FLORIDA PUBLIC SERVICE COMMISSION

VOTE SHEET

MAY 15, 2001

RE: DOCKET NO. 001447-GU - Request for rate increase by St. Joe Natural Gas Company, Inc.

ISSUE 1: Is St. Joe's quality of service adequate?
RECOMMENDATION: Yes. St. Joe's quality of service is satisfactory.

APPROVED

ISSUE 2: Is the company's test year request for permanent rate relief based on a historical test period ending December 31, 1999 and a projected test period ending December 31, 2001 appropriate?
RECOMMENDATION: Yes. With the adjustments recommended by staff in the following issues, the 1999 and 2001 test years are appropriate.

APPROVED

COMMISSIONERS ASSIGNED: JC DS JB

COMMISSIONERS' SIGNATURES

MAJORITY	DISSENTING
J. Terry Deason	
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REMARKS/DISSENTING COMMENTS:

DOCUMENT NUMBER-DATE
06119 MAY 16 01
FPSC-RECORDS/REPORTING

(Continued from previous page)

ISSUE 3: Are the customer and therm forecasts by rate class appropriate?
RECOMMENDATION: Yes. The customer and therm forecasts by rate class submitted by the company are appropriate.

APPROVED

ISSUE 4: Should an adjustment be made to Plant, Accumulated Depreciation, and Depreciation Expense for equipment no longer in service?
RECOMMENDATION: Yes. Plant, Depreciation Expense, and Accumulated Depreciation should be reduced by a total of $1,628, $22, and $785, respectively.

APPROVED

ISSUE 5: Should an adjustment be made to plant, depreciation expense, and accumulated depreciation for the replacement of anodes to maintain the existing cathodic protection system?
RECOMMENDATION: Yes. Plant, depreciation expense, and accumulated depreciation should be reduced $8,740, $280, and $187, respectively, to reflect the replacement of anodes during the historic base year +1 that should have been expensed rather than capitalized.

APPROVED

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ISSUE 6: What adjustments should be made to the test year accumulated depreciation to reflect the impact of budgeted retirements?
RECOMMENDATION: The test year accumulated depreciation should be decreased $54,666 to reflect the impact of retirements budgeted for the historic test year +1 and the projected test year.

APPROVED

ISSUE 7: Should a recovery schedule be approved for the net unrecovered investment resulting from the retirement of the Industrial Measuring and Regulating Equipment associated with the FCPC?
RECOMMENDATION: Yes. Staff recommends a 5-year recovery schedule for the net unrecovered investment of $20,309 associated with the retirement of Industrial Measuring and Regulating Equipment (Account 385) resulting from the closing of the FCPC. The recovery schedule should begin January 1, 2001 and be completed December 31, 2005. The recovery schedule will increase the projected test year depreciation expense by $4,062 with a decrease to the accumulated depreciation of $18,278.

DENIED

ISSUE 8: Should an adjustment be made to plant, depreciation expense, and accumulated depreciation to correct the budgeted retirements for the projected test year?
RECOMMENDATION: Yes. Staff recommends that plant, depreciation expense, and accumulated depreciation for Account 391.03, Data Processing Equipment, be reduced by $5,749, $782, and $271, respectively, to correct the retirements for the projected test year.

APPROVED

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ISSUE 9: What is the appropriate amount of Construction Work in Progress (CWIP) for the projected test year?
RECOMMENDATION: The appropriate amount of CWIP for the projected test year is $18,328.

APPROVED

ISSUE 10: Should an adjustment be made to reduce retained earnings/common equity, plant in service, accumulated depreciation and depreciation expense for previously capitalized allowance for funds used during construction (AFUDC) not authorized by the Commission?
RECOMMENDATION: Yes. Retained earnings/common equity, plant in service, accumulated depreciation, and depreciation expense should be reduced . $63,807, $90,553, $26,746, and $2,898, respectively.

APPROVED

ISSUE 11: What is the appropriate projected test year Total Plant?
RECOMMENDATION: The appropriate amount of Total Plant for the projected test year is $6,109,023.

APPROVED

ISSUE 12: What is the appropriate projected test year Depreciation Reserve?
RECOMMENDATION: The appropriate projected test year Depreciation Reserve is $2,301,528.

APPROVED

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ISSUE 13: What is the appropriate projected test year Working Capital Allowance?
RECOMMENDATION: The appropriate projected test year Working Capital is $254,392.

APPROVED

ISSUE 14: What is the appropriate projected test year Rate Base?
RECOMMENDATION: The appropriate projected test year Rate Base is $4,080,215.

APPROVED

ISSUE 15: What is the appropriate return on common equity for the projected test year?
RECOMMENDATION: The appropriate cost rate for common equity for the projected test year is 11.5%, with a range of plus or minus 100 basis points.

APPROVED

ISSUE 16: What is the appropriate cost of short-term debt for the projected test year?
RECOMMENDATION: The appropriate cost rate for the short-term debt included in the projected test year should be the April 1, 2001 prime rate of 8.00%.

