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June 20, 2005

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COMMISSION
CLERK

050420-GU

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

Re: In re: Petition for Approval of modifications to tariff provisions governing extension of mains and services, by St Joe Natural Gas Company, Inc.

Dear Ms. Bayo:

Enclosed for filing with the Commission, please find the original and 15 copies of the petition of St Joe Natural Gas Company, together with a diskette containing the petition in Microsoft Word format. Enclosed are 5 copies of the revised tariff sheet containing the change for which approval is sought by the petition, together with 2 legislative copies of the revised tariff sheet.

Please acknowledge your receipt and the date of filing of the enclosures, together with the docket number assigned, on the enclosed duplicate copy of this letter, and return the same to me in the preaddressed envelope which is also enclosed.

Thank you.

Sincerely,

Stuart Shoaf
President

Enclosures

cc: Wayne Makin, FPSC

Tariffs forwarded to CMP.

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FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition for approval of)
Modification to tariff provisions)
governing extension of mains and)
services, St Joe Natural Gas Company.)

Docket No.

Submitted for Filing:

PETITION OF ST JOE NATURAL GAS COMPANY

St Joe Natural Gas Company (“SJNG” or the “Company”), by its undersigned officer and pursuant to Rule 28-106.201, *Florida Administrative Code*, petitions the Commission for approval of revisions to its tariff provisions governing the extension of mains and services to provide gas service facilities to new customers. In support of its petition, SJNG states:

INTRODUCTION

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

St Joe Natural Gas Company, Inc.
Post Office Box 549
Port St Joe, Florida 32457

2. The name and mailing address of the person authorized to receive notices and communications with respect to this petition is:

Stuart Shoaf
St Joe Natural Gas Company, Inc.
Post Office Box 549
Port St Joe, Florida 32457

3. SJNG is a public utility subject to Commission regulation pursuant to Chapter 366, Florida Statutes. SJNG currently serves approximately 3,261 residential, commercial and industrial customers in the City of Port St Joe, the City of Wewahitchka, the City of Mexico Beach and unincorporated areas of Gulf County. SJNG's office is

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FPSC-COMMISSION CLERK

located at 301 Long Avenue, Port St Joe, Florida. SJNG is not aware of any disputed issues of fact.

4. Through this Petition, SJNG seeks Commission approval of modifications to its tariff that revise the method for calculating SJNG's Maximum Allowable Construction Cost ("MACC").

MAXIMUM ALLOWABLE CONSTRUCTION COST

5. SJNG extends main lines and service lines in accordance with Rule 25-7.054, *Florida Administrative Code*, and the provisions of its Commission approved tariff. The rule requires a utility to develop a standard policy governing the amount of main and/or service extension which will be made free to connect a new customer and that the amount of the free extension made should be related to the investment that can be prudently made for the anticipated revenue to be received. The rule further provides direction on handling an extension request that exceeds the MACC. The Rule also allows SJNG to establish extension policies more favorable to customers so long as no discrimination is practiced between customers.

6. SJNG's tariff currently defines its MACC as "ten times the estimated annual gas revenue to be derived from the facilities less the cost of gas". Through this Petition, SJNG proposes to modify its tariff governing main and/or service line extensions to reduce the MACC from ten times the estimated annual revenue less the cost of gas to four times the estimated annual revenue less the cost of gas. The proposed change will be consistent with the Commission's Rule 25-7.054.

MACC HISTORY

7. SJNG operated with a MACC in accordance with Rule 25-7.054, *Florida Administrative Code*, which is four times estimated annual revenue less the cost of gas from the MACC inception by the Commission until August 5, 1996. Historically, there were no significant quantities of new residential homes built in SJNG's service territory.

8. August 5, 1996, Order No. PSC-96-1000-FOF-GU, Docket No. 960657-GU approved a new MACC for SJNG of ten times estimated annual revenue less the cost of gas. Prior to 1996, SJNG residential customers' average monthly bill was \$3.49 (excluding taxes) which resulted in a Company MACC of \$167.52 while the average cost to extend main and/or service facilities was averaging \$500.00 per residential lot. SJNG had the lowest rates in Florida and elected to raise its MACC in order to add new customers at no cost. Implementation of the approved Order No. PSC-96-1000-FOF-GU increased the Company MACC to \$418.80. The new approved MACC continued to be indiscriminately favorable for new customers.

9. On January 27, 1997, SJNG filed for restructured rates (revenue neutral) and received Commission approval on May 7, 1997 by Order No. PSC-97-0526-GU in Docket No. 970115-GU. The new restructured rates produced an average monthly residential bill of \$12.04 and increased SJNG's MACC to \$1,444.80. The average cost to extend facilities remained at approximately \$500.00. At this time, SJNG elected to continue offering a more favorable extension policy to attract new customers.

