 Comp. Sta. Eq.	\$0.00		\$0.00		*
378 Meas. & Reg. Sta. Eq. - Gen	\$72,322.58		\$72,322.58		*
379 Meas. & Reg. Sta. Eq. - CG	\$451,728.60		\$451,728.60		*
380 Services	\$581,680.12	\$581,680.12			100% customer
381-382 Meters	\$331,100.11	\$331,100.11			*
383-384 House Regulators	\$119,492.89	\$119,492.89			*
385 Industrial Meas. & Reg. Eq.	\$38,357.17		\$38,357.17		100% capacity
386 Property on Customer Premises	\$0.00	\$0.00	\$0.00	\$0.00	ac 374-385
387 Other Equipment	\$61,438.94	\$13,584.14	\$47,854.80	\$0.00	ac 374-386
Total Distribution Plant	\$4,730,249.54	\$1,045,857.26	\$3,684,392.28	\$0.00	4730250
GENERAL PLANT:	\$536,177.37	\$268,088.69	\$268,088.69		50% customer, 50% capacity
PLANT ACQUISITIONS:	\$0.00		\$0.00		100% capacity
GAS PLANT FOR FUTURE USE:	\$0.00		\$0.00		*
CWIP:	\$78,771.46	\$17,416.35	\$61,355.11	\$0.00	dist. plant
TOTAL PLANT	\$5,358,347.37	\$1,331,362.30	\$4,026,985.07	\$0.00	5358347 checksum

SCHEDULE - A (COST OF SERVICE)

ATTACHMENT

CLASSIFICATION OF RATE BASE

(Page 2 of 2: ACCUMULATED DEPRECIATION)

COMPANY NAME: ST. JOE NATURAL GAS COMPANY, INC.
DOCKET NO.

ENDING DECEMBER 1995

	TOTAL	CUSTOMER	CAPACITY	COMMODITY	CLASSIFIER
LOCAL STORAGE PLANT:	\$0.00	\$0.00	\$0.00	0	related plant
INTANGIBLE PLANT:	\$13,149.00	\$0.00	\$13,149.00	0	rel. plant account
PRODUCTION PLANT	\$0.00		\$0.00		*
DISTRIBUTION PLANT:					
375 Structures and Improvements	\$8,065.91	\$0.00	\$8,065.91	0	*
376 Mains	\$671,817.52	\$0.00	\$671,817.52	0	*
377 Compressor Sta. Eq.	\$0.00	\$0.00	\$0.00	0	*
378 Meas. & Reg. Sta. Eq. -Gen	\$9,043.00	\$0.00	\$9,043.00	0	*
379 Meas. & Reg. Sta. Eq. -CG	\$50,519.33	\$0.00	\$50,519.33	0	*
380 Services	\$234,553.53	\$234,553.53	\$0.00	0	*
381-382 Meters	\$150,766.83	\$150,766.83	\$0.00	0	*
383-384 House Regulators	\$29,612.58	\$29,612.58	\$0.00	0	*
385 Indust. Meas. & Reg. Sta. Eq.	\$5,852.38	\$0.00	\$5,852.38	0	*
386 Property on Customer Premises	\$0.00	\$0.00	\$0.00	0	*
387 Other Equipment	\$15,091.48	\$3,336.72	\$11,754.76	0	*
Total A.D. on Dist. Plant	\$1,175,322.56	\$418,269.66	\$757,052.90	0	1175323 checksum
GENERAL PLANT:	\$111,005.92	\$55,502.96	\$55,502.96	0	general plant
PLANT ACQUISITIONS:	\$0.00	\$0.00	\$0.00	0	plant acquisitions
RETIREMENT WORK IN PROGRESS:	\$0.00	\$0.00	\$0.00	0	distribution plant
TOTAL ACCUMULATED DEPRECIATION	\$1,299,477.48	\$473,772.62	\$825,704.86	0	1299477 checksum
NET PLANT (Plant less Accum. Dep.)	\$4,058,869.89	\$857,589.67	\$3,201,280.22	0	4058870 checksum
less: PSC AUDIT ADJ. (13 mth avg)	(\$23,734.89)	(\$11,867.45)	(\$11,867.45)		50% cust 50% cap
plus: WORKING CAPITAL	\$114,400.00	\$44,047.93	\$70,258.56	94	oper. and maint. exp.
equals: TOTAL RATE BASE	\$4,149,535.00	\$889,770.15	\$3,259,671.33	94	4149535 checksum

