

FLORIDA PUBLIC SERVICE COMMISSION

VOTE SHEET

June 17, 2008

Docket No. 070592-GU – Petition for rate increase by St. Joe Natural Gas Company, Inc.

Issue 1: Should an adjustment be made to plant, depreciation expense, and accumulated depreciation to correct the budgeted plant additions for the projected test year?

Recommendation: Yes. Staff recommends that plant, depreciation expense, and accumulated depreciation be reduced by \$2,128, \$454, and \$454, respectively, to correct the plant additions for the projected test year.

APPROVED

Issue 2: Should an adjustment be made to Accumulated Depreciation for equipment no longer in service?

Recommendation: Yes. Accumulated Depreciation should be increased by \$31,692 for the retirement of four vehicles.

APPROVED

RECEIVED-FPSC
08 JUN 17 AM 11:58
COMMISSION
CLERK

COMMISSIONERS ASSIGNED: All Commissioners

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

Handwritten signatures in the majority column:

Katrina J. McMurrin

REMARKS/DISSENTING COMMENTS:

DOCUMENT NUMBER-DATE

05133 JUN 17 08

FPSC-COMMISSION CLERK

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Issue 3: What adjustments, if any, should be made to accumulated depreciation to reflect the Commission's decision in Docket No. 070737-GU setting new depreciation rates?

Recommendation: The appropriate adjustment to accumulated depreciation to reflect the Commission's decision in Docket No. 070737-GU is a reduction of \$6,658.

APPROVED

Issue 4: Is SJNG's Natural Gas Plant in Service of \$6,437,506 for the December 2008 projected test year appropriate?

Recommendation: No. The appropriate amount of Gas Plant in Service for the December 2008 projected test year is \$6,435,378.

APPROVED

Issue 5: Is SJNG's Accumulated Depreciation of Gas Plant in Service of \$3,255,779 for the December 2008 projected test year appropriate?

Recommendation: No. The appropriate Accumulated Depreciation of Gas Plant in Service for the December 2008 projected test year is \$3,280,359.

APPROVED

Issue 6: Should Working Capital be adjusted to remove non-utility activities?

Recommendation: Yes. Working Capital should be increased by \$13,465 for the year ended December 31, 2008, to remove non-utility activities from Miscellaneous Current Liabilities.

APPROVED

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Issue 7: Should Operation and Maintenance Expense and working capital be adjusted to reflect a service agreement that was recorded as maintenance of structures and improvements expense?

Recommendation: Yes. Operation and Maintenance Expense Account 886 should be increased by \$766 for 2008. In addition, working capital should be increased by \$263 for 2008.

APPROVED

Issue 8: What is the appropriate amount of Working Capital Allowance for the December 2008 projected test year?

Recommendation: The appropriate amount of Working Capital Allowance for the December 2008 projected test year is (\$130,363).

APPROVED

Issue 9: Is SJNG's requested rate base in the amount of \$3,037,636 for the December 2008 projected test year appropriate?

Recommendation: No. The appropriate amount of rate base for the December 2008 projected test year is \$3,024,656.

APPROVED

Issue 10: What is the appropriate return on common equity for the projected test year?

Recommendation: The appropriate return on common equity for the projected test year is 11.00 percent, with a range of plus or minus 100 basis points.

APPROVED

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Issue 11: What is the appropriate capital structure for the projected test year ending December 31, 2008?

Recommendation: The appropriate capital structure for the projected test year ending December 31, 2008, should consist of no more than 60 percent common equity as a percentage of investor supplied capital.

APPROVED

Issue 12: 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 is 5.44 percent. This is a calculation based upon decisions in preceding issues.

APPROVED

Issue 13: Should an adjustment be made to remove Purchased Gas Adjustment revenues and expenses from the December 2008 projected test year income statement?

Recommendation: Yes. Operating revenues, O&M Expense – Cost of Gas, and taxes other than income should be reduced by \$1,055,904, \$1,050,619 and \$5,285, respectively, to remove Purchased Gas Adjustment revenues and expenses for 2008.

APPROVED

Issue 14: Should Operating Revenues be adjusted for interest income earned on cash attributable to non-utility activities?

Recommendation: Yes. The Company should remove \$3,457 of interest income attributable to non-utility activities from Operating Revenues for 2008.

