

**BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION**

DOCKET NO. 001447-GU

In the Matter of

**REQUEST FOR RATE INCREASE
BY ST. JOE NATURAL GAS
COMPANY, INC.**

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PROCEEDINGS: PORT ST. JOE SERVICE HEARING

**BEFORE: CHAIRMAN E. LEON JACOBS, JR.
COMMISSIONER J. TERRY DEASON
COMMISSIONER LILA A. JABER**

DATE: Monday, March 5, 2001

**TIME: Commenced at 6:00 p.m.
Concluded at 7:15 p.m.**

**PLACE: Gulf County School Board
Board Room
150 Middle School Road
Port St. Joe, Florida**

**REPORTED BY: JANE FAUROT, RPR
FPSC Division of Records & Reporting
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1 APPEARANCES:

2 KAREN WALKER, Holland & Knight, P. O.
3 Drawer 810, 315 South Calhoun Street, Suite 600,
4 Tallahassee, Florida 32302, appearing on behalf of
5 St. Joe Natural Gas Company, Inc.

6 JACK SHREVE, Public Counsel, Office of
7 Public Counsel, 111 West Madison Street, Room 812,
8 Tallahassee, Florida 32399-1400, Appearing on
9 behalf of the Citizens of the State of Florida.

10 DEBORAH HART, FPSC Division of Legal
11 Services, 2540 Shumard Oak Boulevard, Tallahassee,
12 Florida 32399-0850, appearing on behalf of the
13 Commission Staff.

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PROCEEDINGS

CHAIRMAN JACOBS: Good evening. We will call the hearing to order. We will have the attorney read our notice this evening.

MS. HART: Pursuant to notice issued February 1st, 2001, and notice published in the Florida Administrative Weekly on February 16th, 2001, this time and place have been noticed for a customer service hearing in Docket Number 001447-GU, request for rate increase by St. Joe Natural Gas Company, Inc.

CHAIRMAN JACOBS: We will take appearances.

MS. HART: Deborah Hart, PSC staff counsel.

MR. SHREVE: Jack Shreve, Public Counsel, representing the citizens.

CHAIRMAN JACOBS: Good evening.

MS. WALKER: Karen Walker representing St. Joe Natural Gas Company.

CHAIRMAN JACOBS: You may want to come to the microphone so we will have you for the record.

MS. WALKER: Karen Walker with Holland and Knight representing St. Joe Natural Gas Company.

CHAIRMAN JACOBS: Thank you. Good evening. My name is Leon Jacobs, and I am chair of the Public Service Commission. I will just give you a bit of introduction to our process this evening. This is a customer hearing in

1 the docket in which St. Joe Natural Gas Company has filed
2 for an increase in their basic rates. Our purpose this
3 evening here is to take your comments on the rate
4 increase. And your comments can include in the scope of
5 your service quality issues and just your general
6 feelings.

7 Mr. Jack Shreve here is from the Office of
8 Public Counsel, he is the Office of Public Counsel, and he
9 is here to represent your interests. But we are most
10 focused on hearing what your thoughts and comments are
11 this evening.

12 Before we begin, let me introduce my colleagues
13 here on the dais, as well. To my right is Commissioner
14 Terry Deason and to my left is Commissioner Lila Jaber.
15 We are sitting as a three-member panel of the Commission
16 to hear your comments, again, today formally for the
17 record.

18 Now, because this is a formal hearing, we will
19 ask that you be sworn in because your testimony will be
20 held for the record in the proceeding. And understand
21 that in addition to your testimony, there will be other
22 technical testimony that will be given to the record by
23 the company and witnesses. And that will occur at a later
24 date. Also this evening, the company will give a brief
25 opening statement.

1 **Now, what we would like to do now is all of**
2 **those – if you haven't signed in yet and you would like**
3 **to testify, we would appreciate it very much if you would**
4 **sign in at the door so we have a record of your**
5 **appearance. If you haven't done so, you are free to come**
6 **and testify, but we will just ask to make sure you give**
7 **your name and record – information for the record. At**
8 **this time all of those who are interested in testifying**
9 **this evening, I would ask you to stand and raise your**
10 **right hand.**

11 **(Witnesses collectively sworn.)**

12 **CHAIRMAN JACOBS: And would you like to begin**
13 **with your statement?**

14 **MS. WALKER: I would like to turn it over to**
15 **Stuart Shoaf, the president of the company.**

16 **CHAIRMAN JACOBS: Okay.**

17 **STUART SHOAF**

18 **appeared as a witness and, swearing to tell the truth,**
19 **testified as follows:**

20 **DIRECT STATEMENT**

21 **MR. SHOAF: Thank you, Commissioner Jacobs. My**
22 **name is Stuart Shoaf, I am president of St. Joe Natural**
23 **Gas Company.**

24 **First, I would like to welcome you all to Gulf**
25 **County. I appreciate you all coming down. Also I would**

1 like to thank the general public who has taken an interest
2 in this and has come out to the meeting tonight. I would
3 like to thank all the public that has come out tonight. I
4 am interested in hearing what their comments are.

5 We have filed this rate case in December for
6 additional revenues to operate our company with. I would
7 like to mention that this is the first rate case that
8 St. Joe Gas Company has sought with the Commission since
9 1967. We had a rate restructuring in 1996, but there was
10 no increase in revenues. Our operating conditions,
11 needless to say, have certainly changed over the past 25
12 or 30 years, and we have always held our rates as low as
13 we could.

14 We for many, many years had the lowest rates in
15 the state. And we went through the restructuring process,
16 and that brought our rates closer in line with where they
17 should be. But now the time has come that our company
18 does need additional revenues to operate and maintain the
19 quality of service that we have been providing for so many
20 years. And with that, that concludes my remarks.

21 CHAIRMAN JACOBS: Thank you very much. Now, in
22 order to keep an orderly process, Mr. Shreve will announce
23 your name and ask you to come forward. Please, when you
24 come to the microphone, if you would give your name and
25 address for our records and then proceed with your

1 statement.

2 Mr. Shreve.

3 MR. SHREVE: I apologize if I miss some of your
4 names. The first one is Tom Simms.

5 TOM SIMMS

6 appeared as a witness and, swearing to tell the truth,
7 testified as follows:

8 DIRECT STATEMENT

9 MR. SIMMS: Tom Simms. I don't understand this
10 rate increase. If they have been in business for 25
11 years, it seems like they should have come in a little bit
12 more often than right now and try to increase it 112
13 percent for the fuel service charge. I assume other
14 companies come in more often than that.

15 Just because the mill closed down, that not only
16 affected the gas company, it affected everybody else in
17 Gulf County, and I'm sure you are aware of that. Take
18 advantage of growth in Wewahitchka and Mexico Beach, it
19 seems to me that is going to take care of itself. The
20 more gas you put in to service customers, the more gas you
21 are going to sell, the more profit you are going to make
22 at some rate.

23 Inflation. If they haven't asked for anything
24 in 25 years, then inflation is valid. It didn't go up 112
25 percent the last year. Again, if they had come in more

1 often as they should have, then it wouldn't be a big jump.

2 The ordinary customer growth over 30 years, it
3 seems to me that takes care of itself. The more customers
4 you get, the more gas you sell; the more gas you sell, the
5 more profit you make at some fixed rate that you all fix.
6 It looks like you did the interim rate of about 75 percent
7 of what they asked. I think that's a little high.

8 The customer charge going from \$6 to \$12, that
9 is a 100 percent increase. That is just ridiculous. In
10 the past, during the months when I had no – when there
11 was no heating, the customer charge and non-fuel charge
12 was higher than what my fuel charge was. Again, the fuel
13 charge for a residential customer, 112 percent, that is
14 ridiculous.

