

# Holland & Knight

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February 12, 2016

### Via Hand Delivery

Ms. Carlotta Stauffer  
Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

Re: St. Joe Natural Gas Company, Inc.  
Petition for Limited Proceeding to Restructure Rates

Dear Ms. Stauffer:

Enclosed for filing on behalf of St. Joe Natural Gas Company, Inc. are the original and fifteen (15) copies of its Petition for Limited Proceeding to Restructure Rates. Also enclosed is a diskette which contains a copy of the petition in Word along with the appended schedules in Excel.

If you have any questions regarding this filing, please call. Finally, please acknowledge receipt of this filing by stamping the extra copy of this letter "filed" and returning the copy to me. Thank you for your consideration.

Sincerely,

HOLLAND & KNIGHT LLP

*D. Bruce May, Jr.*  
D. Bruce May, Jr.

DBM:kjg  
Enclosure

cc: Andrew Maurey (w/Encls.)  
J.R. Kelly (w/Encls.)  
Stuart Shoaf  
Ralph Roberson

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**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Petition of St. Joe Natural Gas  
Company, Inc. for a limited proceeding  
to restructure rates.

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Docket No.: \_\_\_\_\_

Filed: February 12, 2016

**PETITION FOR LIMITED PROCEEDING TO RESTRUCTURE RATES**

St. Joe Natural Gas Company, Inc. ("SJNG" ), by and through its undersigned counsel and pursuant to Section 366.076, Florida Statutes, and Rule 25-7.0391, Florida Administrative Code, petitions the Commission to conduct a limited proceeding to restructure its rates to address a shortfall in authorized revenues due to the permanent loss of SJNG's largest and only industrial customer. Because SJNG is in need of immediate rate relief to stabilize its financial position, it respectfully requests the Commission to expedite consideration of this request using its proposed agency action procedures. In support of this Petition, SJNG states:

**Introduction**

1. The name, address and telephone number of the Petitioner are:

St. Joe Natural Gas Company, Inc.  
Post Office Box 549  
Port St. Joe, Florida 32456  
(850) 229-8216

2. All pleadings and correspondence in this proceeding should be directed to:

D. Bruce May  
Bruce.may@hklaw.com  
Tiffany A. Roddenberry  
Tiffany.roddenberry@hklaw.com  
HOLLAND & KNIGHT LLP  
P.O. Drawer 810  
Tallahassee, Florida 32302

Stuart Shoaf, President  
St. Joe Natural Gas Company, Inc.

Post Office Box 549  
Port St. Joe, Florida 32456

3. SJNG is a natural gas distribution utility subject to Commission regulation as a public utility pursuant to Chapter 366, Florida Statutes. SJNG's general offices are located at 301 Long Avenue, Port St. Joe, Florida.

4. SJNG currently serves approximately 2,954 residential and commercial customers within the municipalities of Port St. Joe, Mexico Beach, and Wewahitchka, and in unincorporated areas of Gulf County, Florida.

5. This Petition is submitted pursuant to Section 366.076, Florida Statutes, which authorizes the Commission to conduct limited proceedings to consider any matter the resolution of which requires adjustment of utility rates. A limited proceeding is appropriate in this case because SJNG is experiencing severe financial hardship due to the permanent loss of its largest and only industrial customer, and thus is in need of immediate rate relief. SJNG is not aware of any disputed issues of material fact.

#### **Background**

6. SJNG's rates were last considered and established by the Commission in Order No. PSC-08-0436-PAA-GU dated July 8, 2008 ("Rate Order").

7. The Commission established SJNG's rates based upon annual revenues of \$285,011 from Arizona Chemical Company ("Arizona") under SJNG's FTS-5 rate class. Rate Order at 30. In setting SJNG's rates and authorizing its revenues the Commission recognized that Arizona was SJNG's only industrial customer in the FTS-5 rate class, and by far its largest customer. The Commission also recognized that the loss of Arizona could have a negative impact on SJNG's financial position and require an adjustment in rates. Rate Order at 31.

8. Unfortunately, the possible loss of Arizona foreshadowed by the Commission has materialized. For business reasons entirely outside of SJNG's control, Arizona permanently closed its operations in 2009 and its physical plant has been demolished. As a consequence, SJNG has lost its largest customer which has left it with annual revenues that are at least \$285,011 below those authorized by the Commission in the Rate Order.

9. The Company currently has no customers taking service under the FTS-5 rate class and since 2009 has received no revenues from this rate class.

10. Because of these developments SJNG has not been able to recover its expenses and earn a fair return on its investment, which adversely affects its substantial interests.

11. By this Petition, SJNG seeks relief only to recover the authorized revenues from Arizona under the FTS-5 rate class. Specifically, SJNG requests that \$285,011 in authorized revenue requirements from the FTS-5 class be reallocated to the remaining customer classes. SJNG proposes to reallocate this authorized revenue deficiency of \$285,011 to the remaining customer classes according to the ratio that each class's revenues had to total revenues established in the last rate case, minus Arizona's revenue responsibility.

12. SJNG is not requesting review of any changes in total revenue requirements, operating expenses, rate base or cost of capital established in the Rate Order. Rather, it seeks only to have its rates restructured so that it will be able to achieve the revenues that were authorized in that proceeding.

13. Attached hereto and made a part hereof is an Appendix containing Schedules 1 through 5. Revenue deficiency calculations and financial comparisons are set forth on Schedules 1 and 2. Return on equity comparisons are set forth on Schedule 3, and proposed rates are calculated and compared with existing rates on Schedules 4 and 5, respectively.

14. The Commission has utilized limited proceedings to “address a specific or significant change that would adversely affect the normal operating income of the utility and are usually narrow in scope.” *In re: Application for limited proceeding increase in rates in Escambia Cnty. by Peoples Water Serv. Co. of Fla.*, Order No. PSC-13-0647-PAA-EU (Docket No. 130155-WU; Dec. 5, 2013). More to the point, the Commission has employed the limited proceeding mechanism in section 366.076, Florida Statutes, to address a natural gas utility’s shortfall in revenues due to a substantial reduction in sales to its largest industrial customer. *In re: Petition of W. Fla. Natural Gas. Co. for a limited proceeding to restructure rates*, Order No. 17664 (Docket No. 870277-GU; June 5, 1987). Here the reasons to use the limited proceeding mechanism are even more compelling since SJNG’s industrial sales have not just been reduced, they have completely vanished due to the permanent loss of SJNG’s only industrial customer. Moreover, SJNG believes that a limited proceeding using the Commission’s proposed agency action procedures is the most efficient way to resolve the narrow issues presented and will benefit customers by avoiding the expense of a full and lengthy rate case.

WHEREFORE, SJNG respectfully requests that the Commission:

(a) address the Petition on an expedited basis in a limited proceeding under section 366.076(1), Florida Statutes, using its proposed agency action procedures;

(b) approve SJNG’s restructured rates as set forth in the Petition and the Schedules appended hereto; and

(c) grant such other relief as the Commission deems appropriate.

Respectfully submitted this 12th day of February, 2016.

**HOLLAND & KNIGHT LLP**



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ST JOE NATURAL GAS COMPANY  
REVENUE DEFICIENCY CALCULATION

SCHEDULE 1  
PAGE 1 OF 1

	LAST RATE CASE FOR 7/17/08	12/31/08 LESS ARIZONA	DIFFERENCE	CURRENT REQUEST W/O RATE RELIEF
Rate Base Average	\$3,024,657	\$3,016,808	(\$7,849)	\$3,016,808
RATE OF RETURN	5.440%	5.454%		5.454%
REQUIRED ROI	\$164,541	\$164,542		\$164,542
OPERATING REVENUES	\$1,616,809	\$1,331,798	(\$285,011)	\$1,331,798
OPERATING EXPENSES				
O&M EXPENSE	\$898,431	\$898,431	\$0	\$898,431
DEPRECIATION & AMORT	\$246,211	\$246,194	(\$17)	\$246,194
TAXES OTHER	\$60,804	\$59,281	(\$1,523)	\$59,281
INCOME TAXES	\$246,822	\$210,784	(\$36,038)	\$210,784
TOTAL OPERATING EXPENSE	\$1,452,268	\$1,414,690	(\$37,578)	\$1,414,690
ACHIEVED NOI	\$164,541	(\$82,893)	(\$247,433)	(\$82,893)
NOI DEFICIENCY	\$0	\$247,434	\$247,433	\$247,434