SCHEDULE - B (COST OF SERVICE) ATTACHMENT
 CLASSIFICATION OF EXPENSES
 (Page 1 of 2)

COMPANY NAME: ST. JOE NATURAL GAS COMPANY/JNC
 DOCKET NO: ENDING DECEMBER 1 999

OPERATIONS AND MAINTENANCE EXPENSES	TOTAL	CUSTOMER	CAPACITY	COMMODITY	CLASSIFIER
LOCAL STORAGE PLANT:	\$0.00	\$0.00	\$0.00	\$0.00	ac 301 - 320
PRODUCTION PLANT:	\$0.00	\$0.00	\$0.00	\$0.00	100% capacity
DISTRIBUTION:					
870 Operation Supervision & Eng	\$26,358.00	\$21,443.34	\$25,213.66	\$0.00	ac 871 - 879
871 Det/Load Dispatch	\$70,160.00	\$0.00	\$70,160.00	\$0.00	100% capacity
872 Compr Stalab. & Ex.	\$0.00	\$0.00	\$0.00	\$0.00	ac 377
873 Compr. Sta Fuel & Power	\$0.00	\$2,643.81	\$51,267.19	\$0.00	100% commodity
874 Mains and Services	\$61,111.00	\$0.00	\$4,231.00	\$0.00	ac378 + ac380
875 Mains & Reg. Sta Eq. - Gen	\$4,231.00	\$0.00	\$12,747.00	\$0.00	ac 378
876 Mains & Reg. Sta Eq. - Ind	\$12,747.00	\$0.00	\$7,642.00	\$0.00	ac 385
877 Mains & Reg. Sta Eq. - CG	\$7,642.00	\$0.00	\$0.00	\$0.00	ac 379
878 Meter and House Reg	\$9,382.00	\$0.00	\$0.00	\$0.00	ac381 + ac383
879 Customer Instal	\$0.00	\$0.00	\$0.00	\$0.00	ac 386
880 Other Expenses	\$15,892.00	\$2,173.95	\$13,718.05	\$0.00	ac 387
881 Rents	\$0.00	\$0.00	\$0.00	\$0.00	100% capacity
885 Maintenance Supervision	\$0.00	\$0.00	\$0.00	\$0.00	ac686 - 694
886 Maint. of Struct. and Improv	\$4,582.00	\$0.00	\$0.00	\$0.00	ac375
887 Maintenance of Mains	\$8,718.00	\$0.00	\$0.00	\$0.00	ac376
888 Maint. of Comp. Sta Eq.	\$0.00	\$0.00	\$0.00	\$0.00	ac 377
889 Maint. of Mains & Reg. Sta Eq. - Gen	\$4,623.00	\$0.00	\$4,623.00	\$0.00	ac 378
890 Maint. of Mains & Reg. Sta Eq. - Ind	\$4,034.00	\$0.00	\$4,034.00	\$0.00	ac 385
891 Maint. of Mains & Reg. Sta Eq. - CG	\$3,882.00	\$0.00	\$3,882.00	\$0.00	ac 379
892 Maintenance of Services	\$7,642.00	\$0.00	\$0.00	\$0.00	ac 380
893 Maint. of Meters and House Reg	\$2,738.00	\$0.00	\$0.00	\$0.00	ac381 - 383
894 Maint. of Other Equipment + 895 Other Plant	\$1,958.00	\$421.26	\$1,187.74	\$0.00	ac387
Total Distribution Expenses	\$208,490.00	\$36,361.36	\$223,136.64	\$0.00	258408
CUSTOMER ACCOUNTS:					
901 Supervision	\$0.00	\$0.00	\$0.00	\$0.00	100% customer
902 Meter - Reading Expense	\$15,106.00	\$15,106.00	\$0.00	\$0.00	.
903 Records and Collection Exp.	\$87,414.00	\$87,414.00	\$0.00	\$0.00	.
904 Uncollectible Accounts	\$297.00	\$0.00	\$0.00	\$297.00	100% commodity
905 Misc. Expenses	\$0.00	\$0.00	\$0.00	\$0.00	100% customer
Total Customer Accounts	\$102,817.00	\$102,520.00	\$0.00	\$297.00	
(907 - 910) CUSTOMER SERV & INFO EXP.	\$0.00	\$0.00	\$0.00	\$0.00	.
(911 - 916) SALES EXPENSE	\$2,012.00	\$2,012.00	\$0.00	\$0.00	.
(932) MAINT. OF GEN PLANT	\$0.00	\$0.00	\$0.00	\$0.00	General plant
(920 - 935) ADMINISTRATION AND GENERAL (PSC ADJ. - 7200 - 2500 - 5189 + 226611)	\$398,773.00	\$115,037.86	\$183,490.91	\$344.23	O&M excl. A&G
TOTAL O&M EXPENSE	\$662,100.00	\$254,931.22	\$406,627.55	\$341.23	662100