15 And without looking at numbers, it seems that
16 the large commercial service, it seems like they would be
17 better off rather than charging \$1,000 a customer
18 charge – and 11 cents fuel charge, to come back in line
19 where the small customers, the residential customers are
20 currently paying 24 cents. The small people are paying
21 twice the gas than what the large customers are.

22 I don't know how many large customers, but the
23 only other large customer I know of in Gulf County is the
24 prison. It was using propane, and then they ran a line up
25 to the prison to convert to gas. With this increase if it

1 is higher and cheaper for the prison to go back to
2 propane, are they going to come back in and say, well, we
3 lost another large customer, we need to go up again. This
4 just doesn't make a lot of sense to me.

5 CHAIRMAN JACOBS: Thank you, Mr. Simms.

6 MR. SHREVE: Thank you, sir. Mr. Walter Scott.

7 CHAIRMAN JACOBS: As Mr. Scott comes, I
8 neglected to add that there may be an opportunity for the
9 Commissioners to ask you questions. So after are done
10 with your testimony, please just wait a minute to see if
11 there are any questions from any of the Commissioners.

12 MR. SHREVE: Mr. Walter Scott.

13 UNIDENTIFIED SPEAKER: Would you turn on that
14 microphone.

15 MR. SHREVE: Sure.

16 (Off the record.)

17 CHAIRMAN JACOBS: I am informed that that
18 microphone is on. But if you speak into it, you must
19 speak directly into the front of the microphone. You were
20 speaking of the podium microphone?

21 UNIDENTIFIED SPEAKER: Yes.

22 CHAIRMAN JACOBS: Great.

23 Welcome, Mr. Scott. Give us your name for the
24 record.

25 WALTER SCOTT

1 appeared as a witness and, swearing to tell the truth,
2 testified as follows:

3 **DIRECT STATEMENT**

4 **MR. SCOTT: Good evening, ladies and gentlemen.**
5 **My name is Walter Scott. The 1st of February I got my**
6 **bill for \$140. The next week I got another bill for 143.**
7 **Today I got another bill for 179. Why are they jumping**
8 **from 36 up to 179? That don't make no sense to me. And**
9 **if you want to look at my bill, I've got them right here.**
10 **All three of them.**

11 **COMMISSIONER DEASON: Yes, sir, that would be**
12 **helpful.**

13 **CHAIRMAN JACOBS: We will get it for you.**

14 **Mr. Scott, did I understand you to say that you**
15 **got a bill on February 1st –**

16 **MR. SCOTT: February 1st, and it was \$140.34, I**
17 **believe it is.**

18 **CHAIRMAN JACOBS: And then another bill the**
19 **following week for 143?**

20 **MR. SCOTT: Right. And the one for today is**
21 **179.**

22 **COMMISSIONER JABER: Mr. Chairman, just for the**
23 **record, I did ask Mr. Wheeler of our staff before the**
24 **customer meeting to meet with Mr. Scott and the company to**
25 **determine what the bills are. I don't know if our staff**

1 has had time to look at that.

2 **CHAIRMAN JACOBS:** Have you had a chance to speak
3 with our staff? Do you have further questions as to what
4 the basis of those bills are? I assume you do.

5 **MR. SCOTT:** I would like to know –

6 **CHAIRMAN JACOBS:** What we can do for you, why
7 don't – instead of trying to resolve it today, if you can
8 let us get these and get copies and send the originals
9 back to you, would that be okay? We will send the
10 originals back to you and we will give an explanation to
11 you as to what the basis of those bills are, is that okay?

12 **MR. SCOTT:** Okay.

13 **CHAIRMAN JACOBS:** Do you have anything else?

14 **MR. SCOTT:** That's it. Thank you.

15 **MR. SHREVE:** Thank you, Mr. Scott. J.C.

16 **McArdle.**

17 **J. C. MCARDLE**

18 appeared as a witness and, swearing to tell the truth,
19 testified as follows:

20 **DIRECT STATEMENT**

21 **MR. McARDLE:** My name is J.C. McArdle. I have
22 been a resident of Gulf County here for approximately 54
23 years. I would like to say to the members of the Public
24 Service Commission that are here tonight that I am opposed
25 to the proposed increase that St. Joe Natural Gas has

1 asked the Commission to approve.

2 **Number one, I am against the request for the**
3 **residents of St. Joe Natural Gas System, the residents of**
4 **the St. Joe area for the gas system, of picking up the tab**
5 **for lost revenue due to the closure of Florida Coast Paper**
6 **Company. St. Joe Natural Gas received revenue from**
7 **Florida Coast Paper Company. I can't remember the exact**
8 **year that they put that gas line into the mill, but I know**
9 **that it has been in excess – it was in excess of 6-1/2**
10 **years, because I worked on the gas system inside the mill**
11 **after it was put in before those 6-1/2 years. So, revenue**
12 **was benefitted for the gas company for that six plus years**
13 **there that they furnished gas to the paper company.**

14 **Many of the residents of this area also lost**
15 **their jobs with the closure of the paper mill, thus their**
16 **revenue and their paychecks which equated to their**
17 **revenue. Secondly, a growing population of the area**
18 **residents are retirees living on a fixed income which**
19 **according to the rate increases asked for would be a**
20 **hardship for the folks to pay.**

21 **I have talked with home health care nurses, or**
22 **my wife has in the last day or two, and they go into homes**
23 **throughout this county and they don't take the word from**
24 **somebody else, they see it for themselves that these**
25 **people are not able to pay the gas bills that they are**

1 receiving.

2 **So the gas bills as of late exceed a lot of the**
3 **retirees incomes in this area. And the amount of**
4 **increase, as the first speaker has mentioned here, to me**
5 **is in excess when you go to asking for doubling what I am**
6 **now charging as a customer charge, you double that rate,**
7 **and then on the non-fuel charge they are asking for 100**
8 **plus percent increase on that, that is ridiculous.**

9 **True, like has been said here before already, if**
10 **they didn't ask for an increase from back in the '60s,**
11 **then something was wrong with the business portion of this**
12 **company for not coming to you and keeping updated without**
13 **asking for this type of increase all at one time.**

14 **So with that, I would just like to thank the**
15 **Commission for the opportunity to look at you**
16 **eyeball-to-eyeball and speak with you this evening. This**
17 **is my first time of speaking to the Commission, and I**
18 **thank you for the opportunity. And I respectfully ask you**
19 **to deny the request for this petition that has been**
20 **presented in these amounts.**

21 **The gas company didn't fail to hike up the bill**
22 **on the bit that was approved in January or February**
23 **because the non-fuel charge factor was increased from**
24 **.24146 to .26361 for the current bill that we received**
25 **this month for last month's usage. Thank you.**

1 **COMMISSIONER DEASON:** Sir, let me ask you a
2 question. Your latest bill showed a non-fuel charge of
3 .26361, is that correct?

4 **MR. McARDLE:** The non-fuel charge was .26361,
5 that is correct.

6 **COMMISSIONER DEASON:** Let me ask staff is this
7 the interim increase?

8 **MR. McARDLE:** The figure before that was .24146.

9 **COMMISSIONER DEASON:** I'm just trying to
10 understand, because I'm looking at our green sheet, and it
11 has a non-fuel charge of .24146 and –

12 **MR. McARDLE:** Do you want to look at my bill?

13 **COMMISSIONER DEASON:** I'm looking at Mr. Scott's
14 bill, and it has got that same number on there. So I
15 think that is something that we probably need to review.
16 Maybe we can get an answer to that if you will hold on for
17 just a second.

