

MESSER, CAPARELLO, MADSEN, GOLDMAN & METZ

A PROFESSIONAL CORPORATION

TALLAHASSEE, FLORIDA 32309-1070

Telephone: (904) 833-1000  
Telex: 520000 MGS  
Facsimile: (904) 833-1000

January 9, 1996

FILE COPY

Ms. Blanca Bayo, Director  
Division of Records and Reporting  
Florida Public Service Commission  
Room 110, Easley Building  
2540 Shumard Oak Blvd.  
Tallahassee, Florida 32399-0850

**BY HAND DELIVERY**

960047-50

Dear Ms. Bayo:

Enclosed for filing on behalf of West Florida Natural Gas, please find the original and 15 copies of an Application for Authority to Issue Securities. Please note that contained within the Application is also a request to renew authority previously granted in Docket 950476-GU.

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

Your attention to this filing is appreciated.

Sincerely,

*Norman H. Bolton, Jr.*

Norman H. Bolton, Jr.

NHH/amb  
Enclosures  
cc: Mr. J. E. McIntyre  
Ms. Patti Smith

*war*

00325 00A108

In Re Application of West  
Florida Natural Gas Company  
to Issue Securities

Docket No  
Filed January 10, 1996

**APPLICATION FOR  
AUTHORITY TO ISSUE SECURITIES OF  
WEST FLORIDA NATURAL GAS COMPANY**

Pursuant to Section 366, Florida Statutes and Chapter 25-8, Florida Administrative Code, West Florida Natural Gas Company ("WFNG" or "Company") hereby submits the following information and requests approval for authority to issue debt securities in a principal sum not to exceed \$5,000,000, which will be used to finance capital expenditures necessary for growth. The Company also requests authority to renew up to \$3,000,000 in short-term unsecured promissory notes previously approved in Docket No. 950476-GU. These funds will be used to supplement working capital. In support hereof, Applicant states:

(1) Name of Applicant West Florida Natural Gas Company  
Address 301 Maple Avenue  
Panama City, FL 32401

(2) Corporate formation and domestication The Company was incorporated in the State of Florida in 1959 under the name Consolidated Natural Gas Company, and is domesticated only in the state of Florida.

(3) Names and addresses of the persons authorized to receive notices and communications in respect to the Application

Patti Smith, Controller  
West Florida Natural Gas Company

Caller Box 1460  
Panama City, FL 32402

Norman H. Horton, Jr  
Messer, Caparello, Madsen, Goldman & Metz, P A  
Post Office Box 1876  
Tallahassee, FL 32302-1876

(4) Names, titles and addresses of the principal officers of West Florida Natural Gas Company

Ruben S. Martin, III, Chairman of the Board  
101 East Sabine  
Kilgore, TX 75662

James E. McIntyre, President  
301 Maple Avenue  
Panama City, FL 32402

R. Bruce Christmas, Vice President Operations  
301 Maple Avenue  
Panama City, FL 32402

Jeffry M. Householder, Vice President Gas Management and Regulatory Affairs  
301 Maple Avenue  
Panama City, FL 32402

Robert D. Bondurant, Treasurer  
101 East Sabine  
Kilgore, TX 75662

Patti Smith, Secretary  
301 Maple Avenue  
Panama City, FL 32402

Wesley M. Skelton, Assistant Secretary  
101 East Sabine  
Kilgore, TX 75662

(5) General character of applicant's business and territory

West Florida Natural Gas Company owns and operates natural gas distribution systems in Panama City, Florida and Ocala, Florida, which serve an aggregate of over 28,400 residential, commercial, and

industrial customers. The Company is a "public utility" within the meaning of Section 366.02, Florida Statutes, and is therefore subject to the jurisdiction of this commission.

(6) Brief description of facilities. West Florida Natural Gas Company owns and operates approximately 875 miles of natural gas distribution systems, consisting of approximately 492 miles of pipeline in and around Panama City, Florida and approximately 383 miles in and around Ocala, Florida.