**SCHEDULE -- B (COST OF SERVICE)
CLASSIFICATION OF EXPENSES**

ATTACHMENT

COMPANY NAME: ST. JOE NATURAL GAS COMPANY
DOCKET NO.
ENDING DECEMBER 1995

(Page 2 of 2)

DEPRECIATION AND AMORTIZATION EXPENSE:	TOTAL	CUSTOMER	CAPACITY	COMMODITY	REVENUE	CLASSIFIER
Depreciation Expense	\$196,580.40	\$41,535.04	\$155,045.36	\$0.00		net plant
Amort. of Other Gas Plant	\$0.00		\$0.00			100% capacity
Amort. of Property Loss	\$0.00		\$0.00			100% capacity
Amort. of Limited-term Inv.	\$0.00	\$0.00	\$0.00	\$0.00		intangible plant
Amort. of Acquisition Adj.	\$0.00	\$0.00	\$0.00	\$0.00		intan/dist/gen plant
Amort. of Conversion Costs	\$0.00			\$0.00		100% commodity
Total Deprec. and Amort. Expense	\$196,580.40	\$41,535.04	\$155,045.36	\$0.00	0	196580 chec
TAXES OTHER THAN INCOME TAXES:						
Revenue Related	\$0.00				0	100% revenue
Other	\$296,316.00	\$62,607.95	\$233,708.05	\$0.00	0	net plant
Total Taxes other than Income Taxes	\$296,316.00	\$62,607.95	\$233,708.05	\$0.00	0	
REV.CROD TO COS(NEG.OF OTHR OPR.REV)	\$0.00	\$0.00				100% customer
RETURN (REQUIRED NOI) 4149535.0*.1063	\$441,095.57	\$94,582.57	\$346,503.06	\$9.94		rate base
INCOME TAXES	\$192,937.00	\$41,370.80	\$151,561.85	\$4.35	0	return(noi)
TOTAL OVERALL COST OF SERVICE	\$1,789,028.97	\$495,027.58	\$1,293,445.87	\$555.52	0	1789029 chec

**SCHEDULE - C (COST OF SERVICE)
DEVELOPMENT OF ALLOCATION FACTORS**

ATTACHMENT

COMPANY NAME: ST JOE NATURAL GAS COMPANY
DOCKET NO.

ENDING DECEMBER 1995

CUSTOMER COSTS	TOTAL	RESIDENTIAL	COMMERCIAL	COMMERCIAL LARGE VOL.	INDUSTRIAL	INTERRUPT
No. of Customers	3143	2894	194	51	0	4
Weighting	NA	1.00	1.91	4.71	0.00	103.95
Weighted No. of Customers	3921	2894	371	240	0	416
Allocation Factors	1	73.82%	9.45%	6.13%	0	10.61%
CAPACITY COSTS						
Peak & Avg. Month Sales Vol. (therms)	3,071,057	199,675	13,081	48,980	0	2,809,321
Allocation Factors	1	6.50%	0.43%	1.59%	0.00%	91.48%
COMMODITY COSTS						
Annual Sales Vol. (therms)	31,605,108	1,055,455	80,751	297,750	0	30,171,152
Allocation Factors	1	3.34%	0.26%	0.94%	0.00%	95.46%
REVENUE - RELATED COSTS						
Tax on Cust. Cap. & Commod.	29072	7340	827	814	0	20090
Allocation Factors	100.00%	25.25%	2.85%	2.80%	0	69.11%

