

ORIGINAL

ST. JOE NATURAL GAS COMPANY, INC.

P. O. BOX 549 PHONE (850) 229-8316
DISTRIBUTION CENTER
PORT ST. JOE, FLORIDA 32457

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August 2, 2001

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

Re: Docket No. 001447-GU
Request for rate increase by St. Joe Natural Gas Company, Inc.
Rate Case Adjustments

St. Joe Natural Gas Company, Inc., in accordance with Order No. PSC-01-1274-PAA-GU, hereby submits a description of all entries or adjustments to its future annual reports, rate of return reports, published financial statements and books and records that are required as a result of the Florida Public Service Commission ("FPSC"'s) findings in this rate case.

Rate Base:

1. Account #387 - Other Equipment - Retired transponders , \$6,698, December 2000.
2. Account #397 - Communication Equipment - Retired Antenna, \$1,850, December 2000.
3. Account #378 - M&R Station Equipment - Retirement of \$17,993 was never made on the books only filed on the MFR's. No adjustment is necessary.
4. Account #376 - Steel Mains - Expensed \$8,740 for Cathodic Protection system, December 2000.
5. Account #385 - Indust. M & R Equipment - Due to the Retirement of \$29,454, leaves a negative \$14,133 accumulated depreciation. (SJNG) Company chooses to leave the negative \$14,133 in accumulated depreciation and will address this in the next Depreciation Study.
6. Account #376 - Steel Mains - Capitalized interest from 1992 of \$90,553 removed and necessary adjustments were made to expense this item.

Capital Structure:

1. Cost Rate for Common Equity changed to 11.5%, plus or minus 100 basis points
2. Account #231 - Short Term debt - cost rate changed to 8.0%
3. Account #282 - Accumulated Deferred Income Tax will be netted with Deferred Debits

DOCUMENT NUMBER - DATE

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FPSC-COMMUNICATIONS DIVISION

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- and credits beginning January 2001.
4. Account #216 and Account #282 - Prior year adjustment was made for Rule 25-514.013, Accounting for Deferred Income Taxes Under SFAS 109, for \$149,331 on February 2001. FAS 109 was not properly implemented by predecessor auditor.
 5. SJNG will make appropriate adjustments to equity should the ratio exceed the 60% of capital structure as recommended by the FPSC.

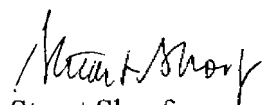
Net Operating Income:

1. Gross Receipts stated separately on gas bills - beginning with meter readings taken on or after June 14, 2001.
2. Account #926 - Employee Pension & Benefits - Accrued for pension contribution of \$50,000 for the Year 2001.
3. Account #930 - Miscellaneous Expenses - Lobbying activities booked in non-regulated accounts instead of Account 930 - Misc Expenses as of January 2001.
4. Account #253 - Deferred Credit - Amortization of \$1,578,595 over 31 years. Increasing revenues and decreasing Deferred Credit by \$50,922 annually beginning in the year 2000.
5. Account #253-2 - Deferred Credits for Gulf Correctional Institution - Deferred revenue of \$27,402 was left in Deferred credits for GCI and will be paid back as the gas is burned. However, any Prepaid Credits after July 2000 will be booked in revenues, Other Gas Revenues, Account #495-3.
6. The State Intangible Taxes will be booked in a non-regulated account beginning January 2001.
7. An adjustment on the Jan - Jun 2001 FERC will reflect the FPSC's Regulatory Assessment Fee calculated on the Florida Coast Paper prepaid credit of \$50,922 annually for the year ending 2000 in the amount of \$255.

Other:

1. Over-earnings of \$261,318 for 1994 and 1995 will be refunded back to the customer beginning July 1, 2001.
2. New rates for Residential, Small Commercial, Commercial, Contract Transportation were implemented with meter readings taken on or after June 14, 2001.
3. On June 18, 2001, SJNG filed revised tariffs with FPSC staff reflecting the increased rates and charges approved in Order No. PSC-01-1274-PAA-GU.

Sincerely,



Stuart Shoaf
President