ST JOE NATURAL GAS COMPANY  
 FINANCIAL COMPARISON AT 7/17/08  
 WITHOUT ARIZONA CHEMICAL

SCHEDULE 2  
 PAGE 1 OF 2

DESCRIPTION	LAST RATE CASE FOR 7/17/08	LAST RATE CASE LESS ARIZONA	NOTE	REQUEST W/O RATE RELIEF
<b>OPERATING REVENUES</b>				
RES. / COMM.	\$1,331,798	\$1,331,798		\$1,331,798
Arizona Chemical	\$285,011	\$0		\$0
<b>TOTALS</b>	<u>\$1,616,809</u>	<u>\$1,331,798</u>		<u>\$1,331,798</u>
<b>OPERATING EXPENSES</b>				
<b>O&amp;M EXPENSE</b>				
DISTRIBUTION	\$366,865	\$366,865		\$366,865
CUSTOMER ACCOUNTS	\$151,616	\$151,616		\$151,616
SALES EXPENSE	\$5,459	\$5,459		\$5,459
A & G EXPENSE	\$374,491	\$374,491		\$374,491
<b>TOTALS</b>	<u>\$898,431</u>	<u>\$898,431</u>		<u>\$898,431</u>
<b>DEPRECIATION &amp; AMORTIZATION</b>				
<b>TOTALS</b>	<u>\$246,211</u>	<u>\$246,194</u>	< Note 1	<u>\$246,194</u>
<b>TAXES OTHER THAN INCOME</b>				
<b>TOTALS</b>	<u>\$60,804</u>	<u>\$59,281</u>	< Note 2	<u>\$59,281</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>\$1,205,446</u>	<u>\$1,203,906</u>		<u>\$1,203,906</u>
<b>NET OPERATING INCOME BIT</b>	<u>\$411,363</u>	<u>\$127,891</u>		<u>\$127,891</u>
<b>INCOME TAXES</b>	<u>\$246,822</u>	<u>\$210,784</u>	< Note 3	<u>\$210,784</u>
<b>NOI</b>	<u>\$164,541</u>	<u>(\$82,893)</u>		<u>(\$82,893)</u>

- |    |   |             |
|----|---|-------------|
| 1. | Arizona Acct No. 385 Accum Depr. 2008                     | \$669       |
|    | Arizona Acct No. 385 Accum Depr 2010                      | \$652       |
|    | Less Arizona Retirement Actual Effect                     | <u>\$17</u> |
| 2. | Less Arizona Chemical - Taxes Other Than Income - Revenue | \$1,523     |
| 3. | Less Arizona Chemical Income Tax                          | \$36,038    |

ST JOE NATURAL GAS COMPANY  
REVENUE LOSS  
FY ENDING 12/31/15

SCHEDULE 2

PAGE 2 OF 2

	ARIZONA CHEMICAL
LAST RATE CASE	\$285,011
CURRENT FORCAST	\$0
TOTAL	<u>\$285,011</u>

ST JOE NATURAL GAS COMPANY  
 RETURN ON EQUITY COMPARISONS

SCHEDULE 3

PAGE 1 OF 1

	LAST RATE CASE 07/17/08	CURRENT 2008 FORECAST	CURRENT REQUEST W/O RATE RELIEF	CURRENT REQUEST W/ RATE RELIEF
EQUITY	\$2,179,903	\$2,179,903	\$2,179,903	\$2,179,903
NOI	\$164,542	(\$82,893)	(\$82,893)	\$164,542
INTEREST EXP	\$11,834	\$11,834	\$11,834	\$11,834
RETURN ON EQUITY	7.01%	-4.35%	-4.35%	7.01%

ST JOE NATURAL GAS COMPANY  
 CALCULATION OF PROPOSED RATES  
 2008 Rate Case Data

SCHEDULE 4

PAGE 1 OF 3

	Total	RS1	RS2	RS3	GS1	GS2	GS/FTS4
PROPOSED TOTAL TARGET REVENUES	\$1,616,809	\$319,593	\$417,769	\$547,808	\$119,271	\$123,726	\$88,642
LESS OTHER OPERATING REVENUES	\$103,746	\$37,702	\$32,631	\$31,376	\$2,037	\$0	\$0
LESS: CUSTOMER CHARGE REVENUES							
PROPOSED CUSTOMER CHARGES		\$13	\$16	\$20	\$20	\$70	\$2,000
TIMES NUMBER OF BILLS	36,900	12,737	11,056	10,056	2,611	428	12
EQUALS CUSTOMER CHARGE REVENUE	\$649,777	\$165,581	\$176,896	\$201,120	\$52,220	\$29,960	\$24,000
LESS PER THERM TARGET REVENUES							
EQUALS PER THERM TARGET REVENUES	\$863,286	\$116,310	\$208,242	\$315,312	\$65,014	\$93,766	\$64,642
DIVIDED BY NUMBER OF THERMS	1,488,982	89,736	239,198	432,770	97,612	221,568	408,098
EQUALS PER THERM RATES		\$1.29614	\$0.87058	\$0.72859	\$0.66605	\$0.42319	\$0.15840
PER THERM RATE ROUNDED		\$1.29614	\$0.87058	\$0.72859	\$0.66605	\$0.42319	\$0.15840

Per-Therm Revenue (Rnded)

Calculation of Proposed Rates reflects all data as used in Company's last rate case including the loss Arizona Chemical revenues allocated to remaining customer classes.

ST JOE NATURAL GAS COMPANY  
Rate of Return by Customer Class

SCHEDULE 4

PAGE 2 OF 3

	Total	RS1	RS2	RS3	GS1	GS2	GS/FTS4
Revenues	\$285,011	\$53,099	\$72,547	\$97,279	\$22,083	\$23,306	\$16,697
1 Gas Sales	\$1,228,052	\$228,792	\$312,590	\$419,153	\$95,151	\$100,420	\$71,945
Other Operating Revenues	\$103,746	\$37,702	\$32,631	\$31,376	\$2,037	\$0	\$0
Total	\$1,616,809	\$319,593	\$417,769	\$547,808	\$119,271	\$123,726	\$88,642
Expenses							
PGA	\$0	\$0			\$0	\$0	\$0
O&M Exp	\$898,432	\$194,663	\$260,823	\$312,197	\$31,837	\$65,975	\$32,937
Depr Exp	\$246,210	\$45,097	\$36,537	\$54,729	\$62,519	\$28,823	\$18,505
Amort Exp	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Taxes O/T Income - Fixed	\$52,719	\$9,762	\$12,534	\$16,332	\$3,863	\$5,100	\$5,128
2 Taxes O/T Income - Revenue	\$8,085	\$1,506	\$2,058	\$2,759	\$626	\$662	\$474
Total Exp Excl Income Tax	\$1,205,446	\$251,028	\$311,952	\$386,017	\$98,845	\$100,560	\$57,044
Pre Tax NOI	\$411,363	\$68,565	\$105,817	\$161,791	\$20,426	\$23,166	\$31,598
3 Income Taxes	\$246,821	\$46,006	\$62,228	\$85,816	\$16,098	\$15,423	\$21,250
NOI	\$164,542	\$22,559	\$43,589	\$75,975	\$4,328	\$7,743	\$10,348
4 Rate Base	\$3,024,657	\$554,918	\$717,693	\$939,445	\$221,993	\$292,679	\$297,929
Rate of Return	5.44%	4.07%	6.07%	8.09%	1.95%	2.65%	3.47%
Rate Base	\$3,024,657	\$554,918	\$717,693	\$939,445	\$221,993	\$292,679	\$297,929
Less AC Retirement	(\$7,849)	(\$1,462)	(\$1,998)	(\$2,679)	(\$608)	(\$642)	(\$460)
5 Rate Base w/o AC	\$3,016,808	\$553,456	\$715,695	\$936,766	\$221,385	\$292,037	\$297,469
Rate of Return	5.45%	4.08%	6.09%	8.11%	1.95%	2.65%	3.48%

Rate of return by Customer Reflects All Data Used in the Company's Last Rate Case  
Except for the Reduction of Arizona Chemical Revenues Allocated to remaining Customer Classes:

1 Gas Sales - Arizona Chemical	\$285,011	Subtracted from Gas Sales
2 Taxes O/T Income - Revenue	\$1,523	Regulatory Assessment Fee Arizona Chemical
3 Income Tax Allocated to Arizona Chemical	\$36,038	
4 Rate Base Before Retirement of Arizona Chemical Plant Items		
5 Rate Base After Retirement of Arizona Chemical Plant Items	\$7,848	

ST JOE NATURAL GAS COMPANY  
Allocation Method  
Revenue - Expenses - Income Tax - Rate Base