3071057

COMPANY NAME: SJNG
BOOKET NO:

SCHEDULE - D (COST OF SERVICE)
ALLOCATION OF RATE BASE TO CUSTOMER CLASSES
ENDING DECEMBER 1995

ATTACHMENT

RATE BASE BY CUSTOMER CLASS DIRECT AND SPECIAL ASSIGNMENTS:	TOTAL	RESIDENTIAL	COMMERCIAL	COMMERCIAL		INDUSTRIAL	INTERRUPT	ALLOCATOR
				LARGE VOL				
Customer	150333	133115	17044	11049	0	0	19120	weighted customers
Meters	89880	89880	0	0	0	0	0	wtd cust
No use Regulators	347127	236236	32308	21266	0	0	30815	wtd cust
Services	272430	201097	25748	16692	0	0	26893	weighted cust
All Other	889770	680325	75099	49009	0	0	64834	889770
Total	32505	0	0	557	0	0	31948	peak sales
Capacity	63280	4114	270	1009	0	0	57880	peak/average sales
Industrial Meas. & Reg. Sta. Eq.	2357810	153288	10042	37601	0	0	2156079	direct
Meas. & Reg. Sta. Eq. - Gen.	806277	52423	3434	12859	0	0	737561	direct
All Other	3259871	209825	13748	53027	0	0	2984074	3259871
Total	0	0	0	0	0	0	0	annual sales
Commodity	0	0	0	0	0	0	0	
Account #	0	0	0	0	0	0	0	
Account #	0	0	0	0	0	0	0	
Account #	94	3	0	1	0	0	89	
All Other	94	3	0	1	0	0	89	
Total	94	3	0	1	0	0	89	

TOTAL 4148033 890156 89346 101036 0 3098996

SCHEDULE - E (COST OF SERVICE)
ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSES
Page 1 of 2
ENDING DECEMBER 1995

ATTACHMENT

	TOTAL	RESIDENTIAL	COMMERCIAL	COMMERCIAL LARGE VOL	INDUSTRIAL	INTERURB	ALLOCATOR
Customer	0	0	0	0	0	0	weighted customer's peak/average sales
Capacity	0	0	0	0	0	0	annual sales
Commodity	0	0	0	0	0	0	weighted customer's annual sales
Revenue	0	0	0	0	0	0	tax on customer's sales
Total	0	0	0	0	0	0	0
OPERATIONS AND MAINTENANCE EXPENSE							
DIRECT AND SPECIAL ASSIGNMENTS							
Customer							
878 Motors and House Regulators	8082	6933	886	575	0	996	wild curt
883 Motor of Motors & House Reg	2736	2021	259	196	0	290	wild curt
874 Motors & Services	8644	7266	820	603	0	1044	wild curt
892 Motor of Services	7648	5645	723	499	0	811	wild curt
All Other	225309	168315	21294	13803	0	20896	
Total	254921	198190	24034	15619	0	27037	254921
Capacity	12747	0	0	218	0	12529	peak/average sales
880 Motor of Motors & Reg Sta. Eq - 1	4034	0	0	0	0	4034	peak/average sales
874 Motors and Services	51287	3333	218	818	0	46585	direct
887 Motor of Motors	9719	632	41	155	0	891	direct
All Other	326880	21382	1401	5245	0	300833	
Total	409628	25347	1681	6436	0	373184	409628
Commodity	0	0	0	0	0	0	
Account #	0	0	0	0	0	0	
Account #	0	0	0	0	0	0	
All Other	541	18	1	5	0	517	541
Total	541	18	1	5	0	517	
TOTAL OAM	692100	213546	25756	22061	0	407798	annual sales
DEPRECIATION EXPENSE							
Customer	41535	30690	3926	2545	0	4405	weighted curt
Capacity	159045	10081	600	2473	0	141831	direct
Total	190580	40740	4586	5018	0	146236	
AMORT. OF GAS PLANT:							
Capacity	0	0	0	0	0	0	peak/average sales
AMORT. OF PROPERTY LOSS:							
Capacity	0	0	0	0	0	0	peak/average sales
AMORT. OF LIMITED TERM INVEST:							
Capacity	0	0	0	0	0	0	peak/average sales
AMORT. OF ACQUISITION ADJ:							
Customer	0	0	0	0	0	0	weighted curt
Capacity	0	0	0	0	0	0	direct
Total	0	0	0	0	0	0	
AMORT. OF CONVERSION COSTS:							
Commodity	0	0	0	0	0	0	

