

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 160033-GU

PETITION FOR LIMITED PROCEEDING
TO RESTRUCTURE RATES BY ST. JOE
NATURAL GAS COMPANY, INC.

PROCEEDINGS: COMMISSION CONFERENCE AGENDA
ITEM NO. 10

COMMISSIONERS
PARTICIPATING: CHAIRMAN JULIE I. BROWN
COMMISSIONER LISA POLAK EDGAR
COMMISSIONER ART GRAHAM
COMMISSIONER RONALD A. BRISÉ
COMMISSIONER JIMMY PATRONIS

DATE: Thursday, July 7, 2016

PLACE: Betty Easley Conference Center
Room 148
4075 Esplanade Way
Tallahassee, Florida

REPORTED BY: LINDA BOLES, CRR, RPR
Official FPSC Reporter
(850) 413-6734

P R O C E E D I N G S

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2 **CHAIRMAN BROWN:** All right. And the last item
3 is Item 10 before we adjourn today.

4 **MR. ROME:** Good morning, Commissioners. Don
5 Rome with Commission staff.

6 Item 10 is a petition filed by St. Joe Natural
7 Gas Company to restructure its rates to address a
8 shortfall in revenues due to the permanent loss of its
9 largest and only industrial customer, the Arizona
10 Chemical Company. St. Joe is not requesting any changes
11 to the total revenue requirement, operating expenses,
12 rate base, or cost of capital that were approved in the
13 company's last rate case proceeding in 2008. St. Joe
14 seeks only to restructure its gas delivery charges to
15 reallocate the revenue deficiency from the loss of
16 Arizona proportionately among the remaining customer
17 classes. The proposed restructured rates are intended
18 to recover no more revenues than were approved in
19 St. Joe's 2008 rate case. The typical monthly bill
20 impacts to St. Joe's three residential customer rate
21 schedules would range from \$4.73 to \$6.97, depending
22 upon the customer size and based on annual therm usage.
23 Staff conducted a customer meeting in Port St.
24 Joe on April 11th, 2016, at which time three customers
25 provided comments for the record. Other than the

1 comments provided at the customer meeting, staff is not
2 aware of any customer correspondence or complaints
3 regarding this docket.

4 Based on staff's review of the 2008 rate case
5 proceedings and the information provided in this docket,
6 St. Joe's proposed rate restructuring appears to be
7 reasonable and staff recommends approval. St. Joe also
8 is represented here today in the event that there are
9 any questions.

10 **CHAIRMAN BROWN:** Thank you, Mr. Rome.

11 Mr. May, good morning.

12 **MR. MAY:** Good morning, Madam Chair,
13 Commissioners. Bruce May with the law firm of Holland &
14 Knight. We support staff's recommendation. The
15 president of St. Joe Natural Gas, Stuart Shoaf, and the
16 vice president, Andy Shoaf, are both here to answer any
17 questions. We really don't have any formal presentation
18 except to say in light of the last agenda item, I do
19 think it's important for us to convey to you that in
20 this particular unique situation, St. Joe Natural Gas is
21 not requesting any rate case expense as part of this
22 limited proceeding, so.

23 **CHAIRMAN BROWN:** Thank you, and it is very
24 relevant.

25 So, Mr. Shoaf, the Shoafs are father, son?

1 **MR. STUART SHOAF:** Yes.

2 **CHAIRMAN BROWN:** Great. Thank you for being
3 here today.

4 **MR. STUART SHOAF:** Good morning.

5 **CHAIRMAN BROWN:** Good morning. I appreciate
6 you coming up with a rate restructuring rather than a
7 full-blown rate case. But with that in mind, I'm
8 curious about what you all are doing since 2009 to
9 attract a new replacement industrial customer,
10 commercial customer comparable to Arizona.

11 **MR. STUART SHOAF:** The -- in Port St. Joe,
12 we're -- as you know, it's a fairly small town,
13 2,500 population. The county is 15,000, been that for
14 the last 20 years. We're somewhat landlocked with
15 Tyndall Air Force to the west and Apalachicola, I guess,
16 on the east. We're also surrounded by property owned by
17 the former St. Joe Company, and now the Mormon Church
18 has acquired quite a bit of it. So there's not an awful
19 lot of available land for a large industry to come in.
20 But the efforts we make in trying to add a new large
21 industrial customer being that we maintain an open
22 relationship with the Economic Development Council. I
23 actually served on it a number of years ago. We stay in
24 touch with them. Of course, all of the prospects they
25 get are usually code named and you can't really find out

1 a whole lot about it, although that organization does
2 routinely contact the gas company to make sure they have
3 our current pipeline size, pressures, available capacity
4 and those sort of things. And we do stay in touch with
5 the EDC about that, making sure they know that -- what
6 natural gas is available for potential new customers.

