

ST. JOE NATURAL GAS COMPANY, INC.

P. O. BOX 549 PHONE (850) 229-8216
PORT ST. JOE, FLORIDA 32457

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RECORDS AND REPORTING

January 9, 2001

Ms. Blanca Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Docket No. 010003-GU
Petition for Approval of Mid-Course Correction to PGA Cap

Dear Ms. Bayo,

Enclosed for filing are an original and fifteen copies of St. Joe Natural Gas Company's Petition for Approval of Mid Course Correction to Approved PGA Factor for Application to Bills to be rendered from February 1, 2001 through December 31, 2001 in the above-referenced.

Please indicate receipt of this document by stamping the enclosed extra copy of this letter.

Your attention to this filing is appreciated.

Sincerely,

Stuart Shoaf
Stuart Shoaf
President

Enclosures

cc: All Parties of Record

- APP _____
- CAF _____
- CMP _____
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00479 JAN 11 2001

FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Purchase Gas
Adjustment (PGA) True-Up

DOCKET NO. 010003-GU
Submitted for filing: 1-09-01

PETITION OF ST. JOE NATURAL GAS COMPANY FOR
APPROVAL OF MID-COURSE CORRECTION TO APPROVED PGA
FACTOR FOR APPLICATION TO BILLS TO BE RENDERED
FROM FEBRUARY 1, 2001 THROUGH DECEMBER 31, 2001

St. Joe Natural Gas Co. ("SJNG") hereby files its petition for approval of a revision, through a mid-course correction, to its purchased gas adjustment ("PGA") factor to be applied to bills rendered for meter readings to be taken beginning February 1, 2001 through December 31, 2001, inclusive, and in support thereof says:

1. The name and address of the petitioner are:

St. Joe Natural Gas Company, Inc.
P.O. Box 549
Port St. Joe, Florida 32457

2. The names and mailing address of the persons authorized to receive notices and communications with respect to this petition are:

Stuart L Shoaf, President
St. Joe Natural Gas Company
P.O. Box 549
Port St. Joe, Florida 32457

3. The Commission has adopted a method for the recovery of purchased gas costs by regulated natural gas utilities, to be used for the recovery of such costs commencing January 1, and ending December 31. These orders provide that a natural gas utility's purchased gas costs are to be recovered through a levelized PGA factor for the period Jan-Dec, with the levelized PGA factor to serve as a cap, or maximum recovery factor. Order No. PSC-93-0708-FOF-GU, issued in this docket on May 10, 1993, the Commission

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FPSC RECORDS/REPORTING

determined that a utility may, at its option, request a mid-course correction if re-projected expenses for the remainder of the period significantly exceed projected revenues for the period when using the Commission-approved cap.

4. By its Order No. PSC-99-2443-FOF-GU (December 14, 1999), the Commission approved a PGA factor (or cap) for SJNG for the January - December 2001 period \$82.100 per therm. This factor was based on SJNG's projected purchased gas costs for the twelve-month projection period (including the true-up for the period January through December, 2000) of \$42,200.00 and total sales of 1,206,419 therms.

5. As indicated by the revised Schedule E-1/R, SJNG's projected expenses for the period January, 2001 through December, 2001 will significantly exceed re-projected revenues. Specifically, SJNG's expenses for the period are now projected to be \$1,335,629 while its revenues for the same period would be \$934,965, resulting in a projected difference of \$400,664 under-recovery.

6. The primary reason for expenses exceeding revenues is a substantial increase in the price of natural gas during the current winter season. Since the Company's cap was approved by the Commission in December 2000, significantly increased demand for natural gas across the mid-west and northeast United States and historically low storage levels has caused an unanticipated increase in gas costs on a national basis. There are currently no indications that natural gas prices will experience any meaningful decrease in the next several months. The Company needs its PGA cap

increased to accommodate these upward price pressures.

7. SJNG requests that the Commission approve an increase in its PGA factor from 82.100 cents per therm to 1.163 cents per therm, which is equal to the average cost of gas including the true-up factor, for the months of January through December 2001. SJNG requests that this increased PGA factor be approved for application to bills rendered for meter readings taken on and after February 1, 2001, and continue in effect until a new cap is approved by order of Commission. Applying this increased PGA factor through December 31, 2001 will allow SJNG to recover the majority of the current increased costs during the remainder of the year, and help reduce the impact on ratepayers during the twelve months beginning January 2002.

8. The effect of the increased cap on the average residential customer with monthly consumption of 25 therms would be \$8.55 per month if natural gas costs require the PGA to increase to the proposed new cap.