SCHEDULE - E (COST OF SERVICE)
 ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSES

ATTACHMENT

COMPANY NAME: SJNG
 DOCKET NO.

(Page 2 of 2)

ENDING DECEMBER 1995

	TOTAL	RESIDENTIAL	COMMERCIAL	COMMERCIAL LARGE VOL.	INDUSTRIAL	INTERRUPT	ALLOCATOR
TAXES OTHER THAN INCOME TAXES:							
Customer	62608	46215	5917	3836	0	6640	weighted cust
Capacity	233708	15195	995	3727	0	213790	direct
Subtotal	296316	61410	6913	7563	0	220430	
Revenue	0	0	0	0	0	0	tax on cust, cap, & comm.
Total	296316	61410	6913	7563	0	220430	296316
RETURN (NOI)							
Customer	94583	72319	8036	5210	0	9018	cust.rel.RB
Capacity	346503	22304	1461	5530	0	317207	cap.rel.RB direct
Commodity	10	0	0	0	0	9	comm.rel.RB
Total	441096	94624	9497	10740	0	326234	441096
INCOME TAXES							
Customer	41371	31633	3515	2279	0	3944	cust.rel.RB
Capacity	151562	9756	639	2419	0	138748	cap.rel.RB direct
Commodity	4	0	0	0	0	4	comm.rel.RB
Total	192937	41389	4154	4698	0	142696	192937
REVENUE CREDITED TO COS:							
Customer	0	0	0	0	0	0	direct assignment
TOTAL COST OF SERVICE:							
Customer	495028	369006	45488	29489	0	51044	495028
Capacity	1293446	82684	5417	20586	0	1184760	1293446
Commodity	556	19	1	5	0	530	
Subtotal	1789029	451709	50906	50080	0	1236334	
Revenue	0	0	0	0	0	0	
Total	1789029	451709	50906	50080	0	1236334	1789029

**SCHEDULE - F (COST OF SERVICE)
DERIVATION OF REVENUE DEFICIENCY**

ATTACHMENT

COMPANY NAME: ST. JOE NATURAL GAS COMPANY, INC.
DOCKET NO.

ENDING DECEMBER 1995

COST OF SERVICE BY CUSTOMER CLASS	TOTAL	RESIDENTIAL	COMMERCIAL	COMMERCIAL LARGE VOL	INDUSTRIAL		
CUSTOMER COSTS	495,028	369,006	45,488	29,489	0	51,044	
CAPACITY COSTS	1,293,446	82,684	5,417	20,586	0	1,184,760	
COMMODITY COSTS	556	19	1	5	0	530	
REVENUE COSTS	0	0	0	0	0	0	
TOTAL	1,789,029	451,709	50,906	50,080	0	1,236,334	
less: REVENUE AT PRESENT RATES (in the attrition year)	1,842,667	132,659	14,023	27,978	0	1,668,006	
equals: GAS SALES REVENUE DEFICIENCY	(53,638)	319,049	36,883	22,101	0	(431,671)	-53638
plus: DEFICIENCY IN OTHER OPERATING REV.	0	0	0	0	0	0	
equals: TOTAL BASE - REVENUE DEFICIENCY	(53,638)	319,049	36,883	22,101	0	(431,671)	

UNIT COSTS:							
Customer	13.125135	10.625614	19.539605	48.184052	ERR	1063.425088	
Capacity	0.421173	0.414091	0.414091	0.420289	ERR	0.421725	
Commodity	0.000018	0.000018	0.000018	0.000018	ERR	0.000018	

**SCHEDULE - G (COST OF SERVICE)
RATE OF RETURN BY CUSTOMER CLASS**

ATTACHMENT

COMPANY NAME: ST JOE NATURAL GAS COMPANY
DOCKET NO.