APPROVED

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Issue 15: Is SJNG's projected level of Total Operating Revenues in the amount of \$2,132,307 for the 2008 projected test year appropriate?

Recommendation: No. The appropriate level of SJNG's Total Operating Revenues for the 2008 projected test year is \$1,072,946.

APPROVED

Issue 16: Should an adjustment be made to Account 880, Other Expense, for 2008 lease rental expense for a new warehouse?

Recommendation: Yes. Account 881, Rent Expense, should be increased by \$16,800 to reflect the monthly lease rental expense of \$1,400. Account 880, Other Expenses, should be reduced by \$25,000 to remove the misclassified lease rental expense. This results in a net expense reduction of \$8,200.

APPROVED

Issue 17: Should an adjustment be made to Account 904, Uncollectible Accounts Expense?

Recommendation: Yes. Uncollectible Accounts Expense, Account 904, should be reduced by \$4,357 for the 2008 projected test year.

APPROVED

Issue 18: Should an adjustment be made to Account 913, Advertising Expense?

Recommendation: Yes. Account 913, Advertising Expense, should be reduced by \$95 for 2008 to remove donation expenses and an associated miscellaneous expense.

APPROVED

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Issue 19: Should an adjustment be made to Outside Services Employed, Account 923?

Recommendation: Yes. Outside Services Employed, Account 923, should be increased by \$2,388 for the 2008 projected test year.

APPROVED

Issue 20: What is the appropriate total amount, amortization period and test year expense for Rate Case Expense for the December 2008 projected test year?

Recommendation: The appropriate amount of rate case expense is \$55,003, amortized over four years, which results in an annual expense of \$13,751. Therefore, the Company's requested rate case expense should be reduced by \$22,997 and the annual accrual should be reduced by \$5,749.

APPROVED

Issue 21: Is SJNG's requested level of O&M Expense – Other in the amount of \$913,680 for the December 2008 projected test year appropriate?

Recommendation: No. The appropriate level of O&M Expense – Other for the December 2008 projected test year is \$898,433.

APPROVED

Issue 22: What adjustments, if any should be made to the depreciation expense to reflect the Commission's decision in Docket No. 070737-GU?

Recommendation: The appropriate adjustment for depreciation expense to reflect the Commission's decision in Docket No. 070737-GU is a reduction of \$13,440.

APPROVED

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Issue 23: Should the current amortization of investment tax credits (ITC) and flowback of excess deferred income taxes be revised to reflect the depreciation rates and recovery schedules approved by the Commission in Docket No. 070737-GU?

Recommendation: Yes. The current amortization of investment tax credits (ITC) and the flowback of excess deferred income taxes (EDIT) should be revised to match the actual recovery periods for the related property. On an annual basis, SJNG should include detailed calculations of the revised ITC amortization and the flowback of EDIT in its December earnings surveillance reports beginning with the annual period ending December 31, 2008.

APPROVED

Issue 24: Is SJNG's requested level of Depreciation and Amortization Expense in the amount of \$260,105 for the December 2008 projected test year appropriate?

Recommendation: No. The appropriate level of Depreciation and Amortization Expense for the December 2008 projected test year is \$246,211.

APPROVED

Issue 25: : Is SJNG's requested level of Taxes Other Than Income in the amount of \$63,387 for the December 2008 projected test year appropriate?

Recommendation: No. The appropriate level of Taxes Other Than Income for the December 2008 projected test year is \$58,085.

APPROVED

Issue 26: Is SJNG's requested level of Total Income Taxes in the amount of \$45,351 for the December 2008 projected test year appropriate?

Recommendation: No. The appropriate level of Total Income Taxes for the December 2008 projected test year is \$43,188.

APPROVED

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Docket No. 070592-GU – Petition for rate increase by St. Joe Natural Gas Company, Inc.

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Issue 27: Is SJNG's projected Net Operating Income in the amount of (\$200,835) for the December 2008 projected test year appropriate?

Recommendation: No. The appropriate Net Operating Income for the December 2008 projected test year is (\$172,972).

APPROVED

Issue 28: Is SJNG's requested net operating income multiplier of 1.6114 appropriate?

Recommendation: Yes, 1.6114 is the appropriate net operating income multiplier.

APPROVED

Issue 29: Is SJNG's requested annual operating income increase of \$624,166 for the December 2008 projected test year appropriate?