SCHEDULE 4

PAGE 3 OF 3

2008 Revenue Approach	TOTAL	RS-1	RS-2	RS-3	GS-1	GS-2	FTS-4	FTS-5
Approved Revenue	\$1,513,062	\$228,791	\$312,591	\$419,153	\$95,151	\$100,420	\$71,945	\$285,011
Less Arizona	(\$285,011)							
Revenue w/o Arizona	\$1,228,051	\$228,791	\$312,591	\$419,153	\$95,151	\$100,420	\$71,945	
Percent Class Revenue/Total Rev	100.00%	18.63%	25.45%	34.13%	7.75%	8.18%	5.86%	
Arizona Revenue To Recover	\$285,011	\$53,099	\$72,547	\$97,279	\$22,083	\$23,306	\$16,697	
Revenue	\$1,513,062	\$281,890	\$385,138	\$516,432	\$117,234	\$123,726	\$88,642	
	\$285,011	\$53,099	\$72,547	\$97,279	\$22,083	\$23,306	\$16,697	
2008 Therm Sales	1,488,982	89,736	239,198	432,770	97,612	221,568	408,098	
		\$0.59173	\$0.30329	\$0.22478	\$0.22624	\$0.10518	\$0.04091	
Current Rates		\$0.70441	\$0.56729	\$0.50381	\$0.43981	\$0.31801	\$0.11749	
Proposed Rates		\$1.29614	\$0.87058	\$0.72859	\$0.66605	\$0.42319	\$0.15840	
<b>2008 TOTAL APPROVED EXP</b>	<b>TOTAL</b>	<b>RS-1</b>	<b>RS-2</b>	<b>RS-3</b>	<b>GS-1</b>	<b>GS-2</b>	<b>FTS-4</b>	<b>FTS-5</b>
O&M Exp	\$898,431	\$157,850	\$210,527	\$244,755	\$16,527	\$49,817	\$21,361	\$197,594
Depr Exp	\$246,211	\$39,987	\$29,555	\$45,367	\$60,393	\$26,580	\$16,898	\$27,429
Amort Exp	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Taxes O/T Income - Fixed	\$52,720	\$4,280	\$5,044	\$6,288	\$1,583	\$2,694	\$3,404	\$29,427
Taxes O/T Income - Revenue	\$8,084	\$1,222	\$1,670	\$2,239	\$508	\$537	\$384	\$1,523
Total Exp Excl Income Tax	\$1,205,446	\$203,339	\$246,796	\$298,649	\$79,011	\$79,629	\$42,048	\$255,974
<b>2008 APPROVED ARIZONA ONLY EXP</b>	<b>TOTAL</b>	<b>18.63%</b>	<b>25.45%</b>	<b>34.13%</b>	<b>7.75%</b>	<b>8.18%</b>	<b>5.86%</b>	
O&M Exp	\$197,594	\$36,813	\$50,296	\$67,442	\$15,310	\$16,158	\$11,576	
Depr Exp	\$27,429	\$5,110	\$6,982	\$9,362	\$2,125	\$2,243	\$1,607	
Amort Exp	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Taxes O/T Income - Fixed	\$29,427	\$5,482	\$7,490	\$10,044	\$2,280	\$2,406	\$1,724	
Taxes O/T Income - Revenue	\$1,523	\$284	\$388	\$520	\$118	\$125	\$89	
Total Exp Excl Income Tax	\$255,973	\$47,689	\$65,156	\$87,368	\$19,833	\$20,931	\$14,996	
<b>2008 ARIZONA REV ALLOCATED TO REMAINING CLASSES</b>								
O&M Exp	\$898,431	\$194,663	\$260,823	\$312,197	\$31,837	\$65,975	\$32,937	
Depr Exp	\$246,210	\$45,097	\$36,537	\$54,729	\$62,519	\$28,823	\$18,505	
Amort Exp	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Taxes O/T Income - Fixed	\$52,720	\$9,762	\$12,534	\$16,332	\$3,863	\$5,100	\$5,128	
Taxes O/T Income - Revenue	\$8,084	\$1,506	\$2,058	\$2,759	\$626	\$662	\$474	
Total Exp Excl Income Tax	\$1,205,445	\$251,028	\$311,952	\$386,017	\$98,845	\$100,560	\$57,044	
<b>Income Tax</b>	<b>TOTAL</b>	<b>18.63%</b>	<b>25.45%</b>	<b>34.13%</b>	<b>7.75%</b>	<b>8.18%</b>	<b>5.86%</b>	
2008 Arizona Income Tax	\$36,038	\$6,714	\$9,173	\$12,300	\$2,792	\$2,947	\$2,111	
2008 Company Income Tax	\$246,822	\$39,292	\$53,055	\$73,516	\$13,306	\$12,476	\$19,139	
Income Tax	\$246,822	\$46,006	\$62,228	\$85,816	\$16,098	\$15,423	\$21,250	
<b>Rate Base</b>	<b>TOTAL</b>	<b>18.63%</b>	<b>25.45%</b>	<b>34.13%</b>	<b>7.75%</b>	<b>8.18%</b>	<b>5.86%</b>	
2008 Company Rate Base	\$1,709,587	\$236,415	\$282,531	\$355,936	\$89,532	\$152,883	\$197,773	
2008 Arizona Rate Base	\$1,709,587	\$318,503	\$435,162	\$583,509	\$132,461	\$139,796	\$100,156	
2010 Arizona Actual Retirement	(\$7,848)	(\$1,462)	(\$1,998)	(\$2,679)	(\$608)	(\$642)	(\$460)	
Rate Base	\$3,016,809	\$553,456	\$715,696	\$936,766	\$221,385	\$292,037	\$297,469	

ST JOE NATURAL GAS COMPANY  
 Monthly Bill Comparison Present and Proposed Rates

SCHEDULE 5

PAGE 1 OF 6

	Rate Schedule Present Rates	0-149 Residential (RS1) Proposed Rates
Customer Charge	\$13	\$13
Energy Charge	\$0.70441	\$1.29614
Gas Cost	\$0.55000	\$0.55000
Therm Usage Increment	8	8

Therm Usage	Present Mthly Bill W/O Fuel	Present Mthly Bill With Fuel	Proposed Mthly Bill W/O Fuel	Proposed Mthly Bill With Fuel	% Increase W/O Fuel	% Increase With Fuel
0	\$13	\$13	\$13	\$13	0.00%	0.00%
8	\$18.64	\$23.04	\$23.37	\$27.77	25.40%	20.55%
16	\$24.27	\$33.07	\$33.74	\$42.54	39.01%	28.63%
24	\$29.91	\$43.11	\$44.11	\$57.31	47.49%	32.95%
32	\$35.54	\$53.14	\$54.48	\$72.08	53.28%	35.63%
40	\$41.18	\$63.18	\$64.85	\$86.85	57.48%	37.46%
48	\$46.81	\$73.21	\$75.21	\$101.61	60.67%	38.80%
56	\$52.45	\$83.25	\$85.58	\$116.38	63.18%	39.81%
64	\$58.08	\$93.28	\$95.95	\$131.15	65.20%	40.60%
72	\$63.72	\$103.32	\$106.32	\$145.92	66.86%	41.24%
80	\$69.35	\$113.35	\$116.69	\$160.69	68.26%	41.76%
88	\$74.99	\$123.39	\$127.06	\$175.46	69.44%	42.20%
96	\$80.62	\$133.42	\$137.43	\$190.23	70.46%	42.58%
104	\$86.26	\$143.46	\$147.80	\$205.00	71.34%	42.90%
112	\$91.89	\$153.49	\$158.17	\$219.77	72.12%	43.18%
120	\$97.53	\$163.53	\$168.54	\$234.54	72.81%	43.42%
128	\$103.16	\$173.56	\$178.91	\$249.31	73.42%	43.64%
136	\$108.80	\$183.60	\$189.27	\$264.07	73.97%	43.83%
144	\$114.44	\$193.64	\$199.64	\$278.84	74.46%	44.00%
150	\$118.66	\$201.16	\$207.42	\$289.92	74.80%	44.12%

ST JOE NATURAL GAS COMPANY  
 Monthly Bill Comparison Present and Proposed Rates

SCHEDULE 5

PAGE 2 OF 6

	Rate Schedule Present Rates	150-299 Residential (RS2) Proposed Rates
Customer Charge	\$16	\$16
Energy Charge	\$0.56729	\$0.87058
Gas Cost	\$0.55000	\$0.55000
Therm Usage Increment	18	18

