

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Petition for approval of modifications to tariff provisions governing extension of mains and services, by St. Joe Natural Gas Company, Inc.

DOCKET NO. 050420-GU
ORDER NO. PSC-05-0830-TRF-GU
ISSUED: August 16, 2005

The following Commissioners participated in the disposition of this matter:

BRAULIO L. BAEZ, Chairman
J. TERRY DEASON
RUDOLPH "RUDY" BRADLEY
LISA POLAK EDGAR

ORDER APPROVING MODIFICATIONS TO TARIFF PROVISIONS GOVERNING
EXTENSION OF MAINS AND SERVICES

BY THE COMMISSION:

St. Joe Natural Gas Company, Inc. (SJNG) extends main lines and service lines in accordance with Rule 25-7.054, Florida Administrative Code, and the provisions of its Commission approved tariff. The rule requires a utility to develop a standard policy governing the amount of main and/or service extension which will be made at no cost to connect a new customer. Free extensions are required when the capital investment necessary to extend the facilities in order to provide service is equal to or less than the maximum allowable cost (MACC). Rule 25-7.054 defines the MACC as an amount equal to four times the estimated annual revenues to be derived from the facilities, less the cost of gas. The rule further provides direction on handling an extension request that exceeds the MACC. The rule also allows gas utilities to establish extension policies more favorable to consumers so long as no discrimination is practiced between consumers.

From 1975, when Rule 25-7.054 was implemented, until August 5, 1996, SJNG operated with a MACC which was four times its estimated annual revenue less the cost of gas, as provided in the rule. During this time, there were no significant quantities of new residential homes built in SJNG's service territory. We approved a new MACC for SJNG of ten times its estimated annual revenue less the cost of gas by Order No. PSC-96-1000-FOF-GU, issued August 5, 1996, Docket No. 960657-GU, In Re: Petition for approval of modifications to tariff that would add late payment charge to customers' past due balances and revise method for calculating Maximum Allowable Construction Cost (MACC), by St. Joe Natural Gas Company, Inc. On December 15, 2000, SJNG filed a petition for a permanent rate increase, which was granted by Order No. PSC-01-1274-PAA-GU, issued June 5, 2001, Docket No. 001447-GU, In Re: Request for rate increase by St. Joe Natural Gas Company, Inc. The new rates increased SJNG's average monthly residential bill to \$18.52 and increased the Company's average MACC to \$2,222.40. At the same time, the average cost to extend main and/or service facilities remained around \$500.00. Again, SJNG elected to continue offering a more favorable extension policy to attract

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new customers. The increase in rates, coupled with the stable extension costs, were factors which contributed to SJNG bringing its petition to lower its MACC rates from ten years to four years.

On June 21, 2005, SJNG filed a petition for approval of modifications to its tariff provisions governing extension of mains and service. We have jurisdiction pursuant to Sections 366.04, 366.05, and 366.06, Florida Statutes.

SJNG states that modifying its tariff to yield a MACC of four is consistent with Rule 25-7.054, and will ensure that SJNG is not required to make extensions of mains and/or services to the detriment of its existing customers. The rule provides that, unless special circumstances prevent, the Commission will be guided by the general principle that MACC is equal to four times the estimated annual gas revenue to be derived from the facilities less the cost of gas. We find no special circumstances to prevent us from being guided by the requirements of Rule 25-7.054, Florida Administrative Code. Our decision herein is consistent with our approval of modifications to the MACC for other gas companies: City Gas Company of Florida¹ and the Central Florida Division of Chesapeake utilities² both apply a multiplier of six, while Florida Public Utilities Company³ and Peoples Gas System⁴ apply a multiplier of four.

Accordingly, SJNG's requested modification to its tariff provisions governing Mains and Service Extensions is hereby approved, effective August 2, 2005, the date of the Commission vote in this matter. The utility's petition to modify its MACC rate from 10 years to four years is approved.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that St. Joe Natural Gas Company, Inc.'s request for modification to tariff provisions governing extension of mains and services is hereby approved as set forth in the body of this order. It is further

ORDERED that the modified tariff provision governing Mains and Service Extensions is effective August 2, 2005, as set forth in the body of this order. It is further

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

¹ Order No. PSC-95-0506-FOF-GU, issued April 24, 1995, in Docket 950206-GU, In Re: Petition for approval of tariffs governing extension of facilities by City Gas Company of Florida.

² Order No. PSC-95-0817-FOF-GU, issued July 6, 1995, in Docket 950523-GU, In Re: Petition for approval of modifications to tariff provisions governing main and service extensions by Florida Division of Chesapeake Utilities Corporation.

³ Order No. PSC-95-0162-FOF-GU, issued February 7, 1997, in Docket 941291-GU, In Re: Petition for approval of modification to tariff provisions governing main and service extensions by Florida Public Utilities Company.

⁴ Order No. PSC-04-0165-CO-GU, issued January 26, 2004, in Docket 030923-GU, In Re: Petition for approval of revisions to tariff provisions governing extension of mains and services to provide gas service facilities to new customers, by Peoples Gas System.

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 16th day of August, 2005.

BLANCA S. BAYÓ, Director
Division of the Commission Clerk
and Administrative Services

By: Kay Flynn
Kay Flynn, Chief
Bureau of Records

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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 Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on September 6, 2005.

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.