

State of Florida



# Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD  
TALLAHASSEE, FLORIDA 32399-0850

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

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**DATE:** December 20, 2024

**TO:** Office of Commission Clerk (Teitzman)

**FROM:** Division of Economics (Ward, McClelland, Barrett) *JP*  
Division of Accounting and Finance (Vogel, Norris) *ALM*  
Office of the General Counsel (Dose, Crawford, Farooqi) *JSC*

**RE:** Docket No. 20240046-GU – Petition for rate increase by St. Joe Natural Gas Company, Inc.  
  
Docket No. 20240004-GU – Natural gas conservation cost recovery.

**AGENDA:** 01/07/25 – Regular Agenda – Proposed Agency Action – Interested Persons May Participate

**COMMISSIONERS ASSIGNED:** All Commissioners

**PREHEARING OFFICER:** Fay

**CRITICAL DATES:** 12/03/24 (5-Month Effective Date – PAA Rate Case waived through 12/03/24)

**SPECIAL INSTRUCTIONS:** None

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## Case Background

On May 29, 2024, St. Joe Natural Gas Company, Inc. (SJNG or Company) filed a petition seeking the Commission's approval to increase rates and charges. SJNG provides sales and transportation of natural gas and is a public utility subject to the Commission's regulatory jurisdiction under Chapter 366, Florida Statutes (F.S.). SJNG currently serves approximately 3,186 residential and commercial customers in Gulf and Bay Counties.

At the December 3, 2024 Agenda Conference, the Commission approved an increase in annual operating revenues of \$936,224. The total Company target revenues, including other operating

revenues, is \$2,506,009. The staff-calculated final revenue requirement calculation that reflect the Commission-approved increase to operating revenues is contained in Attachment A to the recommendation.

At the December 3, 2024 Agenda Conference, the Commission approved Issue 34, which combined the RS-1 and RS-2 rate classes. As part of this Issue, SJNG was required to file revised Energy Conservation Cost Recovery (ECCR) factors and associated ECCR tariffs reflecting the combination of the two rate classes for approval at the January 7, 2025 Agenda. On December 13, 2024, SJNG filed revised ECCR factors and associated ECCR tariffs. The ECCR factors and associated tariffs are contained in Attachment C.

This recommendation addresses the issues that were not addressed at the December 3, 2024 Agenda Conference: Issue 30 (customer charges), Issue 31 (distribution charges), Issue 35 (approval of tariffs), Issue 36 (effective date), and Issue 40 (close docket).

The Commission approved an interim revenue increase of \$543,665 and interim rates effective September 8, 2024.<sup>1</sup> The base rate portion for a residential bill for a RS-2 customer who uses 20 therms per month was \$33.41 prior to interim rates. Currently, under interim rates the base rate portion is \$51.85. Under the proposed rates, the base rate portion would increase to \$57.32. The total bill, which includes the Purchased Gas Adjustment Factor and ECCR factors, would increase from \$77.68 to \$82.51 for an RS-2 customer who uses 20 therms per month. Prior to interim rates the total bill for an RS-2 customer using 20 therms per month was \$59.24.

On December 17, 2024, the Company filed a revised cost of service study and associated tariffs reflecting the final Commission-approved revenue requirement. The proposed customer and per therm distribution charges are calculated in the revised cost of service study shown in the attached tariffs. Even though the Commission-approved revenue increase is lower than the Company's request in its petition, the proposed therm distribution charges are higher than the charges that were contained in the Company's petition. The Company's cost of service included in its petition contained errors and, therefore, reflected charges that produced revenues that were less than the Company's request. The tariffs included in Attachment B to the recommendation reflect charges that are consistent with the Commission-approved revenue increase. The Commission has jurisdiction over this matter pursuant to Chapter 366 F.S., including Sections 366.06 and 366.071, F.S.

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<sup>1</sup> Order No. PSC-2024-0379-PCO-GU, issued August 28, 2024, in Docket No. 20240046-GU, *In re: Petition for rate increase by St. Joe Natural Gas Company, Inc.*

## Discussion of Issues

**Issue 30:** What are the appropriate customer charges?

**Recommendation:** The proposed customer charges should be approved as provided in the tariffs in Attachment B to the recommendation. (McClelland)

**Staff Analysis:** The customer charges, in combination with the per therm Gas Delivery Service Rates shown in Issue 31, are designed to allow the Company to recover the total Commission-approved revenue requirement. Furthermore, the Commission approved the Company's proposed cost of service methodology in Issue 41 at the December 3, 2024 Agenda Conference. The proposed customer charges reflect the approved revenue requirements and cost of service methodology; therefore, the proposed charges provided in the tariffs in Attachment B to the recommendation should be approved.

**Issue 31:** What are the appropriate per therm Gas Delivery Service Rates?

**Recommendation:** The proposed per therm Gas Delivery Service Rates should be approved as provided in the tariffs in Attachment B to the recommendation. (McClelland)

**Staff Analysis:** Staff has reviewed the revised cost of service study and associated tariffs, which were revised to reflect the final Commission-approved revenue requirement. Reviewing the documentation provided by SJNG, staff believes that the revised cost of service study and associated tariffs are in accordance with the Commission vote from the December 3, 2024 Agenda Conference. The Commission should approve the proposed tariffs as provided in Attachment B to the recommendation.

**Issue 35:** Should the Commission give staff administrative authority to approve tariffs reflecting Commission-approved rates and charges?