9. Because of the need to reduce the projected underrecovery of expenses, it is necessary that the increased cap be approved for application to ratepayers' bills beginning February 2001. SJNG recognizes that this will require the Commission to deviate from its usual policy of making changes in rates and charges effective 30 days after the Commission's vote approving the rate change. However, there is not sufficient time to hold a hearing on the changes prior to the Commission's consideration of the requested change. In addition, the Commission has previously approved a mid-course correction in this docket to become effective at an earlier

date under similar circumstances when the amount of the projected underrecovery was substantial. See In re: Purchased Gas Adjustment (PGA) True-Up, Order No. PSC-94-0207-FOF-FU (February 21, 1994), approving an increase in the authorized purchase gas adjustment factor (or cap) for West Florida Natural Gas Company. See also In re: Fuel and Purchased Power Cost Recovery Clause and Generating Performance Incentive Factor, Order No. PSC-92-0271-FOF-EI (April 29, 1992), approving a decrease in the fuel adjustment factors for Florida Power Corporation and In re: Fuel and Purchased Power Cost Recovery Clause and Generating Performance Incentive Factor, Order No. 2135 (June 5, 1989), approving an increase in the fuel adjustment factors for Florida Power & Light Company.

10. SJNG also recognizes there will not be time to conduct a prudence review of the Company's re-projections of purchased gas costs prior to the implementation of the increase in the PGA factor sought by this petition. However, pursuant to the procedures in this docket, such prudence review will occur as a matter of course at the hearing to be held in this docket in November 2001. If the increase in the cost recovery cap is ultimately found imprudent, SJNG's ratepayers will suffer no harm, since any costs found imprudent will be disallowed for recovery and flow back to the ratepayers through the true-up mechanism inherent in the calculation of the PGA factor for the subsequent period.

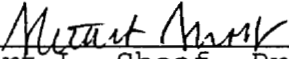
WHEREFORE, St. Joe Natural Gas Co. petitions the Commission to approve its proposed increase in its PGA factor from 82.100 cents per therm to 1.1630 cents per therm to be applied to customer bills

rendered for meter reading taken on and after February 1, 2001
through December 31, 2001.

Dated this 9th day of January, 2001.

Respectfully submitted,

Stuart L. Shoaf, President
St. Joe Natural Gas Company, Inc.
P.O. Box 549
Port St. Joe, Florida 32457
(850) 229-8216



Stuart L. Shoaf, President

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that true and correct copies of St. Joe Natural Gas Company's Petition for Approval of Mid-Course Correction to Approved PGA Factor for Application to Bills to be Rendered through December 31, 2001 in Docket No. 010003-GU have been served this 9th day of January 2001 upon the following:

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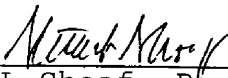
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Stuart L Shoaf, President