(Page 1 of 2: PRESENT RATES)

ENDING DECEMBER 1995

	TOTAL RESIDENTIAL	COMMERCIAL	COMMERCIAL	INDUSTRIAL	INTERRUPT
		LARGE VOL.			
REVENUES: (projected test year)					
Gas Sales (due to growth)	1,842,667	132,659	14,023	27,978	0
Other Operating Revenue	0	0	0	0	0
Total	1,842,667	132,659	14,023	27,978	0
EXPENSES:					
Purchased Gas Cost	0	0	0	0	0
O&M Expenses	662,100	213,546	25,756	22,061	0
Depreciation Expenses	196,580	40,740	4,586	5,018	0
Amortization Expenses	0	0	0	0	0
Taxes Other Than Income -- Fixed	296,316	61,410	6,913	7,563	0
Taxes Other Than Income -- Revenue	0	0	0	0	0
Total Exps excl. Income Taxes	1,154,996	315,696	37,255	34,642	0
INCOME TAXES:	192,937	41,389	4,154	4,698	0
NET OPERATING INCOME:	494,733	(224,426)	(27,386)	(11,361)	0
<hr style="border-top: 1px dashed black;"/>					
RATE BASE:	4,149,535	890,156	89,346	101,036	0
RATE OF RETURN	11.92%	-25.21%	-30.65%	-11.24%	ERR

**SCHEDULE - G (COST OF SERVICE)
RATE OF RETURN BY CUSTOMER CLASS**

ATTACHMENT

COMPANY NAME: ST JOE NATURAL GAS COMPANY
DOCKET NO.

(Page 2 of 2-PROPOSED RATES)

ENDING DECEMBER 1995

	COMMERCIAL		LARGE VOL.	INDUSTRIAL	INTERRUPT	
	TOTAL RESIDENTIAL	COMMERCIAL	LARGE VOL.	INDUSTRIAL	INTERRUPT	
REVENUES:						
Gas Sales	1,842,667	463,215	52,061	51,386	0	1,276,005
Other Operating Revenue	0	0	0	0	0	0
Total	1,842,667	463,215	52,061	51,386	0	1,276,005
EXPENSES:						
Purchased Gas Cost	0	0	0	0	0	0
O&M Expenses	662,100	213,546	25,756	22,061	0	400,738
Depreciation Expenses	196,580	40,740	4,586	5,018	0	146,236
Amortization Expenses	0	0	0	0	0	0
Taxes Other Than Income -- Fixed	296,316	61,410	6,913	7,563	0	220,430
Taxes Other Than Income -- Revenue	0	0	0	0	0	0
Total Exps excl. Income Taxes	1,154,996	315,696	37,255	34,642	0	767,404
PRE TAX NOI:	687,670	147,519	14,807	16,744	0	508,601
INCOME TAXES:	192,937	41,389	4,154	4,698	0	142,696
NET OPERATING INCOME:	494,733	106,130	10,652	12,046	0	365,905

RATE BASE:	4,149,535	890,156	89,346	101,036	0	3,068,996
RATE OF RETURN	11.92%	11.92%	11.92%	11.92%	ERR	11.92%

**COST OF SERVICE SUMMARY
PROPOSED RATE DESIGN**

ATTACHMENT

COMPANY NAME: ST. JOE NATURAL GAS COMPANY, INC.
DOCKET NO.

