

ST. JOE NATURAL GAS COMPANY, INC.

P.O. BOX 549 PHONE 229-8216  
PORT ST. JOE, FLORIDA 32456

FILE COPY



November 25, 1996

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

Re: Docket No. 960003-GU

Dear Ms. Bayo,

Enclosed for filing are an original and ten 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 December 1, 1996 through March 31, 1997 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  
President

- ACK
- AFA 3
- APP \_\_\_\_\_ Enclosures
- CAF \_\_\_\_\_
- CMU \_\_\_\_\_ cc: All Parties of Record
- CTR \_\_\_\_\_
- EAG** \_\_\_\_\_
- LEG 1
- LIN 3
- OPC \_\_\_\_\_
- RCH \_\_\_\_\_
- SEC 1
- WAS \_\_\_\_\_
- OTM \_\_\_\_\_

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*[Signature]*  
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FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

DOCKET NO. 960003-GU

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 DECEMBER 1, 1996 THROUGH MARCH 31, 1997

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 December 1, 1996 through March 31, 1997, inclusive, and in support thereof says:

1. The name of the petitioner and the mailing address of its principal office is:

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. By its Orders Nos. 24463 and 24463-A in this docket, the Commission adopted a revised method for the recovery of purchased gas costs by regulated natural utilities, to be used for the recovery of such costs commencing October 1, 1991. These orders provide that a natural gas utility's purchased gas costs are to be recovered through a levelized PGA factor for the period April-March, with the levelized PGA factor to serve as a cap, or maximum

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FPSC-RECORDS/REPORTING

recovery factor. Order No. 24463 also provides:

"... A utility may at its option, formally request a mid-course correction if reprojected expenses for the remaining period exceed projected revenues by approximately 10% for the twelve month period, when using the Commission-approved purchased gas cost cap."

4. By its Order No. PSC-96-0323-FOF-GU (March 5, 1996), the Commission approved a PGA factor (or cap) for SJNG for the April 1996 - March 1997 period 34.600 cents 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 April, 1995 through March, 1996) of \$7,766,745 and total sales of 23,423,398 therms.

5. As indicated by the revised Schedule E-2, SJNG's projected expenses for the period April, 1996 through March, 1997 will exceed revenues by approximately ten percent (10%). Specifically, SJNG's expenses for the period will be \$2,926,132 while its revenues for the same period would be \$2,619,422, resulting in a projected difference of \$306,710, or 10% of expenses.

6. The projected underrecovery of gas costs is approximately 4.13 cents per therm. Approving this increase in the PGA factor would allow SJNG to avoid a 8.16 cents per therm increase in the PGA factor effective April, 1997, when the current true-up collection of .403 cents per therm expires.

7. SJNG requests that the Commission approve an increase in its PGA factor from 34.600 cents per therm to 55.80 cents per therm, which is equal to the average cost of gas including the true-up factor, for the months of November 1996 through March 1997.

SJNG requests that this increased PGA factor be approved for application to bills rendered for meter readings taken on and after December 1, 1996, and continue in effect until a new cap is approved by order of Commission. Applying this increased PGA factor for the period December 1, 1996 through March 31, 1997 will allow SJNG to recover its projected gas costs during the remaining months in the PGA period and help reduce the impact on ratepayers during the twelve months beginning April, 1997.

8. 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 December 1, 1996. 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 considering 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.

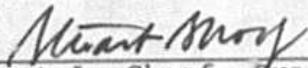
9. SJNG also recognizes there will not be time to conduct a prudence review of the Company's re-projections of purchased gas costs prior to the implementation of the increase in the PGA factor sought by this petition. However, pursuant to the procedures in this docket, such prudence review will occur as a matter of course at the hearing to be held in this docket in February 1997. 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 34.600 cents per therm to 55.800 cents per therm to be applied to customer bills rendered for meter reading taken on and after December 1, 1996 through March 31, 1997.

Dated this 25th day of November, 1996.

Respectfully submitted,

Stuart L. Shoaf, President  
St. Joe Natural Gas Company, Inc.  
P.O. Box 549  
Port St. Joe, Florida 32456  
(904) 229-8216

  
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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 from December 1996 through March 31, 1997 in Docket No. 960003-GU have been served this 25th day of November 1996 upon the following:

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Florida Puble Service Commission  
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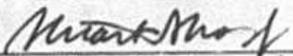
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\_\_\_\_\_  
Stuart L Shoaf, President