Therm Usage	Present Mthly Bill W/O Fuel	Present Mthly Bill With Fuel	Proposed Mthly Bill W/O Fuel	Proposed Mthly Bill With Fuel	% Increase W/O Fuel	% Increase With Fuel
18	\$26.21	\$36.11	\$31.67	\$41.57	20.83%	15.12%
36	\$36.42	\$56.22	\$47.34	\$67.14	29.98%	19.42%
54	\$46.63	\$76.33	\$63.01	\$92.71	35.12%	21.46%
72	\$56.84	\$96.44	\$78.68	\$118.28	38.42%	22.64%
90	\$67.06	\$116.56	\$94.35	\$143.85	40.71%	23.42%
108	\$77.27	\$136.67	\$110.02	\$169.42	42.39%	23.97%
126	\$87.48	\$156.78	\$125.69	\$194.99	43.68%	24.38%
144	\$97.69	\$176.89	\$141.36	\$220.56	44.71%	24.69%
162	\$107.90	\$197.00	\$157.03	\$246.13	45.54%	24.94%
180	\$118.11	\$217.11	\$172.70	\$271.70	46.22%	25.14%
198	\$128.32	\$237.22	\$188.38	\$297.28	46.80%	25.31%
216	\$138.53	\$257.33	\$204.05	\$322.85	47.29%	25.46%
234	\$148.75	\$277.45	\$219.72	\$348.42	47.71%	25.58%
252	\$158.96	\$297.56	\$235.39	\$373.99	48.08%	25.69%
270	\$169.17	\$317.67	\$251.06	\$399.56	48.41%	25.78%
288	\$179.38	\$337.78	\$266.73	\$425.13	48.69%	25.86%
306	\$189.59	\$357.89	\$282.40	\$450.70	48.95%	25.93%
324	\$199.80	\$378.00	\$298.07	\$476.27	49.18%	26.00%
342	\$210.01	\$398.11	\$313.74	\$501.84	49.39%	26.05%
299	\$185.62	\$350.07	\$276.30	\$440.75	48.86%	25.90%

ST JOE NATURAL GAS COMPANY  
 Monthly Bill Comparison Present and Proposed Rates

SCHEDULE 5

PAGE 3 OF 6

	Rate Schedule Present Rates	GT 300 Residential (RS3) Proposed Rates
Customer Charge	\$20	\$20
Energy Charge	\$0.50381	\$0.72859
Gas Cost	\$0.55000	\$0.55000
Therm Usage Increment	31	31

Therm Usage	Present Mthly Bill W/O Fuel	Present Mthly Bill With Fuel	Proposed Mthly Bill W/O Fuel	Proposed Mthly Bill With Fuel	% Increase W/O Fuel	% Increase With Fuel
31	\$35.62	\$52.67	\$42.59	\$59.64	19.56%	13.23%
62	\$51.24	\$85.34	\$65.17	\$99.27	27.20%	16.33%
93	\$66.85	\$118.00	\$87.76	\$138.91	31.27%	17.72%
124	\$82.47	\$150.67	\$110.35	\$178.55	33.80%	18.50%
155	\$98.09	\$183.34	\$132.93	\$218.18	35.52%	19.00%
186	\$113.71	\$216.01	\$155.52	\$257.82	36.77%	19.36%
217	\$129.33	\$248.68	\$178.10	\$297.45	37.72%	19.61%
248	\$144.94	\$281.34	\$200.69	\$337.09	38.46%	19.81%
279	\$160.56	\$314.01	\$223.28	\$376.73	39.06%	19.97%
310	\$176.18	\$346.68	\$245.86	\$416.36	39.55%	20.10%
341	\$191.80	\$379.35	\$268.45	\$456.00	39.96%	20.21%
372	\$207.42	\$412.02	\$291.04	\$495.64	40.31%	20.29%
403	\$223.04	\$444.69	\$313.62	\$535.27	40.62%	20.37%
434	\$238.65	\$477.35	\$336.21	\$574.91	40.88%	20.44%
465	\$254.27	\$510.02	\$358.79	\$614.54	41.11%	20.49%
496	\$269.89	\$542.69	\$381.38	\$654.18	41.31%	20.54%
527	\$285.51	\$575.36	\$403.97	\$693.82	41.49%	20.59%
558	\$301.13	\$608.03	\$426.55	\$733.45	41.65%	20.63%
589	\$316.74	\$640.69	\$449.14	\$773.09	41.80%	20.66%
600	\$322.29	\$652.29	\$457.15	\$787.15	41.85%	20.68%

ST JOE NATURAL GAS COMPANY  
 Monthly Bill Comparison Present and Proposed Rates

SCHEDULE 5

PAGE 4 OF 6

	Rate Schedule Present Rates	0 - 2,000 Commercial (GS1) Proposed Rates
Customer Charge	\$20	\$20
Energy Charge	\$0.43981	\$0.66605
Gas Cost	\$0.55000	\$0.55000
Therm Usage Increment	34	34

Therm Usage	Present Mthly Bill W/O Fuel	Present Mthly Bill With Fuel	Proposed Mthly Bill W/O Fuel	Proposed Mthly Bill With Fuel	% Increase W/O Fuel	% Increase With Fuel
34	\$34.95	\$53.65	\$42.65	\$61.35	22.01%	14.34%
68	\$49.91	\$87.31	\$65.29	\$102.69	30.83%	17.62%
102	\$64.86	\$120.96	\$87.94	\$144.04	35.58%	19.08%
136	\$79.81	\$154.61	\$110.58	\$185.38	38.55%	19.90%
170	\$94.77	\$188.27	\$133.23	\$226.73	40.58%	20.43%
204	\$109.72	\$221.92	\$155.87	\$268.07	42.06%	20.80%
238	\$124.67	\$255.57	\$178.52	\$309.42	43.19%	21.07%
272	\$139.63	\$289.23	\$201.16	\$350.76	44.07%	21.28%
306	\$154.58	\$322.88	\$223.81	\$392.11	44.78%	21.44%
340	\$169.54	\$356.54	\$246.46	\$433.46	45.37%	21.57%
374	\$184.49	\$390.19	\$269.10	\$474.80	45.86%	21.68%
408	\$199.44	\$423.84	\$291.75	\$516.15	46.28%	21.78%
442	\$214.40	\$457.50	\$314.39	\$557.49	46.64%	21.86%
476	\$229.35	\$491.15	\$337.04	\$598.84	46.95%	21.93%
510	\$244.30	\$524.80	\$359.68	\$640.18	47.23%	21.99%
544	\$259.26	\$558.46	\$382.33	\$681.53	47.47%	22.04%
578	\$274.21	\$592.11	\$404.97	\$722.87	47.69%	22.08%
612	\$289.16	\$625.76	\$427.62	\$764.22	47.88%	22.13%
646	\$304.12	\$659.42	\$450.27	\$805.57	48.06%	22.16%
680	\$319.07	\$693.07	\$472.91	\$846.91	48.22%	22.20%

ST JOE NATURAL GAS COMPANY  
 Monthly Bill Comparison Present and Proposed Rates

SCHEDULE 5

PAGE 5 OF 6

	Rate Schedule	2,000 - 87,500
	Present Rates	Commercial (GS2) Proposed Rates
Customer Charge	\$70	\$70
Energy Charge	\$0.31801	\$0.42319
Gas Cost	\$0.55000	\$0.55000
Therm Usage Increment	481	481

Therm Usage	Present Mthly Bill W/O Fuel	Present Mthly Bill With Fuel	Proposed Mthly Bill W/O Fuel	Proposed Mthly Bill With Fuel	% Increase W/O Fuel	% Increase With Fuel
481	\$222.96	\$487.51	\$273.56	\$538.11	22.69%	10.38%
962	\$375.93	\$905.03	\$477.11	\$1,006.21	26.92%	11.18%
1,443	\$528.89	\$1,322.54	\$680.67	\$1,474.32	28.70%	11.48%
1,924	\$681.85	\$1,740.05	\$884.22	\$1,942.42	29.68%	11.63%
2,405	\$834.81	\$2,157.56	\$1,087.78	\$2,410.53	30.30%	11.72%
2,886	\$987.78	\$2,575.08	\$1,291.33	\$2,878.63	30.73%	11.79%
3,367	\$1,140.74	\$2,992.59	\$1,494.89	\$3,346.74	31.05%	11.83%
3,848	\$1,293.70	\$3,410.10	\$1,698.44	\$3,814.84	31.29%	11.87%
4,329	\$1,446.67	\$3,827.62	\$1,902.00	\$4,282.95	31.47%	11.90%
4,810	\$1,599.63	\$4,245.13	\$2,105.56	\$4,751.06	31.63%	11.92%
5,291	\$1,752.59	\$4,662.64	\$2,309.11	\$5,219.16	31.75%	11.94%
5,772	\$1,905.55	\$5,080.15	\$2,512.67	\$5,687.27	31.86%	11.95%
6,253	\$2,058.52	\$5,497.67	\$2,716.22	\$6,155.37	31.95%	11.96%
6,734	\$2,211.48	\$5,915.18	\$2,919.78	\$6,623.48	32.03%	11.97%
7,215	\$2,364.44	\$6,332.69	\$3,123.33	\$7,091.58	32.10%	11.98%
7,696	\$2,517.40	\$6,750.20	\$3,326.89	\$7,559.69	32.16%	11.99%
8,177	\$2,670.37	\$7,167.72	\$3,530.44	\$8,027.79	32.21%	12.00%
8,658	\$2,823.33	\$7,585.23	\$3,734.00	\$8,495.90	32.26%	12.01%
9,139	\$2,976.29	\$8,002.74	\$3,937.55	\$8,964.00	32.30%	12.01%
9,620	\$3,129.26	\$8,420.26	\$4,141.11	\$9,432.11	32.34%	12.02%