Recommendation: No. The appropriate annual operating income increase for the December 2008 projected test year is \$543,868.

APPROVED

Issue 30: What is the appropriate cost of service methodology to be used in allocating costs to the rate classes?

Recommendation: The appropriate methodology is contained in Schedule 4 of staff's memorandum dated June 5, 2008 and reflects the recommended adjustments to rate base, expenses, rate of return, and net operating income.

APPROVED

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Issue 31: What are the appropriate Customer Charges?

Recommendation: Staff's recommended customer charges are as follows:

Rate Class	Staff Recommended Customer Charge
RS-1	\$13.00
RS-2	\$16.00
RS-3	\$20.00
GS-1/FTS-1	\$20.00
GS-2/FTS-2	\$70.00
GS-3/FTS-3	\$500.00
GS-4/FTS-4	\$2,000.00
GS-5/FTS-5	\$3,000.00

APPROVED

Issue 32: What are the appropriate per therm Gas Delivery Service Rates?

Recommendation: The appropriate per therm Gas Delivery Service Rates are shown in the table below:

Rate Schedule	Recommended rate (cents per therm)
RS-1	70.441
RS-2	56.729
RS-3	50.381
GS-1/FTS-1	43.981
GS-2/FTS-2	31.801
GS-3/FTS-3	6.610
GS-4/FTS-4	11.749
GS-5/FTS-5	3.554

APPROVED

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Issue 33: What are the appropriate Miscellaneous Service Charges?

Recommendation: Staff's recommended miscellaneous service charges are as follows:

Service Charge	Staff Recommendation
Residential Connect and Reconnect	\$40.00
Non-residential Connect and Reconnect	\$60.00
Change of Account	\$26.00
Collection in Lieu of Disconnect	\$0.00
Returned Check Charge	Greater of \$25.00 or 5%
Late Payment Charge	Greater of \$3.00 or 1 ½ %

APPROVED

Issue 34: Is SJNG's proposal to stratify its current single residential service class into three individual classes appropriate?

Recommendation: Yes.

APPROVED

Issue 35: Is SJNG's proposal to close the proposed RS-1 and RS-2 classes to new customers following the effective date of the order in this docket appropriate?

Recommendation: No.

APPROVED

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Issue 36: Is SJNG's proposed Area Extension Program appropriate?

Recommendation: Yes, the proposed Area Extension Program equitably distributes the costs to be recovered among the customers who are paying for the extension of facilities.

APPROVED

Issue 37: Is SJNG's proposed tariff provision to allow for the recovery of its installation costs associated with converting a customer's premises to natural gas appropriate?

Recommendation: Yes. The charge to the customer who chooses to contract with SJNG for the installation costs should be stated separately on the gas bill, and not be included in the Gas Delivery Service Rate (therm charge).

APPROVED

Issue 38: What is the appropriate effective date for St Joe's revised rates and charges?

Recommendation: The revised rates and charges should become effective for meter readings on or after 30 days following the date of the Commission vote approving the rates and charges. SJNG should file revised tariffs to reflect the Commission-approved final rates and charges for administrative approval within five (5) business days of issuance of the PAA order. Pursuant to Rule 25-22.0406(8), F.A.C., customers should be notified of the revised rates in their first bill containing the new rates. A copy of the notice should be submitted to staff for approval prior to its use.

APPROVED

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Issue 39: Should any of the \$157,775 interim rate increase granted by Order No. PSC-08-0135-PCO-GU be refunded to the ratepayers?

Recommendation: No. The proper refund amount should be calculated by using the same data used to establish final rates, excluding rate case expense and other items not in effect during the interim period. This revised revenue requirement for the interim collection period should be compared to the amount of interim revenues granted. Based on this calculation, no refund is required. Further, upon issuance of the Consummating Order in this docket, the corporate undertaking should be released.

APPROVED

Issue 40: Should SJNG be required to file, within 90 days after the date of the final order in this docket, a description of all entries or adjustments to its annual report, earnings surveillance reports, and books and records that will be required as a result of the Commission's findings in this docket?

Recommendation: Yes.

APPROVED

Issue 41: Should this docket be closed?

Recommendation: If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the order, this docket should be closed upon the issuance of a consummating order.

APPROVED