18 (Pause.)

19 **COMMISSIONER DEASON:** Sir, we will have the
20 company – so the record is complete, we will have the
21 company explain where that .26361 figure came from, and
22 then I will ask our staff if they agree that that number
23 was calculated correctly. So if you will let the company
24 use that microphone for just a second, we will be right
25 back to you.

1 **MR. SHOAF:** Thank you. The nonfuel residential
2 tariff rate is .24146. The gas bills that you all are
3 looking at and that Mr. McArdle has show a factor that is
4 slightly higher than that. It was – the difference in
5 what is on the bill and the .24146 represents our energy
6 conservation recovery factor which changes on the calendar
7 year. It was one rate in the month of December 2000, and
8 January 2001 that number changed. So on any gas bill that
9 you look at for the year 2000 it is going to be one factor
10 for the nonfuel it is slightly higher than the tariff
11 rate, and then January 2001 that number changed again.
12 And that is what that difference is.

13 **COMMISSIONER DEASON:** Now, I'm looking at
14 Mr. Scott's bill, and he has two different bills here.
15 One bill with a date of January the 29th of this year and
16 then a billing date of February 28th of this year. Both
17 of those bills have the .26361 non-fuel charge, and you
18 are saying part of that is the conservation cost-recovery,
19 correct?

20 **MR. SHOAF:** Yes.

21 **COMMISSIONER DEASON:** And that number has now
22 changed again, is that correct, or that is the number that
23 is in effect until there is another change?

24 **MR. SHOAF:** A new number went into effect
25 January 1st, 2001. And it will remain the same for 12

1 months. It will not change again until January 2002.

2 COMMISSIONER DEASON: Now, when does -- has the
3 interim increase been made effective. And, if not, when
4 will it become effective?

5 MR. SHOAF: It was approved February 6th,
6 effective 30 days, March 6th -- on March 8th. The interim
7 rates approved have not been applied to any bills.

8 COMMISSIONER DEASON: Okay. And that will begin
9 with meter readings as of March 8th, is that correct?

10 MR. SHOAF: Taken after March 8th.

11 COMMISSIONER DEASON: You raised the fact that
12 within the non-fuel charge there is a component which
13 recovers conservation costs, correct?

14 MR. SHOAF: Yes, sir.

15 COMMISSIONER DEASON: Okay. Let me take just a
16 moment to explain to customers that by statute the
17 companies are required to put into effect conservation
18 mechanisms, and they are allowed to recover the prudent
19 costs of those programs.

20 If I could ask the company -- could you describe
21 briefly for the customers what conservation programs you
22 have in effect within your service territory?

23 MR. SHOAF: Yes, sir. We have two energy
24 conservation programs. One of them deals with new
25 construction where we are able to pay cash allowances to

1 encourage customers to use natural gas in new
2 construction. And they are paying only on natural gas hot
3 water heaters and on natural gas furnaces going in new
4 construction. And the cost associated with that, on those
5 cash incentives that we are able to pay the homeowner are
6 then recovered from all customers in a future period.

7 **The second program we have is a retrofit program**
8 **where residential would have an electric water heater or**
9 **an electric furnace in their house. We have a**
10 **conservation program that allows us to pay a cash**
11 **incentive to encourage that customer to replace those**
12 **electric appliances with new energy efficient natural gas**
13 **appliances. And the costs associated with that are also**
14 **included in the conservation recovery that we file for**
15 **with the Commission and get approval on. And so those are**
16 **the two programs we have for new construction and retrofit**
17 **existing buildings.**

18 **COMMISSIONER DEASON: And you are required to**
19 **notify customers of these programs?**

20 **MR. SHOAF: Yes.**

21 **COMMISSIONER DEASON: You do that through a bill**
22 **stuffer or what, once a year or –**

23 **MR. SHOAF: No, sir; mostly by word of mouth.**

24 **We have had these – these are the original programs that**
25 **were approved for us in 1982 and they have not changed one**

1 sentence since then.

2 COMMISSIONER DEASON: I'm going to ask our staff
3 to check with the conservation folks and see if we need to
4 have some type of formalized notice to customers at least
5 once a year through a bill stuffer or some other format.

6 MR. SHREVE: Mr. Chairman, if I may, do you have
7 a rough idea of how much you actually spent, how much is
8 to be recovered total?

9 MR. SHOAF: I don't have the exact number, but I
10 think it is in the range of 20 to \$30,000 a year.

11 MR. SHREVE: For both?

12 MR. SHOAF: The total program.

13 COMMISSIONER DEASON: And I apologize, but the
14 gentleman that was at the microphone, was it Mr. McAllen
15 or --

16 MR. McARDLE: McArdle.

17 COMMISSIONER DEASON: Sir, I hate -- I have a
18 question for you if you don't mind coming back to the
19 microphone.

20 MR. McARDLE: Okay.

21 COMMISSIONER DEASON: Your first point, I think,
22 was very well made, and that is that you are concerned
23 that the residents are having to basically pick up the
24 difference in revenue as a result of the mill closing.

25 MR. McARDLE: That is their statement.

1 **COMMISSIONER DEASON:** Right. And I think that
2 is something that is going to be an issue in this
3 proceeding. And I'm not trying to obviously prejudge it
4 one way or the other, because we will be getting not only
5 your testimony but other testimony as well in this case.
6 I guess my question is this: If it can be shown that when
7 the mill was operating that it was paying more than its
8 share of the costs, and I'm not saying that is the case or
9 not, but if that were the case, then, in your opinion,
10 would it be fair then for the residential customers to
11 make up that difference?

12 **MR. McARDLE:** I'm sure that the paper mill was
13 paying whatever the contract that St. Joe Natural Gas had
14 with the paper company. I'm sure they were paying full
15 price, according to the contract. And as far as – I
16 would go back to my statement. As far as us picking up
17 the tab for any lost revenue, I don't think that's right.
18 I don't think it would be right for me to go in business
19 and ask my neighbor if my business started faltering how
20 about kicking in a little bit to help me out. I might
21 like to do that if I was in that situation, but I don't
22 think I would have a good response.

23 **COMMISSIONER DEASON:** Thank you, sir.

24 **MR. McARDLE:** Thank you.

25 **CHAIRMAN JACOBS:** Mr. McArdle, I'm sorry. Was

1 it you or was it Mr. Simms that talked about the extension
2 of facilities out to the mill?

3 MR. SIMMS: It was me.

4 CHAIRMAN JACOBS: If I may, could I ask you a
5 question? Did you have any particular knowledge of that
6 or were you involved in that at all?

7 MR. SIMMS: No, I just know that the mill was
8 using propane. And the gas company ran a line out to the
9 mill and they switched from propane to natural gas.

10 CHAIRMAN JACOBS: Okay. And that was what year,
11 do you know?

12 MR. SIMMS: Probably a year and a half, two
13 years ago, somewhere in there. It has happened in the
14 last four years, because I have moved back in the last
15 four years.

16 COMMISSIONER DEASON: The prison.

17 MR. SIMMS: It's the prison. Excuse me, not the
18 mill, the prison.

19 COMMISSIONER DEASON: I thought he said earlier
20 it was the prison. And the mill has closed now, so it
21 would have to be another large customer other than the
22 mill.