ST JOE NATURAL GAS COMPANY  
 Monthly Bill Comparison Present and Proposed Rates

SCHEDULE 5

PAGE 6 OF 6

	Rate Schedule Present Rates	87,500 - 1,000,000 GS/FTS4 Proposed Rates
Customer Charge	\$2,000	\$2,000
Energy Charge	\$0.11749	\$0.15840
Gas Cost	\$0.55000	\$0.55000
Therm Usage Increment	31,000	31,000

Therm Usage	Present Mthly Bill W/O Fuel	Present Mthly Bill With Fuel	Proposed Mthly Bill W/O Fuel	Proposed Mthly Bill With Fuel	% Increase W/O Fuel	% Increase With Fuel
31,000	\$5,642.19	\$22,692.19	\$6,910.37	\$23,960.37	22.48%	5.59%
62,000	\$9,284.38	\$43,384.38	\$11,820.73	\$45,920.73	27.32%	5.85%
93,000	\$12,926.57	\$64,076.57	\$16,731.10	\$67,881.10	29.43%	5.94%
124,000	\$16,568.76	\$84,768.76	\$21,641.47	\$89,841.47	30.62%	5.98%
155,000	\$20,210.95	\$105,460.95	\$26,551.83	\$111,801.83	31.37%	6.01%
186,000	\$23,853.14	\$126,153.14	\$31,462.20	\$133,762.20	31.90%	6.03%
217,000	\$27,495.33	\$146,845.33	\$36,372.57	\$155,722.57	32.29%	6.05%
248,000	\$31,137.52	\$167,537.52	\$41,282.93	\$177,682.93	32.58%	6.06%
279,000	\$34,779.71	\$188,229.71	\$46,193.30	\$199,643.30	32.82%	6.06%
310,000	\$38,421.90	\$208,921.90	\$51,103.67	\$221,603.67	33.01%	6.07%
341,000	\$42,064.09	\$229,614.09	\$56,014.03	\$243,564.03	33.16%	6.08%
372,000	\$45,706.28	\$250,306.28	\$60,924.40	\$265,524.40	33.30%	6.08%
403,000	\$49,348.47	\$270,998.47	\$65,834.77	\$287,484.77	33.41%	6.08%
434,000	\$52,990.66	\$291,690.66	\$70,745.13	\$309,445.13	33.50%	6.09%
465,000	\$56,632.85	\$312,382.85	\$75,655.50	\$331,405.50	33.59%	6.09%
496,000	\$60,275.04	\$333,075.04	\$80,565.87	\$353,365.87	33.66%	6.09%
527,000	\$63,917.23	\$353,767.23	\$85,476.23	\$375,326.23	33.73%	6.09%
558,000	\$67,559.42	\$374,459.42	\$90,386.60	\$397,286.60	33.79%	6.10%
589,000	\$71,201.61	\$395,151.61	\$95,296.97	\$419,246.97	33.84%	6.10%
620,000	\$74,843.80	\$415,843.80	\$100,207.33	\$441,207.33	33.89%	6.10%

ST JOE NATURAL GAS COMPANY  
REVENUE DEFICIENCY CALCULATION

SCHEDULE 1  
PAGE 1 OF 1

	LAST RATE CASE FOR 7/17/08	12/31/08 LESS ARIZONA	DIFFERENCE	CURRENT REQUEST W/O RATE RELIEF
Rate Base Average	\$3,024,657	\$3,016,808	(\$7,849)	\$3,016,808
RATE OF RETURN	5.440%	5.454%	5.454%	5.454%
REQUIRED ROI	\$164,541	\$164,542	(\$428)	\$164,542
OPERATING REVENUES	\$1,616,809	\$1,331,798	(\$285,011)	\$1,331,798
OPERATING EXPENSES				
O&M EXPENSE	\$898,431	\$898,431	\$0	\$898,431
DEPRECIATION & AMORT	\$246,211	\$246,194	(\$17)	\$246,194
TAXES OTHER	\$60,804	\$59,281	(\$1,523)	\$59,281
INCOME TAXES	\$246,822	\$210,784	(\$36,038)	\$210,784
TOTAL OPERATING EXPENSE	\$1,452,268	\$1,414,690	(\$37,578)	\$1,414,690
ACHIEVED NOI	\$164,541	(\$82,893)	(\$247,433)	(\$82,893)
NOI DEFICIENCY	\$0	\$247,434	\$247,005	\$247,434

ST JOE NATURAL GAS COMPANY  
FINANCIAL COMPARISON AT 7/17/08  
WITHOUT ARIZONA CHEMICAL

SCHEDULE 2  
PAGE 1 OF 2

DESCRIPTION	LAST RATE CASE FOR 7/17/08	LAST RATE CASE LESS ARIZONA	NOTE	REQUEST W/O RATE RELIEF
<b>OPERATING REVENUES</b>				
RES. / COMM.	\$1,331,798	\$1,331,798		\$1,331,798
Arizona Chemical	<u>\$285,011</u>	<u>\$0</u>		<u>\$0</u>
TOTALS	<u>\$1,616,809</u>	<u>\$1,331,798</u>		<u>\$1,331,798</u>
<b>OPERATING EXPENSES</b>				
<b>O&amp;M EXPENSE</b>				
DISTRIBUTION	\$366,865	\$366,865		\$366,865
CUSTOMER ACCOUNTS	\$151,616	\$151,616		\$151,616
SALES EXPENSE	\$5,459	\$5,459		\$5,459
A & G EXPENSE	<u>\$374,491</u>	<u>\$374,491</u>		<u>\$374,491</u>
TOTALS	<u>\$898,431</u>	<u>\$898,431</u>		<u>\$898,431</u>
<b>DEPRECIATION &amp; AMORTIZATION</b>				
TOTALS	<u>\$246,211</u>	<u>\$246,194</u>	< Note 1	<u>\$246,194</u>
<b>TAXES OTHER THAN INCOME</b>				
TOTALS	<u>\$60,804</u>	<u>\$59,281</u>	< Note 2	<u>\$59,281</u>
TOTAL OPERATING EXPENSES	<u>\$1,205,446</u>	<u>\$1,203,906</u>		<u>\$1,203,906</u>
NET OPERATING INCOME BIT	<u>\$411,363</u>	<u>\$127,891</u>		<u>\$127,891</u>
<b>INCOME TAXES</b>				
	<u>\$246,822</u>	<u>\$210,784</u>	< Note 3	<u>\$210,784</u>
NOI	<u>\$164,541</u>	<u>(\$82,893)</u>		<u>(\$82,893)</u>

1.	Arizona Acct No. 385 Accum Depr. 2008	\$669
	Arizona Acct No. 385 Accum Depr 2010	<u>\$652</u>
	Less Arizona Retirement Actual Effect	<u>\$17</u>
2.	Less Arizona Chemical - Taxes Other Than Income - Revenue	\$1,523
3.	Less Arizona Chemical Income Tax	\$36,038

ST JOE NATURAL GAS COMPANY  
REVENUE LOSS  
FY ENDING 12/31/15

SCHEDULE 2

PAGE 2 OF 2

	ARIZONA CHEMICAL
LAST RATE CASE	\$285,011
CURRENT FORCAST	\$0
TOTAL	<u>\$285,011</u>

ST JOE NATURAL GAS COMPANY  
RETURN ON EQUITY COMPARISONS

SCHEDULE 3

PAGE 1 OF 1

	LAST RATE CASE 07/17/08	CURRENT 2008 FORECAST	CURRENT REQUEST W/O RATE RELIEF	CURRENT REQUEST W/ RATE RELIEF
EQUITY	\$2,179,903	\$2,179,903	\$2,179,903	\$2,179,903
NOI	\$164,542	(\$82,893)	(\$82,893)	\$164,542
INTEREST EXP	\$11,834	\$11,834	\$11,834	\$11,834
RETURN ON EQUITY	7.01%	-4.35%	-4.35%	7.01%