10. On December 15, 2000, SJNG filed a Petition for a permanent rate increase and received Commission approval on June 5, 2001 by Order No. PSC-01-1274-PAA-GU in Docket No. 001447-GU. The new rates increased SJNG's average monthly

residential bill to \$18.04 and increased the Company MACC to \$2,222.40 while the average cost to extend main and/or service facilities remained around \$500.00. Again, SJNG elected to continue offering a more favorable extension policy to attract new customers.

RELIEF REQUESTED

11. SJNG proposes to modify its tariff rules and regulations governing main and/or service extensions as permitted under Rule 25-7.054, *Florida Administrative Code*, to reduce its MACC as calculated under SJNG's existing tariff from ten times the estimated annual revenue less the cost of gas to four times the estimated annual revenue less the cost of gas.

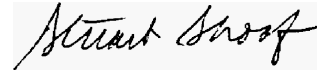
12. The Commission has approved modifications to the MACC of other Florida natural gas utilities. For example, City Gas Company of Florida and the Central Florida Division of Chesapeake Utilities use a multiplier of six, Florida Public Utilities Company and Peoples Gas System use a multiplier of four. The modification proposed will be consistent with Commission Rule 25-7.054 and will ensure the Company is not required to make extensions of mains and/or services to the detriment of its existing customers. The Commission should approve SJNG's modification to its tariff addressing the MACC.

13. A copy of SJNG's proposed tariff sheet is enclosed as Exhibit A and a copy of SJNG's proposed revised tariff sheet in legislative format is enclosed as Exhibit B.

WHEREFORE, SJNG respectfully requests that the Commission grant the relief sought by this petition, and enter its order approving the modified tariff provision which

has been submitted with this petition , such approval to become effective as of the
Commission's vote.

Respectfully submitted,

A handwritten signature in black ink that reads "Stuart Shoaf". The signature is written in a cursive style and is placed over a light gray rectangular background.

Stuart Shoaf, President
St Joe Natural Gas Company, Inc.
Post Office Box 549
Port St Joe, Florida 32457
Phone: 850-229-8216, ext 209
Fax: 850-229-8392
Email: sshoaf@stjoenaturalgas.com

Exhibit A

ST. JOE NATURAL GAS COMPANY, INC.
FPSC TARIFF

Second Revised Sheet No. 37
Cancels First Revised Sheet No. 37

Rules and regulations (continued)

8. MAIN EXTENSIONS AND INSTALLATIONS OF GAS SERVICE FACILITIES

- A. GENERAL PROVISIONS - No extensions of a main or installation of a service shall be made unless the Company has sufficient capacity to provide the Gas Service requested without jeopardizing other Gas Service to the area then being served.
- B. FREE EXTENSIONS AND INSTALLATIONS - The maximum construction cost to be made for main and service facilities without cost to the Customer will equal four times the estimated annual gas revenue to be derived from the facilities less the cost of gas.
- C. EXTENSIONS AND INSTALLATIONS ABOVE FREE LIMIT - When the cost of the extension to provide service is greater than the free limit specified in (B) above, the Company may require a non-interest bearing advance in aid of construction of the cost in excess of such free limit, provided the following:
 - 1) At the end of the first year the Company shall refund to the person paying the advance in aid of construction or his assigns an amount equal to the excess, if any, of the maximum allowable construction cost used to determine the amount of the advance in aid of construction.
 - 2) For each additional Customer taking service at any point on the extension within a period of five (5) years from the date of construction, the Company will refund to the person paying the advance in aid of construction or his assigns an amount by which the maximum allowable construction cost for the new Customer exceeds the cost of connecting the Customer, provided that an additional main extension will have not been necessary to serve the additional Customer.

Issued By: Stuart L. Shoaf

Effective:

Issued On:

Exhibit B

ST. JOE NATURAL GAS COMPANY, INC.
FPSC TARIFF

Second Revised Sheet No. 37
Cancels First Revised Sheet No. 37

Rules and regulations (continued)

8. MAIN EXTENSIONS AND INSTALLATIONS OF GAS SERVICE FACILITIES

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 - 2) For each additional Customer taking service at any point on the extension within a period of five (5) years from the date of construction, the Company will refund to the person paying the advance in aid of construction or his assigns an amount by which the maximum allowable construction cost for the new Customer exceeds the cost of connecting the Customer, provided that an additional main extension will have not been necessary to serve the additional Customer.

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