23 MR. SIMMS: Right.

24 MR. SHREVE: Ms. Anne White.

25 ANNE WHITE

1 appeared as a witness and, swearing to tell the truth,
2 testified as follows:

3 **DIRECT STATEMENT**

4 **MS. WHITE: I am Anne White. I live at 302**
5 **duPont Drive here in Port St. Joe. I do not have gas at**
6 **my company business, but I do have gas at my home. And I**
7 **think this is utterly ridiculous. On the customer charge,**
8 **if I charged my customers the privilege to be my customer,**
9 **I think they would find somewhere else to go. Going from**
10 **\$6 to \$12, that is utterly ridiculous.**

11 **The non-fuel charge, if Stuart has got a problem**
12 **with his overhead, he needs to regroup like the rest of us**
13 **did when the mill went down. Because what we did, we have**
14 **got three officers in my air conditioning company, we sat**
15 **down and had a talk. Do we want to continue, or do we**
16 **want to regroup and stay in business. We have got to**
17 **something. Because it affected us, also, and our**
18 **customers. We regrouped and we are still here. But we**
19 **are not going to up our customers' rates at these**
20 **ridiculous 100 percent rates to stay in business. That's**
21 **not right.**

22 **I have had customers call me that are on limited**
23 **income. They cut their gas off. They said it don't**
24 **matter if it goes to 30 below, they cannot afford these**
25 **rates. So they are talking to us about putting in heat**

1 pumps this summer. We really don't care. We were pushing
2 gas. But now if they want heat pumps, we are more than
3 glad to do it to help them out. Whatever it takes. I
4 just think that when you are in business you increase your
5 rates a little bit every year to try to go with the flow.

6 And to wait all of these years without an
7 increase, well, he did a little bit in '96, but that's his
8 problem. He needs to regroup and see what direction he
9 can go to do these new gas lines to Mexico Beach, Wewa,
10 wherever he wants to go. But we shouldn't have to foot
11 the bill for him to continue to stay in business.

12 That's all I've got to say.

13 COMMISSIONER DEASON: Ms. White, I have a
14 question.

15 MS. WHITE: Uh-huh.

16 COMMISSIONER DEASON: You are in the heating and
17 air conditioning business?

18 MS. WHITE: Correct.

19 COMMISSIONER DEASON: And the appliances that
20 you sell, you sell both electric and gas, is that correct?

21 MS. WHITE: Yes. Whatever the customer wants.

22 COMMISSIONER DEASON: Right. Have you seen any
23 shift from a customers' viewpoint where they are now
24 preferring electric as opposed to gas or is it too early?

25 MS. WHITE: Yes.

1 **COMMISSIONER DEASON: You are seeing it already?**

2 **MS. WHITE: Yes. They cannot afford these gas**

3 **bills. Particularly the people on the fixed income.**

4 **Those are the ones that are contacting us. They have just**

5 **shut their gas off. Now, whether they have gotten it**

6 **disconnected or not, I don't know.**

7 **COMMISSIONER DEASON: Do you participate in the**

8 **company's retrofit program that was described earlier?**

9 **MS. WHITE: No. We do a little bit of new**

10 **construction.**

11 **COMMISSIONER DEASON: I'm sorry, I meant the new**

12 **construction.**

13 **MS. WHITE: We do a little bit, but we don't --**

14 **we don't go to Stuart for a refund. I guess the**

15 **contractors do, I don't know.**

16 **COMMISSIONER DEASON: The contractors would.**

17 **Thank you, ma'am.**

18 **MR. SHREVE: Thank you very much. Darlene**

19 **Spencer.**

20 **DARLENE SPENCER**

21 **appeared as a witness and, swearing to tell the truth,**

22 **testified as follows:**

23 **DIRECT STATEMENT**

24 **MS. SPENCER: Good evening. My name is Darlene**

25 **Spencer. I have been a resident of Port St. Joe about**

1 three years. Mr. White put in my heating element, which
2 is gas. And I am one of the senior citizens on a fixed
3 income. And I have had to turn my gas off, close my house
4 off, and basically live in one room with my fireplace and
5 a small electric heater because I cannot afford – my gas
6 bill last year was \$111. And the same amount of therms in
7 this past gas bill was \$317. I don't have that kind of
8 money. And I speak for myself. And I know many of my
9 friends that are also on fixed incomes that are seniors do
10 not have this kind of money. So I don't know what the
11 answer is, but I just feel like it is totally unfair.

12 Thank you.

13 COMMISSIONER DEASON: Ma'am, could I ask you a
14 question?

15 MS. SPENCER: Yes.

16 COMMISSIONER DEASON: Do you have any other
17 appliances that are run by gas other than your heat?

18 MS. SPENCER: I have my hot water heater, which
19 I am pricing electric because I cannot, you know, I cannot
20 afford the prices. So as soon as I can possibly change
21 over to electric, that is probably what I will do. And
22 just – you know, I just won't run the gas, that's it. I
23 mean, I can't. Let's put it that way. I mean, I have
24 paid a portion of my bill, and that is all I can afford
25 until I get it paid off. I can't afford those kind of

1 bills.

2 CHAIRMAN JACOBS: Ms. Spencer –

3 MS. SPENCER: Yes, sir.

4 CHAIRMAN JACOBS: -- if you are at liberty to
5 say, could you tell me prior to this last increase what
6 your bills were running per month?

7 MS. SPENCER: Yes. They were basically – I
8 think I went through my account, and I don't think I have
9 had one higher than \$111. I have had them in the – I'm
10 talking about the cold season. You know, in the off
11 season for just the routine, you know, hot water heater,
12 it had been running like say, \$15 or \$16, because
13 basically I'm by myself.

14 CHAIRMAN JACOBS: Were you observing how much
15 you used per month?

16 MS. SPENCER: Yes, sir. In fact, I went out and
17 did the reading the day that I turned my gas off. I just
18 turned it off. I did the reading on that date and, of
19 course, by the time we had gotten the bill, we were
20 already maybe 15 days or so into the next billing. So my
21 last billing that I just received is \$165. But I just
22 don't have that kind of money.

23 CHAIRMAN JACOBS: Were you – did you observe
24 any particular great increase in the amount you were using
25 that would account for the amount of dollars increased?

1 **MS. SPENCER:** Usually they will put amount of
2 therms used last year, amount of therms used this year. I
3 have been using – I mean, my usage has not changed. Is
4 that the question?

5 **CHAIRMAN JACOBS:** Yes.

6 **MS. SPENCER:** No.

7 **CHAIRMAN JACOBS:** Thank you.

8 **MR. SHREVE:** If I may, the \$317 bill, when was
9 that, just before you turned off the gas?

10 **MS. SPENCER:** Yes.

11 **MR. SHREVE:** And that was recently?

12 **MS. SPENCER:** Yes. I turned my gas off on the
13 2nd of February.

14 **MR. SHREVE:** So that was before the rate
15 increase that has been requested?

16 **MS. SPENCER:** The bill that I received was right
17 at that time, it was the February bill. And yet my last
18 year's bill basically was \$111. This year's bill was
19 \$317.

20 **MR. SHREVE:** But you haven't received a bill
21 with the rate increase on it, not the one that has been
22 requested, not the one we are here for now?

23 **MS. SPENCER:** Right, exactly. So, I mean, I
24 can't afford what we already have, okay?

25 **MR. SHREVE:** Thank you.

1 **CHAIRMAN JACOBS:** If it is okay with you,
2 **Ms. Spencer – I'm sorry.**

3 **MR. SHREVE:** That's all. Thank you very much.

4 **CHAIRMAN JACOBS:** If it is okay with you, I
5 would like to have somebody from staff contact you to take
6 a look at your bills maybe for, like, five or six months.

7 **MS. SPENCER:** Sure, I would be glad to.

8 **CHAIRMAN JACOBS:** Great.