COMPANY: ST JOE NATURAL GAS CO		PURCHASED GAS ADJUSTMENT COST RECOVERY CLAUSE CALCULATION											Schedule E-1/R Exhibit#		
ORIGINAL ESTIMATE FOR THE PROJECTED PERIOD:		JANUARY 2001 Through DECEMBER 2001											Docket#010003-GU SLS-1		
COST OF GAS PURCHASED		REPROJECTION													
		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL	
1	COMMODITY (Pipeline)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	NO NOTICE SERVICE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	SWING SERVICE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4	COMMODITY (Other)	\$341,475	\$168,371	\$197,685	\$83,997	\$52,897	\$46,035	\$46,559	\$39,828	\$47,780	\$46,611	\$55,700	\$95,508	\$1,222,446	
5	DEMAND	\$29,239	\$26,409	\$29,239	\$28,296	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$113,183	
6	OTHER		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
LESS END-USE CONTRACT															
7	COMMODITY (Pipeline)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
8	DEMAND	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
9														\$0	
10														\$0	
11	TOTAL COST (1+2+3+4+5+6)-(7+8+9+10)	\$370,714	\$194,780	\$226,924	\$112,293	\$52,897	\$46,035	\$46,559	\$39,828	\$47,780	\$46,611	\$55,700	\$95,508	\$1,335,629	
12	NET UNBILLED	0	0	0	0	0	0	0	0	0	0	0	0	\$0	
13	COMPANY USE	\$209	\$180	\$118	\$71	\$44	\$45	\$45	\$54	\$43	\$41	\$48	\$60	\$958	
14	TOTAL THERM SALES	\$370,505	\$194,600	\$226,806	\$112,222	\$52,853	\$45,990	\$46,514	\$39,774	\$47,737	\$46,570	\$55,652	\$95,448	\$1,334,671	
THERMS PURCHASED															
15	COMMODITY (Pipeline)	0	0	0	0	0	0	0	0	0	0	0	0	0	
16	NO NOTICE SERVICE	0	0	0	0	0	0	0	0	0	0	0	0	0	
17	SWING SERVICE	0	0	0	0	0	0	0	0	0	0	0	0	0	
18	COMMODITY (Other)	239,944	129,944	164,944	95,944	67,944	59,943	60,944	51,944	66,944	63,945	74,944	129,944	1,207,328	
19	DEMAND	0	0	0	0	0	0	0	0	0	0	0	0	0	
20	OTHER	0	0	0	0	0	0	0	0	0	0	0	0	0	
LESS END-USE CONTRACT															
21	COMMODITY (Pipeline)	0	0	0	0	0	0	0	0	0	0	0	0	0	
22	DEMAND	0	0	0	0	0	0	0	0	0	0	0	0	0	
23		0	0	0	0	0	0	0	0	0	0	0	0	0	
24	TOTAL PURCHASES (15-21)	0	0	0	0	0	0	0	0	0	0	0	0	0	
25	NET UNBILLED	0	0	0	0	0	0	0	0	0	0	0	0	0	
26	COMPANY USE	135	120	86	61	56	59	59	71	60	56	65	81	909	
27	TOTAL THERM SALES	239,809	129,824	164,858	95,883	67,888	59,884	60,885	51,873	66,884	63,889	74,879	129,863	1,206,419	
CENTS PER THERM															
28	COMMODITY (Pipeline) (1/15)	ERR	ERR	ERR	ERR	ERR	ERR	ERR	ERR	ERR	ERR	ERR	ERR	ERR	
29	NO NOTICE SERVICE (2/16)														
30	SWING SERVICE (3/17)														
31	COMMODITY (Other) (4/18)	1 42314	1 29572	1 19850	0 87548	0 77854	0 76798	0 76396	0 76675	0 71373	0 72892	0 74322	0 73499	1 01252	
32	DEMAND (5/19)	ERR	ERR	ERR	ERR	ERR	ERR	ERR	ERR	ERR	ERR	ERR	ERR	ERR	
33	OTHER (6/20)														
LESS END-USE CONTRACT															
34	COMMODITY Pipeline (7/21)	ERR	ERR	ERR	ERR	ERR	ERR	ERR	ERR	ERR	ERR	ERR	ERR	ERR	
35	DEMAND (8/22)	ERR	ERR	ERR	ERR	ERR	ERR	ERR	ERR	ERR	ERR	ERR	ERR	ERR	
36															
37	TOTAL COST (11/24)	ERR	ERR	ERR	ERR	ERR	ERR	ERR	ERR	ERR	ERR	ERR	ERR	ERR	
38	NET UNBILLED (12/25)														
39	COMPANY USE (13/26)	1 54815	1 50000	1 37209	1 16393	0 78571	0 76271	0 76271	0 76056	0 71667	0 73214	0 73846	0 74074	1 05391	
40	TOTAL THERM SALES (11/27)	1 54587	1 50034	1 37648	1 17115	0 77918	0 76874	0 76470	0 76780	0 71437	0 72956	0 74387	0 73545	1 10710	
41	TRUE-UP (E-2)	0 02124	0 02124	0 02124	0 02124	0 02124	0 02124	0 02124	0 02124	0 02124	0 02124	0 02124	0 02124	0 02124	
42	TOTAL COST OF GAS (40+41)	1 56711	1 52157	1 39772	1 19238	0 80042	0 78997	0 78594	0 78903	0 73561	0 75080	0 76510	0 75669	1 12834	
43	REVENUE TAX FACTOR	1 03093	1 03093	1 03093	1 03093	1 03093	1 03093	1 03093	1 03093	1 03093	1 03093	1 03093	1 03093	1 03093	
44	PGA FACTOR ADJUSTED FOR TAXES (42x43)	1 61558	1 56864	1 44095	1 22926	0 82517	0 81441	0 81025	0 81344	0 75836	0 77402	0 78877	0 78009	1 16324	
45	PGA FACTOR ROUNDED TO NEAREST .001	1 616	1 569	1 441	1 229	0 825	0 814	0 81	0 813	0 758	0 774	0 789	0 78	1 163	