ST JOE NATURAL GAS COMPANY  
 CALCULATION OF PROPOSED RATES  
 2008 Rate Case Data

SCHEDULE 4

PAGE 1 OF 3

	Total	RS1	RS2	RS3	GS1	GS2	GS/FTS4
PROPOSED TOTAL TARGET REVENUES	\$1,616,809	\$319,593	\$417,769	\$547,808	\$119,271	\$123,726	\$88,642
LESS OTHER OPERATING REVENUES	\$103,746	\$37,702	\$32,631	\$31,376	\$2,037	\$0	\$0
LESS: CUSTOMER CHARGE REVENUES							
PROPOSED CUSTOMER CHARGES		\$13	\$16	\$20	\$20	\$70	\$2,000
TIMES NUMBER OF BILLS	36,900	12,737	11,056	10,056	2,611	428	12
EQUALS CUSTOMER CHARGE REVENUE	\$649,777	\$165,581	\$176,896	\$201,120	\$52,220	\$29,960	\$24,000
LESS PER THERM TARGET REVENUES							
EQUALS PER THERM TARGET REVENUES	\$863,286	\$116,310	\$208,242	\$315,312	\$65,014	\$93,766	\$64,642
DIVIDED BY NUMBER OF THERMS	1,488,982	89,736	239,198	432,770	97,612	221,568	408,098
EQUALS PER THERM RATES		\$1.29614	\$0.87058	\$0.72859	\$0.66605	\$0.42319	\$0.15840
<b>PER THERM RATE ROUNDED</b>		<b>\$1.29614</b>	<b>\$0.87058</b>	<b>\$0.72859</b>	<b>\$0.66605</b>	<b>\$0.42319</b>	<b>\$0.15840</b>

Per-Therm Revenue (Rnded)

Calculation of Proposed Rates reflects all data as used in Company's last rate case including the loss Arizona Chemical revenues allocated to remaining customer classes.

ST JOE NATURAL GAS COMPANY  
Rate of Return by Customer Class

SCHEDULE 4

PAGE 2 OF 3

	Total	RS1	RS2	RS3	GS1	GS2	GS/FTS4
Revenues	\$285,011	\$53,099	\$72,547	\$97,279	\$22,083	\$23,306	\$16,697
1 Gas Sales	\$1,228,052	\$228,792	\$312,590	\$419,153	\$95,151	\$100,420	\$71,945
Other Operating Revenues	\$103,746	\$37,702	\$32,631	\$31,376	\$2,037	\$0	\$0
Total	\$1,616,809	\$319,593	\$417,769	\$547,808	\$119,271	\$123,726	\$88,642
Expenses							
PGA	\$0	\$0			\$0	\$0	\$0
O&M Exp	\$898,432	\$194,663	\$260,823	\$312,197	\$31,837	\$65,975	\$32,937
Depr Exp	\$246,210	\$45,097	\$36,537	\$54,729	\$62,519	\$28,823	\$18,505
Amort Exp	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Taxes O/T Income - Fixed	\$52,719	\$9,762	\$12,534	\$16,332	\$3,863	\$5,100	\$5,128
2 Taxes O/T Income - Revenue	\$8,085	\$1,506	\$2,058	\$2,759	\$626	\$662	\$474
Total Exp Excl Income Tax	\$1,205,446	\$251,028	\$311,952	\$386,017	\$98,845	\$100,560	\$57,044
Pre Tax NOI	\$411,363	\$68,565	\$105,817	\$161,791	\$20,426	\$23,166	\$31,598
3 Income Taxes	\$246,821	\$46,006	\$62,228	\$85,816	\$16,098	\$15,423	\$21,250
NOI	\$164,542	\$22,559	\$43,589	\$75,975	\$4,328	\$7,743	\$10,348
4 Rate Base	\$3,024,657	\$554,918	\$717,693	\$939,445	\$221,993	\$292,679	\$297,929
Rate of Return	5.44%	4.07%	6.07%	8.09%	1.95%	2.65%	3.47%
Rate Base	\$3,024,657	\$554,918	\$717,693	\$939,445	\$221,993	\$292,679	\$297,929
Less AC Retirement	(\$7,849)	(\$1,462)	(\$1,998)	(\$2,679)	(\$608)	(\$642)	(\$460)
5 Rate Base w/o AC	\$3,016,808	\$553,456	\$715,695	\$936,766	\$221,385	\$292,037	\$297,469
Rate of Return	5.45%	4.08%	6.09%	8.11%	1.95%	2.65%	3.48%

Rate of return by Customer Reflects All Data Used in the Company's Last Rate Case  
Except for the Reduction of Arizona Chemical Revenues Allocated to remaining Customer Classes:

1 Gas Sales - Arizona Chemical	\$285,011	Subtracted from Gas Sales
2 Taxes O/T Income - Revenue	\$1,523	Regulatory Assessment Fee Arizona Chemical
3 Income Tax Allocated to Arizona Chemical	\$36,038	
4 Rate Base Before Retirement of Arizona Chemical Plant Items		
5 Rate Base After Retirement of Arizona Chemical Plant Items	\$7,848	

ST JOE NATURAL GAS COMPANY  
Allocation Method  
Revenue - Expenses - Income Tax - Rate Base

SCHEDULE 4

PAGE 3 OF 3

<b>2008 Revenue Approach</b>	<b>TOTAL</b>	<b>RS-1</b>	<b>RS-2</b>	<b>RS-3</b>	<b>GS-1</b>	<b>GS-2</b>	<b>FTS-4</b>	<b>FTS-5</b>
Approved Revenue	\$1,513,062	\$228,791	\$312,591	\$419,153	\$95,151	\$100,420	\$71,945	\$285,011
Less Arizona	(\$285,011)							
Revenue w/o Arizona	\$1,228,051	\$228,791	\$312,591	\$419,153	\$95,151	\$100,420	\$71,945	
Percent Class Revenue/Total Rev	100.00%	18.63%	25.45%	34.13%	7.75%	8.18%	5.86%	
Arizona Revenue To Recover	\$285,011	\$53,099	\$72,547	\$97,279	\$22,083	\$23,306	\$16,697	
Revenue	\$1,513,062	\$281,890	\$385,138	\$516,432	\$117,234	\$123,726	\$88,642	
	\$285,011	\$53,099	\$72,547	\$97,279	\$22,083	\$23,306	\$16,697	
2008 Therm Sales	1,488,982	89,736	239,198	432,770	97,612	221,568	408,098	
		\$0.59173	\$0.30329	\$0.22478	\$0.22624	\$0.10518	\$0.04091	
Current Rates		\$0.70441	\$0.56729	\$0.50381	\$0.43981	\$0.31801	\$0.11749	
Proposed Rates		\$1.29614	\$0.87058	\$0.72859	\$0.66605	\$0.42319	\$0.15840	
<b>2008 TOTAL APPROVED EXP</b>	<b>TOTAL</b>	<b>RS-1</b>	<b>RS-2</b>	<b>RS-3</b>	<b>GS-1</b>	<b>GS-2</b>	<b>FTS-4</b>	<b>FTS-5</b>
O&M Exp	\$898,431	\$157,850	\$210,527	\$244,755	\$16,527	\$49,817	\$21,361	\$197,594
Depr Exp	\$246,211	\$39,987	\$29,555	\$45,367	\$60,393	\$26,580	\$16,898	\$27,429
Amort Exp	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Taxes O/T Income - Fixed	\$52,720	\$4,280	\$5,044	\$6,288	\$1,583	\$2,694	\$3,404	\$29,427
Taxes O/T Income - Revenue	\$8,084	\$1,222	\$1,670	\$2,239	\$508	\$537	\$384	\$1,523
Total Exp Excl Income Tax	\$1,205,446	\$203,339	\$246,796	\$298,649	\$79,011	\$79,629	\$42,048	\$255,974
<b>2008 APPROVED ARIZONA ONLY EXP</b>	<b>TOTAL</b>	<b>18.63%</b>	<b>25.45%</b>	<b>34.13%</b>	<b>7.75%</b>	<b>8.18%</b>	<b>5.86%</b>	
O&M Exp	\$197,594	\$36,813	\$50,296	\$67,442	\$15,310	\$16,158	\$11,576	
Depr Exp	\$27,429	\$5,110	\$6,982	\$9,362	\$2,125	\$2,243	\$1,607	
Amort Exp	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Taxes O/T Income - Fixed	\$29,427	\$5,482	\$7,490	\$10,044	\$2,280	\$2,406	\$1,724	
Taxes O/T Income - Revenue	\$1,523	\$284	\$388	\$520	\$118	\$125	\$89	
Total Exp Excl Income Tax	\$255,973	\$47,689	\$65,156	\$87,368	\$19,833	\$20,931	\$14,996	
<b>2008 ARIZONA REV ALLOCATED TO REMAINING CLASSES</b>								
O&M Exp	\$898,431	\$194,663	\$260,823	\$312,197	\$31,837	\$65,975	\$32,937	
Depr Exp	\$246,210	\$45,097	\$36,537	\$54,729	\$62,519	\$28,823	\$18,505	
Amort Exp	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Taxes O/T Income - Fixed	\$52,720	\$9,762	\$12,534	\$16,332	\$3,863	\$5,100	\$5,128	
Taxes O/T Income - Revenue	\$8,084	\$1,506	\$2,058	\$2,759	\$626	\$662	\$474	
Total Exp Excl Income Tax	\$1,205,445	\$251,028	\$311,952	\$386,017	\$98,845	\$100,560	\$57,044	
<b>Income Tax</b>	<b>TOTAL</b>	<b>18.63%</b>	<b>25.45%</b>	<b>34.13%</b>	<b>7.75%</b>	<b>8.18%</b>	<b>5.86%</b>	
2008 Arizona Income Tax	\$36,038	\$6,714	\$9,173	\$12,300	\$2,792	\$2,947	\$2,111	
2008 Company Income Tax	\$246,822	\$39,292	\$53,055	\$73,516	\$13,306	\$12,476	\$19,139	
income Tax	\$246,822	\$46,006	\$62,228	\$85,816	\$16,098	\$15,423	\$21,250	
<b>Rate Base</b>	<b>TOTAL</b>	<b>18.63%</b>	<b>25.45%</b>	<b>34.13%</b>	<b>7.75%</b>	<b>8.18%</b>	<b>5.86%</b>	
2008 Company Rate Base	\$1,709,587	\$236,415	\$282,531	\$355,936	\$89,532	\$152,883	\$197,773	
2008 Arizona Rate Base	\$1,709,587	\$318,503	\$435,162	\$583,509	\$132,461	\$139,796	\$100,156	
2010 Arizona Actual Retirement	(\$7,848)	(\$1,462)	(\$1,998)	(\$2,679)	(\$608)	(\$642)	(\$460)	
Rate Base	\$3,016,809	\$553,456	\$715,696	\$936,766	\$221,385	\$292,037	\$297,469	