9 **COMMISSIONER DEASON:** I have another question,
10 I'm sorry.

11 **MS. SPENCER:** Yes, sir.

12 **COMMISSIONER DEASON:** I'm right here.

13 **MS. SPENCER:** Okay.

14 **COMMISSIONER DEASON:** You indicated that you
15 turned your gas off. Did you actually cease being a
16 customer?

17 **MS. SPENCER:** No, no. I have a thermostat on my
18 heat.

19 **COMMISSIONER DEASON:** Okay. So you turned your
20 thermostat so that it would not come on.

21 **MS. SPENCER:** I turned my thermostat off, right.
22 I mean, I still have the hot water heater, so I cannot
23 turn the gas off at this moment unless I replace that.
24 And I have to have the money to replace it.

25 **COMMISSIONER DEASON:** Okay. But you are looking

1 at replacing that?

2 THE WITNESS: Oh, yes, because I can't afford
3 it.

4 COMMISSIONER DEASON: Okay. Thank you.

5 MR. SHREVE: Cora Williams.

6 CORA WILLIAMS

7 appeared as a witness and, swearing to tell the truth,
8 testified as follows:

9 DIRECT STATEMENT

10 MS. WILLIAMS: My name is Cora Williams. And I
11 have been living here for nearly four years after my
12 husband passed and I got on disability. I cannot pay this
13 \$417. I paid 114 last month on the bill, so this bill
14 came in for \$417. I turned the heater off. I live by
15 myself. I didn't cook just to see how much the bill was
16 going to be this month.

17 The money I get every month is going to stay the
18 same. You know, once a year I get a raise. Still I can't
19 pay this. I think maybe there should be an outside agency
20 or somebody to help us with this, low income people. My
21 church helps once a year, and I have used that. And I
22 used my one-time yearly thing for my electric. So I can't
23 go to them anymore. I can't go to nobody to get anything
24 for this. So if they turn it off, they will just have to
25 turn it off. Because I didn't use no gas last month

1 except to bathe. I didn't turn the heat on at all. I
2 didn't cook. So there is no reason for this bill to be
3 this high.

4 MR. SHREVE: How much is that?

5 MS. WILLIAMS: 417.85.

6 COMMISSIONER DEASON: Ma'am, there is a program
7 called LIHEAP, Low Income Heating Assistance Program. Are
8 you familiar with that program?

9 MS. WILLIAMS: Yes.

10 COMMISSIONER DEASON: Have you contacted those
11 people?

12 MS. WILLIAMS: I used them for my lights.

13 COMMISSIONER DEASON: For your electricity?

14 MS. WILLIAMS: Uh-huh.

15 COMMISSIONER DEASON: So you are not eligible
16 then to use that for your gas?

17 MS. WILLIAMS: Just once a year.

18 COMMISSIONER DEASON: Just once a year. How did
19 you find out about that program, was it somehow –

20 MS. WILLIAMS: Senior citizens center.

21 COMMISSIONER DEASON: Senior citizens. They get
22 that word out to all the community?

23 MS. WILLIAMS: Yes. Mr. Stoko (phonetic).

24 COMMISSIONER DEASON: Okay.

25 MS. WILLIAMS: That's all I have to say.

1 **CHAIRMAN JACOBS:** I think I would like to see if
2 we can get a copy of your last two or three bills for
3 staff, as well. They will contact you in order to get
4 those from you, if you will.

5 **MS. WILLIAMS:** I will find them. I mean, you
6 are looking at \$42 a month. To jump up like this is
7 impossible.

8 **CHAIRMAN JACOBS:** Did I understand you to say
9 that you use gas for cooking, as well?

10 **MS. WILLIAMS:** I ate over at my family.

11 **CHAIRMAN JACOBS:** I'm sorry?

12 **MS. WILLIAMS:** I ate over at my family's house.

13 **CHAIRMAN JACOBS:** So you have a gas stove, you
14 have gas heating –

15 **MS. WILLIAMS:** Yes.

16 **CHAIRMAN JACOBS:** -- and gas hot water heater?

17 **MS. WILLIAMS:** Hot water heater, yes. And I did
18 that for a reason, to see how much this bill was going to
19 be. And I know I didn't use that much bathing. I bathe
20 every day, but not that much.

21 **CHAIRMAN JACOBS:** Okay. I would like to have
22 staff contact you and get a copy of maybe your last three
23 or four bills and take a look at those.

24 **MR. SHREVE:** And I wonder if I could see your
25 bill when you have a minute.

1 appeared as a witness and, swearing to tell the truth,
2 testified as follows:

3 **DIRECT STATEMENT**

4 **MR. ROBINSON: My name is Richard Robinson, and**
5 **I'm here from Port St. Joe. I have a business here in**
6 **town, and I'm also a gas customer. My house rate just**
7 **went up from \$50-something the first bill I had, to \$197.**
8 **And I'm pretty efficient. I eat at the restaurant because**
9 **I don't have to cook at the house. Now I do take a bath,**
10 **and I do have a heater. I'm total gas. My restaurant is**
11 **total gas. It more than doubled.**

12 **Now, if I were to do that to one of my**
13 **customers, say, "Well, I've lost a customer; he just**
14 **walked out the door. Why don't I charge the next guy**
15 **double for his plate of food." I would not be able to get**
16 **away with it. That is the reason we have a Commission**
17 **here so the gas company cannot get away with it. They are**
18 **the only one in town. I work at the prison. I have**
19 **prisoners. They are held captive. They can't get away.**
20 **And there is a good reason why they shouldn't. But are**
21 **we, the public, supposed to be held captive, also?**

22 **We voted on a franchise. They were given their**
23 **franchise. They were not given the right to rob us. Now,**
24 **if they want to go up a fair increase, that's fine. But a**
25 **fair and robbery are two different things. I watch**

1 robbers. I watch them every day. What they have done to
2 the poor people in this town and the fixed income is
3 wrong.

4 Now, it's your job to take care of it. I hope
5 you can. If you can't, I would like the Commission to ask
6 that we have a reelection and to look for a new person or
7 new companies to come into this area and supply us with
8 gas at a reasonable rate. That is not too unreasonable to
9 ask. If you can't get this worked out here, get another
10 company. We shouldn't be held captive just because we
11 have one gas company in town. And that's all I have to
12 say.

13 CHAIRMAN JACOBS: Thank you, Mr. Robinson. Any
14 questions?

15 MR. SHREVE: Thank you, sir.

16 CHAIRMAN JACOBS: Mr. McArdle.

17 MR. McARDLE: Commissioner Jacobs, I've got to
18 run to another meeting and I would like to be excused.

19 CHAIRMAN JACOBS: By all means. You didn't have
20 to ask.

21 MR. McARDLE: If I have questions for me, I will
22 be glad to answer before I leave.

23 CHAIRMAN JACOBS: Any questions before he
24 leaves?

25 MR. SHREVE: I don't think you ought to let him

1 go.

2 (Laughter.)

3 CHAIRMAN JACOBS: Thank you. I believe there
4 was one other. Yes.

5 GARY PERRIN

6 appeared as a witness and, swearing to tell the truth,
7 testified as follows:

8 DIRECT STATEMENT

9 MR. PERRIN: Gary Perrin, P-E-R-R-I-N, 401 20th
10 Street. I'm like some of the other customers here who
11 were shocked about their bills. Now, I'm not agreeing
12 with, but I do understand there is a proposed rate
13 increase for a customer charge in a residential, like
14 myself, from 6 to \$12. And I learned tonight about the
15 conservation energy rebate, if you will. I didn't realize
16 that I was paying. And I'm sure most of the customers out
17 here weren't aware that we are the ones that are paying a
18 rebate that the gas company provides knew customers and
19 retrofits. Boy, that's a good one. That is my opinion.