ENDING DECEMBER 1995

	TOTAL RESIDENTIAL	COMMERCIAL	COMMERCIAL LARGE VOL.	INDUSTRIAL	INTERRUPT
PRESENT RATES (projected test year)					
GAS SALES (due to growth)	1,842,667	132,659	14,023	27,978	0
OTHER OPERATING REVENUE	0	0	0	0	0
TOTAL	1,842,667	132,659	14,023	27,978	0
RATE OF RETURN	11.92%	-25.21%	-30.65%	-11.24%	ERR
INDEX	1	-0	-0	-0	ERR
PROPOSED RATES					
GAS SALES	1,842,667	463,215	52,061	51,386	0
OTHER OPERATING REVENUE	0	0	0	0	0
TOTAL	1,842,667	463,215	52,061	51,386	0
TOTAL REVENUE INCREASE	0	330,556	38,038	23,407	0
PERCENT INCREASE	0.00%	249.18%	271.25%	83.66%	ERR
RATE OF RETURN	11.92%	11.92%	11.92%	11.92%	ERR
INDEX	1	1	1	1	ERR

COST OF SERVICE SUMMARY

ATTACHMENT

COMPANY NAME: ST. JOE NATURAL GAS COMPANY
 DOCKET NO. _____

	CALCULATION OF PROPOSED RATES				ENDING DECEMBER 1995	
	TOTAL RESIDENTIAL	COMMERCIAL	LARGE VOL.	INDUSTRIAL	INTERRUPT	
PROPOSED TOTAL TARGET REVENUES	1,842,667	463,215	52,061	51,386	0	1,276,005
LESS: OTHER OPERATING REVENUE	0	0	0	0	0	0
LESS: CUSTOMER CHARGE REVENUES						
PROPOSED CUSTOMER CHARGES		\$6.00	\$12.00	\$35.00	\$0.00	\$1,000.00
TIMES: NUMBER OF BILLS	37,716	34,728	2,328	612	0	48
EQUALS: CUSTOMER CHARGE REVENUES	305,724	208,368	27,936	21,420	0	48,000
LESS: OTHER NON-THERM-RATE REVENUES						
EQUALS: PER-THERM TARGET REVENUES	1,536,943	254,847	24,125	29,966	0	1,228,005
DIVIDED BY: NUMBER OF THERMS	31,605,108	1,055,455	80,751	297,750	0	30,171,152
EQUALS: PER-THERM RATES (UNRND)		0.241457	0.298761	0.100640	ERR	0.040701
PER-THERM RATES (RND)		0.24146	0.29876	0.10064	ERR	0.04070
PER-THERM-RATE REVENUES (RND RATES)	1,536,907	254,850	24,125	29,966	0	1,227,966
<u>SUMMARY: PROPOSED TARIFF RATES</u>						
CUSTOMER CHARGES		\$6.00	\$12.00	\$35.00	\$0.00	\$1,000.00
ENERGY CHARGES						
NON-GAS (CENTS PER THERM)		24.146	29.876	10.064	ERR	4.070
PURCHASED GAS ADJUSTMENT		0.000	0.000	0.000	0.000	0.000
TOTAL (INCLUDING PGA)		24.146	29.876	10.064	ERR	4.070
<u>SUMMARY: PRESENT TARIFF RATES</u>						
CUSTOMER CHARGES		\$3.00	\$5.00	\$20.00	\$0.00	\$1,000.00
ENERGY CHARGES						
NON-GAS (CENTS PER THERM)		0.0197	0.0236	0.0449	0.0000	0.0485
PURCHASED GAS ADJUSTMENT		0.000	0.000	0.000	0.000	0.000
TOTAL (INCLUDING PGA)		0.020	0.024	0.045	0.000	0.049
<u>SUMMARY: OTHER OPERATING REVENUE</u>						
		PRESENT		PROPOSED		
		CHARGE	REVENUE	CHARGE	REVENUE	
INITIAL CONNECTION		\$10.00	\$3,676.00	\$0.00	\$0.00	
RECONNECTION		\$10.00	\$3,676.00	\$0.00	\$0.00	
CHANGE OF ACCOUNT		\$0.00	\$0.00	\$0.00	\$0.00	
BILL COLLECTION IN LIEU OF DISCONNECTION		\$0.00	\$0.00	\$0.00	\$0.00	
RETURNED CHECK CHARGE		\$10.00	\$410.00	\$0.00	\$0.00	