ST JOE NATURAL GAS COMPANY  
 Monthly Bill Comparison Present and Proposed Rates

SCHEDULE 5

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	Rate Schedule Present Rates	0-149 Residential (RS1) Proposed Rates
Customer Charge	\$13	\$13
Energy Charge	\$0.70441	\$1.29614
Gas Cost	\$0.55000	\$0.55000
Therm Usage Increment	8	8

Therm Usage	Present Mthly Bill W/O Fuel	Present Mthly Bill With Fuel	Proposed Mthly Bill W/O Fuel	Proposed Mthly Bill With Fuel	% Increase W/O Fuel	% Increase With Fuel
0	\$13	\$13	\$13	\$13	0.00%	0.00%
8	\$18.64	\$23.04	\$23.37	\$27.77	25.40%	20.55%
16	\$24.27	\$33.07	\$33.74	\$42.54	39.01%	28.63%
24	\$29.91	\$43.11	\$44.11	\$57.31	47.49%	32.95%
32	\$35.54	\$53.14	\$54.48	\$72.08	53.28%	35.63%
40	\$41.18	\$63.18	\$64.85	\$86.85	57.48%	37.46%
48	\$46.81	\$73.21	\$75.21	\$101.61	60.67%	38.80%
56	\$52.45	\$83.25	\$85.58	\$116.38	63.18%	39.81%
64	\$58.08	\$93.28	\$95.95	\$131.15	65.20%	40.60%
72	\$63.72	\$103.32	\$106.32	\$145.92	66.86%	41.24%
80	\$69.35	\$113.35	\$116.69	\$160.69	68.26%	41.76%
88	\$74.99	\$123.39	\$127.06	\$175.46	69.44%	42.20%
96	\$80.62	\$133.42	\$137.43	\$190.23	70.46%	42.58%
104	\$86.26	\$143.46	\$147.80	\$205.00	71.34%	42.90%
112	\$91.89	\$153.49	\$158.17	\$219.77	72.12%	43.18%
120	\$97.53	\$163.53	\$168.54	\$234.54	72.81%	43.42%
128	\$103.16	\$173.56	\$178.91	\$249.31	73.42%	43.64%
136	\$108.80	\$183.60	\$189.27	\$264.07	73.97%	43.83%
144	\$114.44	\$193.64	\$199.64	\$278.84	74.46%	44.00%
150	\$118.66	\$201.16	\$207.42	\$289.92	74.80%	44.12%

ST JOE NATURAL GAS COMPANY  
 Monthly Bill Comparison Present and Proposed Rates

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	Rate Schedule Present Rates	150-299 Residential (RSZ) Proposed Rates
Customer Charge	\$16	\$16
Energy Charge	\$0.56729	\$0.87058
Gas Cost	\$0.55000	\$0.55000
Therm Usage Increment	18	18

Therm Usage	Present Mthly Bill W/O Fuel	Present Mthly Bill With Fuel	Proposed Mthly Bill W/O Fuel	Proposed Mthly Bill With Fuel	% Increase W/O Fuel	% Increase With Fuel
18	\$26.21	\$36.11	\$31.67	\$41.57	20.83%	15.12%
36	\$36.42	\$56.22	\$47.34	\$67.14	29.98%	19.42%
54	\$46.63	\$76.33	\$63.01	\$92.71	35.12%	21.46%
72	\$56.84	\$96.44	\$78.68	\$118.28	38.42%	22.64%
90	\$67.06	\$116.56	\$94.35	\$143.85	40.71%	23.42%
108	\$77.27	\$136.67	\$110.02	\$169.42	42.39%	23.97%
126	\$87.48	\$156.78	\$125.69	\$194.99	43.68%	24.38%
144	\$97.69	\$176.89	\$141.36	\$220.56	44.71%	24.69%
162	\$107.90	\$197.00	\$157.03	\$246.13	45.54%	24.94%
180	\$118.11	\$217.11	\$172.70	\$271.70	46.22%	25.14%
198	\$128.32	\$237.22	\$188.38	\$297.28	46.80%	25.31%
216	\$138.53	\$257.33	\$204.05	\$322.85	47.29%	25.46%
234	\$148.75	\$277.45	\$219.72	\$348.42	47.71%	25.58%
252	\$158.96	\$297.56	\$235.39	\$373.99	48.08%	25.69%
270	\$169.17	\$317.67	\$251.06	\$399.56	48.41%	25.78%
288	\$179.38	\$337.78	\$266.73	\$425.13	48.69%	25.86%
306	\$189.59	\$357.89	\$282.40	\$450.70	48.95%	25.93%
324	\$199.80	\$378.00	\$298.07	\$476.27	49.18%	26.00%
342	\$210.01	\$398.11	\$313.74	\$501.84	49.39%	26.05%
299	\$185.62	\$350.07	\$276.30	\$440.75	48.86%	25.90%

ST JOE NATURAL GAS COMPANY  
 Monthly Bill Comparison Present and Proposed Rates

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	Rate Schedule Present Rates	GT 300 Residential (RS3) Proposed Rates
Customer Charge	\$20	\$20
Energy Charge	\$0.50381	\$0.72859
Gas Cost	\$0.55000	\$0.55000
Therm Usage Increment	31	31

Therm Usage	Present Mthly Bill W/O Fuel	Present Mthly Bill With Fuel	Proposed Mthly Bill W/O Fuel	Proposed Mthly Bill With Fuel	% Increase W/O Fuel	% Increase With Fuel
31	\$35.62	\$52.67	\$42.59	\$59.64	19.56%	13.23%
62	\$51.24	\$85.34	\$65.17	\$99.27	27.20%	16.33%
93	\$66.85	\$118.00	\$87.76	\$138.91	31.27%	17.72%
124	\$82.47	\$150.67	\$110.35	\$178.55	33.80%	18.50%
155	\$98.09	\$183.34	\$132.93	\$218.18	35.52%	19.00%
186	\$113.71	\$216.01	\$155.52	\$257.82	36.77%	19.36%
217	\$129.33	\$248.68	\$178.10	\$297.45	37.72%	19.61%
248	\$144.94	\$281.34	\$200.69	\$337.09	38.46%	19.81%
279	\$160.56	\$314.01	\$223.28	\$376.73	39.06%	19.97%
310	\$176.18	\$346.68	\$245.86	\$416.36	39.55%	20.10%
341	\$191.80	\$379.35	\$268.45	\$456.00	39.96%	20.21%
372	\$207.42	\$412.02	\$291.04	\$495.64	40.31%	20.29%
403	\$223.04	\$444.69	\$313.62	\$535.27	40.62%	20.37%
434	\$238.65	\$477.35	\$336.21	\$574.91	40.88%	20.44%
465	\$254.27	\$510.02	\$358.79	\$614.54	41.11%	20.49%
496	\$269.89	\$542.69	\$381.38	\$654.18	41.31%	20.54%
527	\$285.51	\$575.36	\$403.97	\$693.82	41.49%	20.59%
558	\$301.13	\$608.03	\$426.55	\$733.45	41.65%	20.63%
589	\$316.74	\$640.69	\$449.14	\$773.09	41.80%	20.66%
600	\$322.29	\$652.29	\$457.15	\$787.15	41.85%	20.68%