20 Now, I would like to have an explanation, and I
21 realize from your green handout that I could have called
22 and spoken to somebody about this, about my personal bill.
23 I wasn't aware of that. But on my bill, I'm showing a
24 fuel charge going from – a year ago my fuel charge was
25 about 34 cents a therm. Is that the right terminology, 34

1 cents a therm?

2 Now, let me just repeat, I understand but I
3 don't agree with the things that I mentioned a minute ago,
4 that the customer charge should go from 6 to 12, and that
5 there is an additional charge we are paying for
6 retrofitting. But I have a question about the fuel
7 charge, and I would like some help on this. The fuel
8 charge a year ago was about 34 cents a therm. The fuel
9 charge dated January 17th, 2001, was 82 cents a therm.
10 And can I ask you all a question? Are we here to discuss
11 fuel charge rate changes?

12 CHAIRMAN JACOBS: We can explain to you how the
13 fuel charge is derived, and you can ask your questions
14 about it. Generally, however, the fuel charge is not a
15 part of the rate case in general. Fuel costs by law
16 are – the company is allowed to recover those costs
17 pretty much on an annual factor as a pass-through. But we
18 will be happy to answer your questions on those.

19 MR. PERRIN: Is the Commission aware of the
20 charges that their company has incurred and that they are
21 passing on to us in the fuel charge?

22 CHAIRMAN JACOBS: Yes. Each year they have to
23 come before us before they can increase those costs, and
24 we take a look at what fuel costs they have incurred to
25 ensure – and do some prudence check to ensure that those

1 costs are appropriate.

2 MR. PERRIN: Now, is it already passed – has it
3 already passed, and so 82 cents per therm for at least
4 this time of the year is the correct cost?

5 CHAIRMAN JACOBS: I will have to ask staff. Is
6 that the latest –

7 COMMISSION STAFF: Yes.

8 MR. PERRIN: And will it change during the
9 course of the year, will it get cheaper?

10 CHAIRMAN JACOBS: I hate to be the bearer of bad
11 news. I don't know if they have come in, but most gas
12 companies have incurred significantly increased costs over
13 the last three or four months that pretty much occurred as
14 a result of the marketplace.

15 Now, we are looking at that and trying to
16 determine what impact that will have on customers' bills.
17 Some of them have come in and asked for what you just
18 called – what you just described, that is a correction
19 midcourse. I'm not sure if this company has or not, but
20 several have.

21 MR. PERRIN: Okay. Now, just for my clarity,
22 then, we are not really talking about a fuel charge
23 tonight, that is pretty much history, and it looks like it
24 has gone way, way up to me. A year ago it was 34 cents
25 per therm, now it is 82 cents per therm. But what we are

1 here tonight, then, is to talk about the non-fuel charge,
2 in my case \$6 to \$12 per month?

3 CHAIRMAN JACOBS: That is basically correct.

4 MR. PERRIN: And the other charge, which is
5 about two cents per therm, the energy conservation rebate.
6 Well, I've got four appliances that are gas. I moved into
7 my home six years ago and I wanted to go all gas because
8 it was definitely the best deal. And I'm really sorry to
9 say that I'm going to be looking at electric now, because
10 I think that electric is too high, but there is no way
11 that I can afford this.

12 And with my gas dryer going out in the last
13 couple of weeks, it is not going to get fixed, it's going
14 to get replaced with electric. And I'm really sorry about
15 that.

16 I think the company has done us well, and the
17 people that work there are the friendliest and most
18 helpful people, so I'm really sad that it seems like that
19 is the way it is going to be.

20 That's all I have to say.

21 MR. SHREVE: You asked a minute ago about --
22 back to the fuel charge now. The rate case is just
23 covering the base rates, but the fuel charge comes in as
24 projected. And, of course, we all know that the fuel
25 charges or fuel costs have been going up recently. That

1 is trued up so that if those projections are wrong, there
2 will be a true-up to take care of that.

3 But you had a question, I think, about if it
4 came back down would there be a change? Now, a lot of the
5 companies come in when it goes up too much and they are
6 going to underrecover, so they come in for what is called
7 a midcourse correction. We have that coming up tomorrow
8 with a lot of the electric companies. But that is done.

9 But I will tell you that we will watch, and I
10 think the Public Service Commission will watch to see if
11 it comes back down. Because there is some indication that
12 gas prices are going to come back down. And if we can
13 make some adjustment down in midcourse, I think they would
14 all like to do that, and will certainly try and do it.

15 CHAIRMAN JACOBS: I would just echo Mr. Shreve's
16 comments. We are very concerned about the recent trends
17 in the energy markets, very specifically the trends in the
18 natural gas market. You may or may not have been keeping
19 track of them, but the national markets basically doubled
20 over the space of two months. There is a lot of interest
21 and inquiry into how those things happen. But the bottom
22 line of it is those costs were – these companies had to
23 buy gas in those markets. So pretty much their costs
24 increased significantly because they had to buy in those
25 markets.

1 **Now, there are things that we are going to be**
2 **exploring – let me put it this way. We are interested in**
3 **how we can now begin to deal with these markets. Because**
4 **there is an indication that whereas they were pretty**
5 **stable for a long time, there are indications that that**
6 **may not be the case so much and that we may have to keep a**
7 **more strict eye on how these markets operate. So I think**
8 **it is incumbent upon us as a Commission to work with these**
9 **companies to ensure that they enhance their skills in**
10 **dealing with a more volatile market. And so that is one**
11 **of the things that I think we can do is kind of beef up**
12 **the skills in dealing with these markets as they turn**
13 **around now seemingly in a more frequent fashion.**

14 **MR. PERRIN: Thank you.**

15 **MR. SHREVE: Thank you very much.**

16 **CHAIRMAN JACOBS: Any other customers? Yes,**
17 **sir.**

18 **Before you come, Mr. Shoaf, a couple of**
19 **questions. Number one, do you have something on the order**
20 **of a levelized billing plan or an annualized billing plan?**

21 **MR. SHOAF: No, we do not offer that.**

22 **CHAIRMAN JACOBS: Okay. And how about any**
23 **incentives for customers, those incentives for – I**
24 **understand for new construction there are incentives,**
25 **right?**

1 **MR. SHOAF: Yes.**

2 **CHAIRMAN JACOBS: And the retrofits, is that**
3 **only commercial or is that for residential, as well?**

4 **MR. SHOAF: That is for any customer.**

5 **CHAIRMAN JACOBS: Okay. Very well. Thank you.**
6 **Let me just explain to you the question that I was just**
7 **asking him. Some companies have put in place plans to**
8 **kind of soften those spikes, and that is what is called an**
9 **annualized billing plan. The company doesn't have one. I**
10 **don't want to speak for him, but I would like for us to**
11 **begin to explore issues like that. I don't know whether**
12 **or not it would be appropriate for this company or not,**
13 **but I think in some instances it may be appropriate. We**
14 **probably can explore that, at least in the future.**

15 **Yes, sir, you wanted to testify. Were you sworn**
16 **earlier?**

17 **MR. BAKER: Yes, sir.**

18 **CHAIRMAN JACOBS: Would you please give your**
19 **name?**

20 **ROBERT BAKER**
21 **appeared as a witness and, swearing to tell the truth,**
22 **testified as follows:**

23 **DIRECT STATEMENT**

24 **MR. BAKER: My name is Robert Baker. I live in**
25 **Mexico Beach, Florida. I'm a small gas user, really. I**

1 started out back years ago, I only had a hot water heater
2 in one bath and I have electric in the other. My bill was
3 only running me about \$9 probably. Plus, I have a gas
4 grill. I have the convenience of not going out and
5 filling a bottle.

