

State of Florida



Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

RECEIVED-FPSC
13 FEB 27 AM 10:30
COMMISSION
CLERK

DATE: February 27, 2013
TO: Ann Cole, Commission Clerk, Office of Commission Clerk
FROM: Suzanne M. Ollila, Economic Analyst, Division of Economics *SMO*
RE: Docket No. 120325-GU - Application for approval of new depreciation rates, effective January 1, 2013, by St. Joe Natural Gas Company, Inc.

Please place the attached enclosure in the above docket file.

If you have any questions, please do not hesitate to let me know. Thank you.

Enclosure

DOCUMENT NUMBER-DATE
01026 FEB 27 2013
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Serving Florida's Panhandle Since 1963

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February 25, 2013

Sue Ollila
Fl. Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, Fl. 32399

Re: Docket No. 120325-GU
St. Joe Natural Gas Co's Application for Approval of New Depreciation Rates

Responses to Questions:

1. Q. Is the Company currently amortizing any investment tax credits or flowing back any excess deferred income taxes that will be affected by a change to depreciation rates?
 - A. No

2. Account 381 – Meters
 - a. Describe the types of meters which St. Joe currently installs on its system for its different customer classes and how such meters may differ functionally from meters installed in 2008.

SJNG installs a diaphragm meter for its class customers and there has been no functional change from meters installed in 2008.

 - b. What are the criteria St. Joe uses to retire its customer meters?

SJNG sends all meters to be tested on ten year intervals and the 3rd party company who performs the in test disposes of designated meters as directed by company at no extra cost to SJNG. SJNG is presently phasing out all 175 & 190 sized meters which are not compatible to Electronic Read Transmitters.

 - c. What is the method and/or resource the utility has relied upon to determine that the average service life of its customer meters is 25 years?

SJNG relies on historical experience.

 - d. What are the salvage and removal costs associated with St. Joe's meters, and how were such salvage and removal costs determined?

There are no removal costs to dispose of a meter.

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e. Why has the utility identified zero net salvage percentage for its customer meters?

SJNG has no salvage on retired meters.

f. How does St. Joe dispose of its retired meters?

See answer to 2b. If there are any retired at the office, they are thrown in the dumpster.

3. Please explain why St. Joe applied a 14.2% depreciation rate for Acct.#392.

Order No. PSC-08-0259-PAA-GU, page 9, states approved rate for 392 is 14.2

4. St. Joe proposing to delete Acct.#398 – Miscellaneous Equipment? Yes

5. St. Joe proposes to retain the current depreciation rates even though the proposal calculated different rates.

6. SJNG agrees with staff.

7. SJNG agrees with staff.

8. SJNG agrees with staff.

9. SJNG agrees with staff.

10. SJNG agrees with staff.

11. SJNG agrees with staff.

12. SJNG agrees with staff.

13. The adjustment of \$609 was for Acct#392 and it was to correct the rate from 14.5 to 14.2%.