APPROVED

(Continued from previous page)

ISSUE 17: What is the appropriate amount of accumulated deferred taxes to include in the capital structure?
RECOMMENDATION: The appropriate amount of accumulated deferred taxes to include in the capital structure is $37,187, prior to addressing the tax effect of the amortization of the FCPC deferred credit discussed in Issue 35. Recognizing the amortization results in $3,321 of related credit accumulated deferred taxes, thereby increasing the credit deferred taxes to $40,508.

APPROVED

ISSUE 18: Has FAS 109 been appropriately reflected in the capital structure, such that it is revenue neutral?
RECOMMENDATION: It appears as if SFAS 109 has not been implemented. As such, there is no revenue effect of its implementation. Also, the method of calculating deferred taxes is not consistent with proper application of SFAS 109. St. Joe should be required to implement SFAS 109, if it has not done so, and to state its tax accounts consistent with the proper application of SFAS 109, retroactive to January 1, 2001. The adjustments and appropriate treatment should be reported in its Earnings Surveillance Reports (ESR) following implementation of rates in this proceeding.

APPROVED

ISSUE 19: Should debit tax balances associated with the temporary timing differences arising from unrecovered purchased gas costs and conservation cost recovery be removed and, if so, have they been appropriately removed?
RECOMMENDATION: No adjustment is necessary.

APPROVED

(Continued from previous page)

ISSUE 20: What is the appropriate capital structure for the projected test year ending December 31, 2001?
RECOMMENDATION: The appropriate capital structure for the projected test year ending December 31, 2001, should not exceed 60% common equity as a percentage of capital.

APPROVED

ISSUE 21: What is the appropriate weighted average cost of capital for the projected test year?
RECOMMENDATION: The appropriate weighted average cost of capital for the projected test year should be 6.23%. This is a calculation based upon the decisions in preceding issues.

APPROVED

ISSUE 22: Has the company properly removed PGA revenues, expenses and taxes other from the projected test year?
RECOMMENDATION: No. Projected test year revenues should be increased $29,059.

APPROVED

ISSUE 23: Has the company properly removed conservation revenues, expenses and taxes other from the projected test year?
RECOMMENDATION: Yes. The company excluded conservation revenues and expenses from the projected test year.

APPROVED

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ISSUE 24: Should an adjustment be made to increase revenues for the amount of interest earned on cash in working capital?
RECOMMENDATION: Yes. An adjustment should be made to increase interest earned on cash in working capital by $9,835.

APPROVED

ISSUE 25: What is the appropriate amount of projected test year total Operating Revenues?
RECOMMENDATION: The appropriate level of projected test year total Operating Revenues is $1,115,858.

APPROVED

ISSUE 26: Should Account 874 Mains & Services be reduced for projected expenses associated with gas line locations?
RECOMMENDATION: Yes. Account 874, Mains & Services should be reduced $20,800, which would allow one-half of the company's requested amount of $41,600.

APPROVED

ISSUE 27: What is the appropriate amount of rate case expense and what is the appropriate amortization period?
RECOMMENDATION: The appropriate amount of rate case expense is $84,551, amortized over four years. This increases test year rate case expense by $21,138.

APPROVED

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ISSUE 28: Should Account 921 Office Expenses be reduced $3,513 in the projected test year for an error made in projecting expenses for janitorial services?
RECOMMENDATION: Yes. Account 921 Office Expenses should be reduced $3,513 in the projected test year for an error made in projecting janitorial services.

APPROVED

ISSUE 29: Should an adjustment be made to Account 926, Employee Pensions and Benefits?
RECOMMENDATION: No adjustment to the company's Pension Expense is necessary.

APPROVED

ISSUE 30: Should an adjustment be made for lobbying?
RECOMMENDATION: Yes. Expenses should be reduced $203 to disallow 15% of the Florida Natural Gas Association dues which represents the portion of dues associated with lobbying activities.

APPROVED

ISSUE 31: Are the trend rates used to calculate projected O&M expenses appropriate?
RECOMMENDATION: Yes. The trend rates used by the company are appropriate.

MODIFIED Salary increases reduced to 2%.

ISSUE 32: Has the company used the appropriate trend basis for each O&M account?
RECOMMENDATION: No. St. Joe has not used the appropriate trend basis for each account. The result is a recommended net increase of $58 to O&M expenses.

APPROVED

ISSUE 33: Should the projected test year expense be adjusted for the effect of changing the trend factors?
RECOMMENDATION: No. Projected test year O&M expenses should not be adjusted for changes to the trend factors.

APPROVED

ISSUE 34: What is the appropriate amount of projected test year O&M Expense?
RECOMMENDATION: The appropriate amount of projected test year O&M expense is $797,958.

APPROVED

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ISSUE 35: How should the prepaid gas Deferred Credit related to Florida Coast Paper Company be treated and how should the prepaid revenue related to Gulf Correctional Institute be treated?
RECOMMENDATION: The $1,578,595 prepaid gas Deferred Credit related to Florida Coast Paper Company should be amortized over 31 years which is the remaining life of the line used to serve the St. Joe Forest Products Company (SJFP). The amortization would result in increasing revenues $50,922 and increasing Accumulated Deferred Income Taxes in the Capital Structure by $3,321. Amortization should begin June 15, 2001. The prepaid revenue related to Gulf Correctional Institute should remain as revenue in Year 2000. However, the tax effect of this transfer should be reflected in Year 2001 by decreasing Common Equity by $11,208 and increasing Accrued Taxes - Income by $11,208.