6 It has gone up anywhere – even my gas logs, I
7 don't use anymore. But it has gone up from that to 25 to
8 \$32 for this. And my wife uses the bathroom on the other
9 side with the gas, and I use the electric. But I just put
10 in the gas water heater. And I figure I can save just by
11 the customer charge, they are going up to \$12, I'm going
12 to switch back to electricity. Take my gas water heater
13 out, even though it's brand new. When I take it out, if
14 somebody wants it, they can have it.

15 I agree with all the gentlemen that talked about
16 the St. Joe Company. We shouldn't have to – you know,
17 the paper mill, that shouldn't have anything to do with
18 us. He talked about taking advantages of the opportunity
19 of growth in Mexico Beach. If you have to run gas lines
20 out to these places where they are going to have new
21 subdivisions and that, whoever is developing that should
22 have to pay for that going into that subdivision and the
23 people when you go ahead and change over, you know, when
24 you pick up your gas or whatever, they pick up the cost to
25 the house, not the customers.

1 **And that's about it. But, you know, I'm a small**
2 **person and a small user. But I have talked to people when**
3 **I was walking in the gas company. There was a gentleman**
4 **and he was on a fixed income like I am myself, and his gas**
5 **bill was \$274. He said, "I don't know what I'm going to**
6 **do." I have a lot of people -- I have a mobile home park.**
7 **A lot of them are talking about switching over to go all**
8 **electric. And the whole park is -- you know, a lot of**
9 **them are all gas.**

10 **They better think about what they are doing.**
11 **Because I think they are going to have -- even talking to**
12 **people in the bank and stuff like that, they say they are**
13 **thinking of really switching over. So I think you have a**
14 **real problem, the company does, and they ought to think**
15 **this out before they start raising these rates up. I'm**
16 **definitely taking my water heater out. It might not be**
17 **today, but it will be within a couple of days or a couple**
18 **of months. But it's brand new, so when I get rid of it I**
19 **will give it to somebody.**

20 **COMMISSIONER DEASON: Mr. Baker, may I ask you a**
21 **question?**

22 **MR. BAKER: Yes, sir.**

23 **COMMISSIONER DEASON: I understand the reason**
24 **that you want to switch from gas to electric, but let me**
25 **ask you this question. If the customer charge were not**

1 going up, were not doubling, say it was just increasing a
2 moderate amount, would you stay a gas customer or because
3 of the high increase in non-fuel charges, would you
4 also --

5 MR. BAKER: Even with a high increase I wouldn't
6 stay.

7 COMMISSIONER DEASON: So even if the customer
8 charge were staying at \$6, you would still switch?

9 MR. BAKER: I figure I can switch over to
10 electricity, and the \$12 you are going to charge will
11 probably pick up for the electricity on that one hot water
12 heater. I can go out and fill my bottle up for my gas on
13 my grill. I just had the convenience of when it ran out I
14 just didn't have to go get me some.

15 COMMISSIONER DEASON: One other question. You
16 live in a community where you have neighbors?

17 MR. BAKER: Yes, sir.

18 COMMISSIONER DEASON: Do you have any idea how
19 many of those neighbors are on the gas system?

20 MR. BAKER: I'm not sure on that. I know in my
21 mobile home park I always advertised to the people who
22 were coming in, you know, that -- back then it was more
23 reasonable to go gas then, you know.

24 COMMISSIONER DEASON: But some of your neighbors
25 are commenting to you that they are also looking at

1 dropping gas?

2 **MR. BAKER:** Everybody I've talked to in the bank
3 at Tyndall there, and I have talked to people in there.
4 You can hear it going around. It's a shame that a lot of
5 people haven't showed up here. I expected to see this
6 whole place just flooded over and not even enough room,
7 you know, for the people. But I guess a lot of people
8 depend on the other person to go do their talking.

9 **COMMISSIONER DEASON:** I guess you have noticed
10 an increase not only – you have noticed the increase in
11 the fuel charge as well as the non-fuel?

12 **MR. BAKER:** Right. Myself, now, I would like to
13 go out and read meters and get \$12 to read a meter. I
14 would take \$2 for each meter and go around and get it for
15 them.

16 **There was an electric company that – the co-op,**
17 **I think it is over in Southport, they used to let us read**
18 **the electric meters and send in the bill. That could**
19 **knock that \$12 out. And the company could go around and**
20 **if they see something fluctuating wrong, then they can go**
21 **out and check and see what is going on.**

22 **COMMISSIONER DEASON:** Yes, sir, I understand. I
23 **think that the customer charge, though, is more than just**
24 **reading the meter. And that's one of the things we will**
25 **be reviewing in the rate case. It is designed to recover**

1 some of the fixed costs of providing service that
2 doesn't – that don't vary. In other words, those are
3 costs that are there constantly. And that is always an
4 issue in rate proceedings, and we will pursue that in this
5 proceeding, as well.

6 MR. BAKER: We just don't see what they are
7 doing for those other costs. The people that work there
8 are nice people.

9 COMMISSIONER DEASON: So the quality of the
10 service you get from the company you are satisfied with,
11 it's just that the increase – the increase in fuel costs
12 and this proposed increase in the non-fuel cost and
13 customer charge?

14 MR. BAKER: Yes. That's all I have to say.
15 Thank you.

16 MR. SHREVE: Thank you.

17 CHAIRMAN JACOBS: Are there any other customers
18 who would like to speak this evening? Yes, sir.

19 As he comes forward, let me indicate that if you
20 were here to tonight and you didn't feel comfortable
21 coming forward to the podium, you can pick up one of these
22 green sheets at the desk and on the back there is a space
23 for written comments. Feel free to fill in your comments
24 and either mail it to us or drop it off tonight and/or if
25 you know of friends who would have come tonight as you

1 indicated, Mr. Baker, feel free to let them know that we
2 would be happy to have their written comments, as well,
3 and call the Public Service Commission and get
4 instructions as to how to file those. And they should
5 reference this docket, which is, I think, listed on here.
6 Just the St. Joe Natural Gas Company rate case will
7 probably be sufficient.

8 Yes, sir. Were you sworn earlier?

9 THE WITNESS: No.

10 CHAIRMAN JACOBS: Okay. Let me swear you in.

11 (Witness sworn.)

12 LOUIS C. CARTER

13 appeared as a witness and, swearing to tell the truth,
14 testified as follows:

15 DIRECT STATEMENT

16 CHAIRMAN JACOBS: Will you give us your name for
17 the record?

18 MR. CARTER: Louis C. Carter, St. Joe Beach, 43
19 years. The gentleman was talking about the fuel charge.
20 It has already gone up to \$1.16, he hadn't got the latest
21 bill yet. And I was wondering about that, because I have
22 got two bills here. The last bill I got was for a hot
23 water heater only, and my bill was \$92. It looks like we
24 haven't even started to pulling this boat yet. We're just
25 sort of getting it pushed away from the dock.