COMPANY: ST. JOE NATURAL GAS CO.		CALCULATION OF TRUE-UP AMOUNT											Schedule E-2		
FOR THE CURRENT PERIOD:		APRIL 96			Through			MARCH 97			Exhibit#		Docket# 960003-GU		
		-----ACTUAL-----											-----REVISED PROJECTION-----		TOTAL
		APR 96	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN 97	FEB	MAR	PERIOD	
<b>TRUE-UP CALCULATION</b>															
1	PURCHASED GAS COST	\$224,265	\$351,978	\$405,081	\$444,695	\$32,366	\$44,986	\$19,399	\$65,000	\$35,000	\$125,000	\$85,000	\$70,000	\$1,953,570	
2	TRANSPORTATION COST	\$138,267	\$145,647	\$142,515	\$140,798	\$18,965	\$18,320	\$70,239	\$58,475	\$61,201	\$61,736	\$55,503	\$60,895	\$972,562	
3	TOTAL	\$362,532	\$497,625	\$548,306	\$585,493	\$51,331	\$63,306	\$89,639	\$123,475	\$146,201	\$186,736	\$140,503	\$130,895	\$2,926,132	
4	FUEL REVENUES (NET OF REVENUE TAX)	\$435,669	\$506,670	\$554,148	\$584,035	\$36,658	\$36,841	\$36,190	\$67,682	\$84,685	\$152,777	\$118,290	\$98,127	\$2,713,876	
5	TRUE-UP (COLLECTED) OR REFUNDED	(\$7,871)	(\$7,871)	(\$7,871)	(\$7,871)	(\$7,871)	(\$7,871)	(\$7,871)	(\$7,871)	(\$7,871)	(\$7,871)	(\$7,871)	(\$7,871)	(\$94,454)	
6	FUEL REVENUE APPLICABLE TO PERIOD (LINE 4 (+ or -) LINE 5)	\$427,697	\$498,805	\$546,277	\$576,164	\$28,786	\$28,970	\$30,318	\$60,011	\$76,813	\$144,906	\$110,418	\$90,255	\$2,619,422	
7	TRUE-UP PROVISION - THIS PERIOD (LINE 6 - LINE 3)	\$65,166	\$1,180	(\$2,119)	(\$9,329)	(\$22,545)	(\$34,336)	(\$59,320)	(\$63,464)	(\$69,366)	(\$41,830)	(\$30,065)	(\$40,640)	(\$306,710)	
8	INTEREST PROVISION-THIS PERIOD (21)	(\$168)	\$18	\$52	\$62	\$25	(\$68)	(\$243)	(\$502)	(\$808)	(\$1,043)	(\$1,184)	(\$1,322)	(\$5,180)	
9	BEGINNING OF PERIOD TRUE-UP AND INTEREST	(\$73,414)	(\$545)	\$8,524	\$14,328	\$12,932	(\$1,716)	(\$28,248)	(\$79,941)	(\$136,036)	(\$198,360)	(\$233,362)	(\$256,759)	(\$73,414)	
10	TRUE-UP COLLECTED OR (REFUNDED) (REVERSE OF LINE 5)	\$7,871	\$7,871	\$7,871	\$7,871	\$7,871	\$7,871	\$7,871	\$7,871	\$7,871	\$7,871	\$7,871	\$7,871	\$94,454	
10a	FLEX RATE REFUND (if applicable)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
11	TOTAL ESTIMATED/ACTUAL TRUE-UP (7+8+9+10+10a)	(\$545)	\$8,524	\$14,328	\$12,932	(\$1,716)	(\$28,248)	(\$79,941)	(\$136,036)	(\$198,360)	(\$233,362)	(\$256,759)	(\$290,850)	(\$290,850)	
<b>INTEREST PROVISION</b>															
12	BEGINNING TRUE-UP AND INTEREST PROVISION (9)	(\$73,414)	(\$545)	\$8,524	\$14,328	\$12,932	(\$1,716)	(\$28,248)	(\$79,941)	(\$136,036)	(\$198,360)	(\$233,362)	(\$256,759)		
13	ENDING TRUE-UP BEFORE INTEREST (12+7-5)	(\$377)	\$8,506	\$14,276	\$12,870	(\$1,741)	(\$28,181)	(\$79,666)	(\$135,534)	(\$197,552)	(\$232,319)	(\$255,575)	(\$269,527)		
14	TOTAL (12+13)	(\$73,791)	\$7,962	\$22,801	\$27,198	\$11,191	(\$29,897)	(\$107,946)	(\$215,475)	(\$333,589)	(\$430,679)	(\$488,937)	(\$546,286)		
15	AVERAGE (50% OF 14)	(\$36,896)	\$3,981	\$11,400	\$13,599	\$5,596	(\$14,948)	(\$53,973)	(\$107,737)	(\$166,794)	(\$215,340)	(\$244,469)	(\$273,143)		
16	INTEREST RATE - FIRST DAY OF MONTH	5.50	5.40	5.40	5.52	5.45	5.40	5.44	5.38	5.81	5.81	5.81	5.81		
17	INTEREST RATE - FIRST DAY OF SUBSEQUENT MONTH	5.40	5.40	5.52	5.45	5.40	5.44	5.38	5.81	5.81	5.81	5.81	5.81		
18	TOTAL (16+17)	10.90	10.80	10.92	10.97	10.85	10.84	10.82	11.19	11.62	11.62	11.62	11.62		
19	AVERAGE (50% OF 18)	5.45	5.4	5.46	5.485	5.425	5.42	5.41	5.595	5.81	5.81	5.81	5.81		
20	MONTHLY AVERAGE (19/12 Months)	0.454	0.450	0.455	0.457	0.452	0.452	0.451	0.466	0.484	0.484	0.484	0.484		
21	INTEREST PROVISION (15x20)	-168	18	52	62	25	-68	-243	-502	-808	-1043	-1184	-1322	(\$5,180)	