ST JOE NATURAL GAS COMPANY  
 Monthly Bill Comparison Present and Proposed Rates

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	Rate Schedule	0 - 2,000
	Present Rates	Commercial (GS1) Proposed Rates
Customer Charge	\$20	\$20
Energy Charge	\$0.43981	\$0.66605
Gas Cost	\$0.55000	\$0.55000
Therm Usage Increment	34	34

Therm Usage	Present Mthly Bill W/O Fuel	Present Mthly Bill With Fuel	Proposed Mthly Bill W/O Fuel	Proposed Mthly Bill With Fuel	% Increase W/O Fuel	% Increase With Fuel
34	\$34.95	\$53.65	\$42.65	\$61.35	22.01%	14.34%
68	\$49.91	\$87.31	\$65.29	\$102.69	30.83%	17.62%
102	\$64.86	\$120.96	\$87.94	\$144.04	35.58%	19.08%
136	\$79.81	\$154.61	\$110.58	\$185.38	38.55%	19.90%
170	\$94.77	\$188.27	\$133.23	\$226.73	40.58%	20.43%
204	\$109.72	\$221.92	\$155.87	\$268.07	42.06%	20.80%
238	\$124.67	\$255.57	\$178.52	\$309.42	43.19%	21.07%
272	\$139.63	\$289.23	\$201.16	\$350.76	44.07%	21.28%
306	\$154.58	\$322.88	\$223.81	\$392.11	44.78%	21.44%
340	\$169.54	\$356.54	\$246.46	\$433.46	45.37%	21.57%
374	\$184.49	\$390.19	\$269.10	\$474.80	45.86%	21.68%
408	\$199.44	\$423.84	\$291.75	\$516.15	46.28%	21.78%
442	\$214.40	\$457.50	\$314.39	\$557.49	46.64%	21.86%
476	\$229.35	\$491.15	\$337.04	\$598.84	46.95%	21.93%
510	\$244.30	\$524.80	\$359.68	\$640.18	47.23%	21.99%
544	\$259.26	\$558.46	\$382.33	\$681.53	47.47%	22.04%
578	\$274.21	\$592.11	\$404.97	\$722.87	47.69%	22.08%
612	\$289.16	\$625.76	\$427.62	\$764.22	47.88%	22.13%
646	\$304.12	\$659.42	\$450.27	\$805.57	48.06%	22.16%
680	\$319.07	\$693.07	\$472.91	\$846.91	48.22%	22.20%

ST JOE NATURAL GAS COMPANY  
 Monthly Bill Comparison Present and Proposed Rates

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	Rate Schedule Present Rates	2,000 - 87,500 Commercial (GS2) Proposed Rates
Customer Charge	\$70	\$70
Energy Charge	\$0.31801	\$0.42319
Gas Cost	\$0.55000	\$0.55000
Therm Usage Increment	481	481

Therm Usage	Present Mthly Bill W/O Fuel	Present Mthly Bill With Fuel	Proposed Mthly Bill W/O Fuel	Proposed Mthly Bill With Fuel	% Increase W/O Fuel	% Increase With Fuel
481	\$222.96	\$487.51	\$273.56	\$538.11	22.69%	10.38%
962	\$375.93	\$905.03	\$477.11	\$1,006.21	26.92%	11.18%
1,443	\$528.89	\$1,322.54	\$680.67	\$1,474.32	28.70%	11.48%
1,924	\$681.85	\$1,740.05	\$884.22	\$1,942.42	29.68%	11.63%
2,405	\$834.81	\$2,157.56	\$1,087.78	\$2,410.53	30.30%	11.72%
2,886	\$987.78	\$2,575.08	\$1,291.33	\$2,878.63	30.73%	11.79%
3,367	\$1,140.74	\$2,992.59	\$1,494.89	\$3,346.74	31.05%	11.83%
3,848	\$1,293.70	\$3,410.10	\$1,698.44	\$3,814.84	31.29%	11.87%
4,329	\$1,446.67	\$3,827.62	\$1,902.00	\$4,282.95	31.47%	11.90%
4,810	\$1,599.63	\$4,245.13	\$2,105.56	\$4,751.06	31.63%	11.92%
5,291	\$1,752.59	\$4,662.64	\$2,309.11	\$5,219.16	31.75%	11.94%
5,772	\$1,905.55	\$5,080.15	\$2,512.67	\$5,687.27	31.86%	11.95%
6,253	\$2,058.52	\$5,497.67	\$2,716.22	\$6,155.37	31.95%	11.96%
6,734	\$2,211.48	\$5,915.18	\$2,919.78	\$6,623.48	32.03%	11.97%
7,215	\$2,364.44	\$6,332.69	\$3,123.33	\$7,091.58	32.10%	11.98%
7,696	\$2,517.40	\$6,750.20	\$3,326.89	\$7,559.69	32.16%	11.99%
8,177	\$2,670.37	\$7,167.72	\$3,530.44	\$8,027.79	32.21%	12.00%
8,658	\$2,823.33	\$7,585.23	\$3,734.00	\$8,495.90	32.26%	12.01%
9,139	\$2,976.29	\$8,002.74	\$3,937.55	\$8,964.00	32.30%	12.01%
9,620	\$3,129.26	\$8,420.26	\$4,141.11	\$9,432.11	32.34%	12.02%

ST JOE NATURAL GAS COMPANY  
 Monthly Bill Comparison Present and Proposed Rates

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	Rate Schedule Present Rates	87,500 - 1,000,000 GS/FTS4 Proposed Rates
Customer Charge	\$2,000	\$2,000
Energy Charge	\$0.11749	\$0.15840
Gas Cost	\$0.55000	\$0.55000
Therm Usage Increment	31,000	31,000

Therm Usage	Present Mthly Bill W/O Fuel	Present Mthly Bill With Fuel	Proposed Mthly Bill W/O Fuel	Proposed Mthly Bill With Fuel	% Increase W/O Fuel	% Increase With Fuel
31,000	\$5,642.19	\$22,692.19	\$6,910.37	\$23,960.37	22.48%	5.59%
62,000	\$9,284.38	\$43,384.38	\$11,820.73	\$45,920.73	27.32%	5.85%
93,000	\$12,926.57	\$64,076.57	\$16,731.10	\$67,881.10	29.43%	5.94%
124,000	\$16,568.76	\$84,768.76	\$21,641.47	\$89,841.47	30.62%	5.98%
155,000	\$20,210.95	\$105,460.95	\$26,551.83	\$111,801.83	31.37%	6.01%
186,000	\$23,853.14	\$126,153.14	\$31,462.20	\$133,762.20	31.90%	6.03%
217,000	\$27,495.33	\$146,845.33	\$36,372.57	\$155,722.57	32.29%	6.05%
248,000	\$31,137.52	\$167,537.52	\$41,282.93	\$177,682.93	32.58%	6.06%
279,000	\$34,779.71	\$188,229.71	\$46,193.30	\$199,643.30	32.82%	6.06%
310,000	\$38,421.90	\$208,921.90	\$51,103.67	\$221,603.67	33.01%	6.07%
341,000	\$42,064.09	\$229,614.09	\$56,014.03	\$243,564.03	33.16%	6.08%
372,000	\$45,706.28	\$250,306.28	\$60,924.40	\$265,524.40	33.30%	6.08%
403,000	\$49,348.47	\$270,998.47	\$65,834.77	\$287,484.77	33.41%	6.08%
434,000	\$52,990.66	\$291,690.66	\$70,745.13	\$309,445.13	33.50%	6.09%
465,000	\$56,632.85	\$312,382.85	\$75,655.50	\$331,405.50	33.59%	6.09%
496,000	\$60,275.04	\$333,075.04	\$80,565.87	\$353,365.87	33.66%	6.09%
527,000	\$63,917.23	\$353,767.23	\$85,476.23	\$375,326.23	33.73%	6.09%
558,000	\$67,559.42	\$374,459.42	\$90,386.60	\$397,286.60	33.79%	6.10%
589,000	\$71,201.61	\$395,151.61	\$95,296.97	\$419,246.97	33.84%	6.10%
620,000	\$74,843.80	\$415,843.80	\$100,207.33	\$441,207.33	33.89%	6.10%