1 **Now, talking about this non-fuel charge, I mean,**
2 **if we are going to pay all of their expense, because every**
3 **time you call one of them to come to your house that was**
4 **\$25, it's probably 50 now.**

5 **MS. JONES: 40.**

6 **MR. CARTER: Okay. And we're going to pay for**
7 **putting down all of their new gas lines, which is what we**
8 **are doing. I mean, everything is clear profit for these**
9 **guys. They don't have to do anything but write their own**
10 **checks. Because every service they do, they charge you**
11 **for it. Their help in the office, we pay for it. That's**
12 **what this customer charge is.**

13 **Now, I think that they ought to do just like**
14 **other utility companies. We are paying now St. Joe Beach**
15 **\$8 a month per residence to have water run out there.**
16 **That is not the water bill, that is on the project bill**
17 **for probably 20 years. I just paid \$5,000 to the city to**
18 **have a sewer line run to two lots in the City of St. Joe.**
19 **The other people aren't having to pay that, we pay it**
20 **ourselves. Why doesn't the gas company do that?**

21 **Now, I tell you what is coming about, Arvida, or**
22 **St. Joe Corporation, is fixing to run a big construction**
23 **on the beach and they are having to run gas lines on**
24 **there. And I think we are picking up the tab for it. And**
25 **that's where a lot of this non-fuel charge is coming in.**

1 **That's all I've got to say. But \$92 a month for**
2 **a hot water heater is absurd. See, about the first of the**
3 **year they changed all of our gas meters, and I think they**
4 **went to -- what is that place out there called -- them**
5 **slot machines, and figured out how to do them, and put us**
6 **in one of them, see.**

7 **MR. SHREVE: Have you hit the jackpot yet?**

8 **MR. CARTER: Not yet.**

9 **COMMISSIONER DEASON: Sir, could I ask you a**
10 **question, please. You have heard the other customers**
11 **testify that they are looking at maybe just going all**
12 **electric.**

13 **MR. CARTER: I am. I am electric. But I went**
14 **to natural gas -- I have central electric, but I put a**
15 **15,000 BTU heater in my hallway. And our mild weather, I**
16 **have been using that just to keep my house warm because**
17 **I'm well insulated. But I can assure you that that**
18 **central electric system will be put back into service and**
19 **the gas water heater will be taken out of two places that**
20 **I own and electric going back in.**

21 **So I think they had better stop and think about**
22 **this because they are going to be losing some customers**
23 **and they are going to have to go up some more to offset**
24 **their losses, see. Because they evidently got their mind**
25 **set on making so much money. Somebody is going to pay**

1 their profit, see.

2 Now, talking about the gas line coming in here,
3 I worked for the company that put the gas line in here in
4 the early '60s, Michigan Chemical Corporation. Paid for
5 it to come in from Chipley. We had big furnaces, which
6 they still do at Premier (phonetic), and I ran one for 33
7 years. It burns 1500 cubic feet of gas a minute. That is
8 a lot of gas. And that's why the company wanted that gas
9 line in here, see, because it is a lot cheaper than bunker
10 C oil, which is what we was using. And, of course, they
11 paid the bill back in gas. I mean, that's how they got
12 their money back.

13 MR. SHREVE: That 92 –

14 MR. CARTER: You talked earlier about when the
15 gas line came in.

16 MR. SHREVE: Yes, sir. That \$92 bill that you
17 had for your water heater, how much has that increased,
18 say, over the year?

19 MR. CARTER: Maybe 70. I can give you bills, my
20 gas bills for ten years every month. Electric bills, gas
21 bills, and water bills. My wife has cluttered up my house
22 with bills. It might take her 30 minutes, but she will
23 find it.

24 MR. SHREVE: Thank you.

25 CHAIRMAN JACOBS: Thank you, sir.

1 **MR. CARTER: Thank you.**

2 **CHAIRMAN JACOBS: Anyone else to testify this**
3 **evening? Thank you. It has been educational. We have**
4 **heard your testimony. The process from here is that we**
5 **will have, I believe -- no, the schedule is not in here.**
6 **We will have -- the staff will prepare for our decision a**
7 **recommendation and that should be presented to us on**
8 **May -- let's see, it will be prepared on May 3rd, and we**
9 **will deliver it on that recommendation on May 15th and**
10 **render a decision.**

11 **And please be informed, there are ways that you**
12 **can monitor our decision-making process. If you have --**
13 **if you have a computer, we are on the Internet, you can**
14 **track this particular proceeding on the Internet, or feel**
15 **free to call our staff and ask them how this is going on**
16 **and what stage of the proceedings we are in.**

17 **Thank you very much.**

18 **COMMISSIONER DEASON: Before you close out, let**
19 **me ask staff a question. Is this being processed as a PAA**
20 **or is it going to a final hearing?**

21 **MR. ROMIG: PAA.**

22 **COMMISSIONER DEASON: It's going as a PAA.**

23 **Mr. Chairman, you may want to explain the PAA**
24 **process and how a protest can be filed and Mr. Shreve's**
25 **role in that process.**

1 **CHAIRMAN JACOBS:** Very good. Thank you. PAA is
2 an acronym that stands for proposed agency action. And
3 essentially what that is is a sort of a streamlined legal
4 process where we, after going through the evidence in an
5 issue, the staff sits down and figures out what the
6 best – what that evidence suggests and comes up with
7 their best professional recommendation to us.

8 Now, that is generally without going, doing a
9 full-scale courtroom type hearing. They will present that
10 recommendation, and we can determine the vote and approve
11 their recommendation. If there are parties who disagree
12 with the essence of that recommendation, you are free to
13 come in and file what is called a protest. And Mr. Shreve
14 acting in your behalf can come in, as well, and file that
15 protest.

16 In the event such a protest is filed, then we
17 will likely set this case down for a formal evidentiary
18 hearing. And it will likely go into much greater detail
19 into some issues. But mostly on the issues that are
20 disputed. It won't be every – it won't necessarily be
21 everything, it will be specifically then on the issues
22 that are disputed in that protest.

23 Did you want to go into any further explanation,
24 Mr. Shreve?

25 **MR. SHREVE:** Are you going to take names of the

1 people that would like to have a copy of that PAA,
2 proposed agency action, to see exactly what the final
3 rates are going to be? I think that would be good.

4 CHAIRMAN JACOBS: Great. If you would like to
5 receive a copy of the staff's recommendation when it is
6 filed with us on May 3rd, I think it would be great. I
7 think we already have your names and addresses. If you
8 would just indicate that to staff in the back, and I think
9 we can take care of that for you, okay?

10 Any questions on all of that? Great. You're
11 good. It took me about two years to get that. Thank you
12 very much again, and we appreciate you coming out.

13 This is an important process. Your appearance
14 here tonight was very important. And thank you for
15 coming. And if there is nothing else to come before us
16 tonight, we are adjourned.

17 (The hearing concluded at 7:15 p.m.)

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STATE OF FLORIDA)

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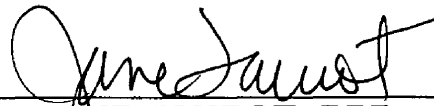
COUNTY OF LEON)

**I, JANE FAUROT, RPR, Chief, FPSC Bureau of Reporting
FPSC Commission Reporter, do hereby certify that the
Port St. Joe Service Hearing in Docket No. 001447-GU was heard by
the Florida Public Service Commission at the time and place herein
stated.**

**IT IS FURTHER CERTIFIED that I stenographically
reported the said proceedings; that the same has been transcribed
under my direct supervision; and that this transcript, consisting
of 53 pages, constitutes a true transcription of my notes of said
proceedings.**

**I FURTHER CERTIFY that I am not a relative, employee,
attorney or counsel of any of the parties, nor am I a relative or
employee of any of the parties' attorney or counsel connected with
the action, nor am I financially interested in the action.**

DATED THIS 9TH DAY OF MARCH, 2001.



**JANE FAUROT, RPR
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Chief, Bureau of Reporting
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