(7) Information regarding existing stock and debt.

Stock

- (a) Common stock
- (b) \$1 par value, one million shares authorized
- (c) 859,685 shares outstanding
- (d) None held as reacquired securities
- (e) None pledged by Applicant. Applicant's parent company has pledged the stock of WFNG.
- (f) 100% owned by West Florida Gas Inc., a Florida Corporation.
- (g) No amounts are held in any funds.

Funded Debt

The chart below answers items a, b and c.

<u>Issue</u>	<u>Date of Issue</u>	<u>Maturity Date</u>	<u>Original Principal</u>	<u>Interest Rate</u>	<u>Balance due at 12/31/95</u>
1st Mtg Bonds-A	06/30/88	6/30/2003	\$6,500,000	11.18%	\$3,900,000
1st Mtg Bonds-B	11/30/93	6/30/2003	\$6,200,000	7.3%	\$6,200,000
Term Loan	6/10/94	6/1/2000	\$500,000	7.625%	\$ 389,210
Revolving LOC	10/16/95	10/16/96	varies	AmSouth prime + .5%	\$1,576,480

(8) Brief statement of transaction:

The Company intends to issue up to \$5,000,000 in Series C Bonds, the proceeds of which will be used to fund capital expenditures. The Series C bonds will be interest only for the first five years, with interest payable semiannually. Interest will be fixed at approximately 7.30%.

The Company also requests authority to renew its existing revolving line of credit. This line of credit and issuance of the associated promissory notes were approved by Order No. PSC-95-0700-FOF-GU, Docket No. 950476-GU (June 12, 1995). This line is used to supplement cash flow during periods when disbursements exceed receipts. The existing line of credit expires on October 16, 1996, and the company anticipates it will be renewed at that time. The interest rate will float at the lender bank's prime plus 1/2%. The outstanding balance will not exceed \$3.0 million at any time.

(9) The Company intends to use the proceeds of this issue for capital expenditures, including system expansion and improvement. A list of proposed capital projects is attached as Exhibit C(2).

(10) Facts supporting legality and compatibility with public interest. WFNG is authorized to issue this debt by its Articles of Incorporation and Florida Law. The issue will enable the Company to engage in significant improvements to and expansions of its existing system.

(11) Counsel who will pass upon the legality of the issue

Thompson & Knight  
3300 First City Center  
Dallas, TX 75201

(12) Other required regulatory filings. None required.

(13) 100 percent of Applicant's stock is owned by West Florida Gas Inc.

**WHEREFORE, WFNG** requests approval of the issuance of securities described herein.

WEST FLORIDA NATURAL GAS COMPANY

*James E. McIntyre*  
James E. McIntyre, President  
and Chief Executive Officer



Exhibit A

A copy of the Articles of Incorporation with amendments to date was  
filed in Docket No. 920602-GU



**West Florida Natural Gas Company**  
**Balance Sheet**  
**November 30, 1995**

ASSETS & OTHER DEBITS

<u>Utility Plant</u>	
Utility Plant	39,994,611
Construction Work in Progress	170,828
Less Accumulated Depreciation	<u>(13,238,053)</u>
Net Utility Plant	26,927,386
<u>Current and Accrued Assets</u>	
Cash	23,946
Customer Accounts Receivable, Billed	1,372,026
Customer Accounts Receivable, Unbilled	152,167
Receivables from Affiliated Companies	233,129
Other Accounts Receivable	175,191
Plant Materials and Operating Supplies	188,766
Prepayments and Other	<u>94,750</u>
Total Current and Accrued Assets	<u>2,239,976</u>
<u>Deferred Debits</u>	
Unamortized Debt Expense	428,042
Environmental Cleanup	128,878
Other	<u>(748,362)</u>
Total Deferred Debits	<u>(191,442)</u>
Total Assets & Other Debits	<u><u>28,975,919</u></u>