APPROVED

ISSUE 36: What is the appropriate amount of projected test year Depreciation and amortization Expense?
RECOMMENDATION: The appropriate amount of projected test year Depreciation and Amortization Expense is $243,387.

APPROVED

ISSUE 37: Should the company separately state Gross Receipts Tax on its bills and, if so, what is the revenue impact?
RECOMMENDATION: Yes. St. Joe should separately state its Gross Receipts Tax on its bills. Revenues should be decreased by $27,054.

APPROVED

(Continued from previous page)

ISSUE 38: What is the appropriate amount of Taxes Other Than Income Taxes?
RECOMMENDATION: The appropriate amount of Taxes Other Than Income Taxes is $89,665.

APPROVED

ISSUE 39: What is the appropriate Income Tax Expense, including current, deferred, and interest reconciliation?
RECOMMENDATION: The appropriate income tax expense, including current, deferred, and interest reconciliation is $(38,169), a net increase of $21,179.

APPROVED

ISSUE 40: What is the appropriate level of Total Operating Expenses for the projected test year?
RECOMMENDATION: The appropriate level of total operating expenses for the projected test year is $1,092,841.

APPROVED

ISSUE 41: What is the appropriate amount of projected test year Net Operating Income?
RECOMMENDATION: The appropriate amount of projected test year Net Operating Income is $23,017.

APPROVED

VOTE SHEET
MAY 15, 2001
DOCKET NO. 001447-GU - Request for rate increase by St. Joe Natural Gas Company, Inc.

(Continued from previous page)

ISSUE 42: What is the appropriate treatment of the refund of the 1994-1995 overearnings?
RECOMMENDATION: The company should refund $215,152 over 60 months as required by Order No. PSC-96-1188-FOF-GU in Docket No. 960930-GU, issued September 23, 1996.

MODIFIED ø cost of capital, reduce by one year amortization.

ISSUE 43: What are the appropriate projected test year Revenue Expansion Factor and Net Operating Income Multiplier to be used in calculating the revenue deficiency including the appropriate elements and rates?
RECOMMENDATION: The appropriate Revenue Expansion Factor is 63.2806% and the appropriate Net Operating Income Multiplier is 1.5803.

APPROVED

ISSUE 44: What is the appropriate projected test year revenue deficiency?
RECOMMENDATION: The appropriate projected test year revenue deficiency is $365,334.

APPROVED

ISSUE 45: Should any portion of the $355,984 interim increase granted by Order No. PSC-01-0465-PCO-GU, issued on February 26, 2001, be refunded to the customers?
RECOMMENDATION: No portion of the $355,984 interim revenue increase should be refunded.

APPROVED

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ISSUE 46: Should St. Joe be required to submit, within 60 days after the date of the final order in this docket, a description of all entries or adjustments to its future annual reports, rate of return reports, published financial statements, and books and records that will be required as a result of the Commission's findings in this rate case?
RECOMMENDATION: Yes. The utility should be required to fully describe the entries and adjustments that will be either recorded or used in preparing reports submitted to the Commission.

APPROVED

ISSUE 47: What are the appropriate billing determinants to be used in the projected test year?
RECOMMENDATION: The appropriate billing determinants to be used in the projected test year are shown on Attachment 6 of staff's memorandum dated May 3, 2001.

APPROVED

ISSUE 48: What is the appropriate cost of service methodology to be used in allocating costs to the various rate classes?
RECOMMENDATION: The appropriate methodology is staff's cost of service methodology adjusted for changes made to rate base, operation and maintenance expense net operating income and projected test year base rate revenues.

APPROVED

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ISSUE 49: If any revenue increase is granted, what are the appropriate rates for St. Joe, resulting from the allocation of the increase among the customer classes?
RECOMMENDATION: Staff's recommended rates are shown on Attachment 7, page 1, of staff's memorandum dated May 3, 2001.

APPROVED

ISSUE 50: What is the appropriate effective date for any new rates and charges approved by the Commission?
RECOMMENDATION: All new rates and charges should become effective for meter readings on or after 30 days from the date of the vote approving the rates and charges.

APPROVED

ISSUE 51: Are St. Joe's proposed Miscellaneous Charges appropriate?
RECOMMENDATION: Yes.

APPROVED

ISSUE 52: Are St. Joe's proposed new Commercial and Large Commercial Service rate classes appropriate?
RECOMMENDATION: Yes.

APPROVED

VOTE SHEET
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(Continued from previous page)

ISSUE 53: Is St. Joe's proposed new Firm Transportation Service rate class appropriate?
RECOMMENDATION: Yes.

APPROVED

ISSUE 54: Should this docket be closed?
RECOMMENDATION: Yes. This docket should be closed upon issuance of a Consummating Order unless a person whose substantial interests are affected by the Commission's decision files a protest within 21 days of the issuance of the proposed agency action.

APPROVED