7 We also -- as far as the residential and
8 commercial, we constantly pull the new permit
9 applications at the courthouse and follow up on all of
10 the new construction and that sort of thing. And so we
11 make every effort to bill low, particularly in our
12 residential and commercial. As far as the industrial,
13 those are a lot more difficult to penetrate, but we do
14 pay attention to it. We actually have -- currently have
15 a prospect that's been visiting with us for the last six
16 months about a potential large use of gas that they've
17 been in our office multiple times, we've met and always
18 accommodated them, provided everything they've asked
19 for. We've put them in touch with the pipeline and also
20 the gas marketers and try to educate them on what it
21 takes to do the gas side of their plan. So in
22 conclusion, I guess, we do all that we're capable of
23 doing. We're a pretty small company.

24 **CHAIRMAN BROWN:** Yeah. Is it realistic to get
25 a comparable replacement?

1 **MR. STUART SHOAF:** Well, it -- only in that
2 the new technologies, as I understand it, that have come
3 along in the LNG market have opened up a few new
4 opportunities. But I think there are an awful lot of
5 folks around, not just Florida, but the country, that
6 are trying to get into that market, and I think they're
7 all -- I think the pipeline told me one out of five
8 makes it. Most of them don't. There are a lot of
9 people trying to do it. We have a port authority in
10 St. Joe that's been in its infancy for 20 years, and
11 they're trying to get things started with the port
12 authority. We're in close connection with that.
13 Actually my other son is on that board, so we've got to
14 keep up with what they're doing.

15 **CHAIRMAN BROWN:** You've got it covered.

16 **MR. STUART SHOAF:** And we do all that we can
17 in our circumstances to try to bring in a large and
18 industrial load. So there's not a whole lot, though,
19 that we can do other than what I've mentioned.

20 **CHAIRMAN BROWN:** I appreciate you coming here
21 today and telling us that and getting a better
22 perspective of the situation, and also the fact that you
23 didn't come in for a full-blown rate case. That's --

24 **MR. STUART SHOAF:** We try to keep our rates
25 low. Contrary to a lot of opinion, we want them low, we

1 like them low, and we do everything we can to keep them
2 low.

3 **CHAIRMAN BROWN:** Thank you very much.
4 Commissioners, any other comments or
5 questions?

6 Ready for a motion.

7 **COMMISSIONER GRAHAM:** Move staff.

8 **COMMISSIONER EDGAR:** Second.

9 **CHAIRMAN BROWN:** All those in favor, say aye.

10 (Vote taken.)

11 All right. The motion passes.

12 Thank you, again, for coming here.

13 **MR. STUART SHOAF:** Thank you.

14 **CHAIRMAN BROWN:** All right. That concludes
15 the agenda conference. We will convene in the Internal
16 Affairs room in five minutes -- ten minutes. See you at
17 11:30.

18 (Proceeding adjourned at 11:20 a.m.)
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1 STATE OF FLORIDA)
2 : CERTIFICATE OF REPORTER
3 COUNTY OF LEON)

4 I, LINDA BOLES, CRR, RPR, Official Commission
5 Reporter, do hereby certify that the foregoing
6 proceeding was heard at the time and place herein
7 stated.

8 IT IS FURTHER CERTIFIED that I stenographically
9 reported the said proceedings; that the same has been
10 transcribed under my direct supervision; and that this
11 transcript constitutes a true transcription of my notes
12 of said proceedings.

13 I FURTHER CERTIFY that I am not a relative,
14 employee, attorney or counsel of any of the parties, nor
15 am I a relative or employee of any of the parties'
16 attorney or counsel connected with the action, nor am I
17 financially interested in the action.

18 DATED THIS 15th day of July, 2016.

19 *Linda Boles*

20 _____
21 LINDA BOLES, CRR, RPR
22 FPSC Official Hearings Reporter
23 (850) 413-6734
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