<u>Proprietary Capital</u>	
Common Stock Issued	859,685
Additional Paid-In Capital	4,534,752
Retained Earnings	5,337,264
Total Proprietary Capital	<u>10,731,701</u>
<u>Long-Term Debt</u>	
Bonds	9,450,000
Other Long-Term Debt	395,291
Total Long-Term Debt	<u>9,845,291</u>
<u>Current &amp; Accrued Liabilities</u>	
Current Maturities of Long-Term Debt	2,505,454
Accounts Payable	1,191,582
Customer Deposits	726,224
Taxes Accrued	381,256
Interest Accrued	213,192
Salaries, Wages and Benefits	307,526
Miscellaneous Current & Accrued Liabilities	1,145
Total Current & Accrued Liabilities	<u>5,326,380</u>
<u>Deferred Credits</u>	
Accumulated Deferred Investment Tax Credits	532,403
Other Deferred Credits	447,553
Accumulated Deferred Income Taxes	2,092,592
Total Deferred Credits	<u>3,072,548</u>
Total Liabilities & Other Credits	<u><u>28,975,919</u></u>

**WEST FLORIDA NATURAL GAS COMPANY**  
**Summary of Utility Plant and Accumulated**  
**Provisions for Depreciation, Amortization and Depletion**

<b>Utility Plant</b>	
Intangible Plant	1,044,566
Distribution Plant	32,320,956
General Plant	3,216,494
Construction Work in Progress	170,828
Acquisition Adjustments	<u>3,412,595</u>
Total Utility Plant	<u>40,165,439</u>
 <b>Accumulated Provisions for Depreciation, Amortization and Depletion</b>	
Intangible Plant	94,820
Distribution Plant	10,821,111
General Plant	953,763
Amortization of Plant Acquisition Adjustments	<u>1,368,359</u>
Total Accumulated Provisions	<u>13,238,053</u>
 Net Utility Plant	 <u><u>26,927,386</u></u>

**WEST FLORIDA NATURAL GAS COMPANY**  
**Income Statement**  
**Twelve Months Ended November 30, 1995**

Utility Operating Income	
Operating Revenues	16,376,666
Operating Expenses:	
Operations Expense	12,244,087
Maintenance Expense	219,235
Depreciation Expense	1,401,949
Amortization of Utility Plant	192,780
Taxes Other Than Income Taxes	404,958
Income Taxes - Federal	320,273
Income Taxes - Other	46,787
Total Utility Operating Expenses	14,830,069
Other Income and Deductions	
Nonutility Operating Income	(387,394)
Miscellaneous Income Deductions	186,296
Interest Charges	1,223,637
Total Other Income and Deductions	1,022,538
Net Income	524,059

**WEST FLORIDA NATURAL GAS COMPANY**  
**Statement of Retained Earnings**  
**November 30, 1995**

Unappropriated Retained Earnings

Balance - November 30, 1994	6,313,205
Dividend Distributions	(1,500,000)
Balance Transferred from Income	<u>524,059</u>
	<u><u>5,337,264</u></u>

**WEST FLORIDA NATURAL GAS COMPANY**  
**Schedule of All Known Contingent Liabilities**

The only material contingent liability is an estimated \$218,600 for environmental clean-up of a coal tar disposal site

**WEST FLORIDA NATURAL GAS COMPANY**  
**Projected Sources and Uses of Funds**

Sources of Funds

Proceeds from Borrowing	<u>4,900,000</u>
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Uses of Funds

Capital expenditures	<u>4,900,000</u>
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**WEST FLORIDA NATURAL GAS COMPANY  
CAPITAL PROJECTS**

Main and service extensions to new commercial construction	\$160,226
Mains and services in new residential developments	\$2,674,108
Main and service extension for multi-family development	\$111,064
Main extensions for Department of Corrections facilities	\$965,651
Main extension to Industrial Park	\$51,155
Main extension for Ocala West Loop	\$1,753,180
Scattered mains and services	\$366,036
	\$6,081,420



Exhibit D

**WEST FLORIDA NATURAL GAS COMPANY**

A map of the territory served was filed in Docket No. 920602-GU