**Recommendation:** Yes. The Commission should approve the tariffs as shown in Attachments B and C to the recommendation. (McClelland, Barrett)

**Staff Analysis:** Staff has reviewed the revised cost of service study and associated tariffs for revised base rates, which were revised to reflect the final Commission-approved revenue requirement. The documentation provided by SJNG is in accordance with the Commission vote from the December 3, 2024 Agenda Conference. Staff also reviewed the revised ECCR factors and they have been calculated correctly to reflect the combination of the RS-1 and RS-2 rate classes. The Commission should approve the proposed tariffs as provided in Attachments B and C to the recommendation.

**Issue 36:** What is the effective date for SJNG's revised rates and charges?

**Recommendation:** Pursuant to Section 366.06(4), F.S., SJNG is entitled to place no more than its requested rates into effect subject to refund, upon notice to the Commission and upon filing the appropriate tariffs. Should no protest be timely filed, SJNG should be authorized to release the security holding rates subject to refund upon the expiration of the protest period and issuance of the consummating order. In the alternative, SJNG may implement the PAA rates approved herein upon the expiration of the protest period and issuance of the consummating order. (Dose, Farooqi)

**Staff Analysis:** SJNG will provide a direct notice to customers during January 2025, which will identify the final Commission-approved rates and charges. This notice will also be posted to SJNG's website.

Pursuant to Section 366.06(4), F.S., SJNG is entitled to place no more than its requested rates into effect subject to refund, upon notice to the Commission and upon filing the appropriate tariffs. Should no protest be timely filed, SJNG should be authorized to release the security holding rates subject to refund upon the expiration of the protest period and issuance of the consummating order. In the alternative, SJNG may implement the PAA rates approved herein upon the expiration of the protest period and issuance of the consummating order.

**Issue 40:** Should these dockets be closed?

**Recommendation:** After the final order is issued, Docket No. 20240046-GU should be closed. Docket No. 20240004-GU is a continuing docket and should remain open. (Dose, Farooqi)

**Staff Analysis:** After the final order is issued, Docket No. 20240046-GU should be closed. Docket No. 20240004-GU is a continuing docket and should remain open.

COMPARATIVE REVENUE DEFICIENCY CALCULATIONS		
ST. JOE NATURAL GAS COMPANY, INC.	ATTACHMENT A	
DOCKET NO. 20240046-GU		
PTY 12/31/24		
	COMPANY ADJUSTED	COMMISSION APPROVED
RATE BASE (AVERAGE)	\$3,381,787	\$3,251,285
RATE OF RETURN	X <u>6.05%</u> X	<u>6.58%</u>
REQUIRED NOI	<u>\$204,598</u>	<u>\$214,072</u>
Operating Revenues	\$1,549,003	\$1,569,785
Total Operating Expenses	<u>2,125,974</u>	<u>2,049,059</u>
ACHIEVED NOI	<u>(\$576,971)</u>	<u>(\$479,274)</u>
NET REVENUE DEFICIENCY	\$781,569	\$693,346
REVENUE EXPANSION FACTOR	1.3356	1.3503
REVENUE DEFICIENCY	<u><u>\$1,043,841</u></u>	<u><u>\$936,224</u></u>



ST. JOE NATURAL GAS COMPANY, INC.  
Original Volume No. 4

First Revised Sheet No. 27  
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**RULES AND REGULATIONS**

**SECTION 7 – MISCELLANEOUS CHARGES AND FEES**

- 7.1 Residential Connection \$80.00**  
**Residential Reconnection Charge \$90.00**

Each Applicant for Residential Gas Delivery Service shall pay to the Company a Connection Charge of eighty dollars (\$80) before Gas Delivery Service is activated by the Company at Customer's premises. Whenever a Residential Customer's Gas is turned off at Customer's request, or Customer's meter is disconnected by reason of non-compliance with these Rules and Regulations, a Reconnection Charge of ninety dollars (\$90) must be paid and other satisfactory arrangements made with the Company before the account is reactivated and Gas Delivery Service reconnected.

- 7.2 Non-Residential Connection and Reconnection Charge \$120.00**

Each Applicant for Non-Residential Gas Delivery Service shall pay to the Company a Connection Charge of one hundred twenty dollars (\$120) before Gas Delivery Service is activated by the Company at Customer's premises. Whenever a Non-Residential Customer's Gas is turned off at Customer's request, or Customer's meter is disconnected by reason of non-compliance with these Rules and Regulations, a Reconnection Charge of one hundred twenty dollars (\$120) must be paid and other satisfactory arrangements made with the Company before the account is reactivated and Gas Delivery Service reconnected.

- 7.3 Change of Account Charge \$66.00**

If a change of occupants in a premise with existing Gas Delivery Service occurs without a physical service disconnection, a Change of Account may occur. The Company shall bill to the Applicant a Change of Account Charge in the amount of sixty-six dollars (\$66).

- 7.4 Late Payment Charge**

Charges for services due and rendered which are unpaid as of the past due date are subject to a Late Payment Charge of thirteen (13) dollars or 1.5% of any unpaid balance, whichever is greater, except the accounts of federal, state, and local governmental entities, agencies, and instrumentalities. Unless otherwise agreed by contract, a Late Payment Charge shall be applied to the accounts of federal, state, and local governmental entities, agencies, and instrumentalities at a rate no greater than allowed and in a manner permitted by applicable law.

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**RULES AND REGULATIONS**  
(Continued)

**7.5 Returned Check Charge**

Pursuant to Section 68.065 of Florida Statutes

**7.6 After Normal Business Hours Service**

Where Gas Delivery service is Connected or Reconnected outside of Normal Business Hours or by a special appointment, the Connection or Reconnection Charges set forth above shall be multiplied by 2.0.

**7.7 Realtor Inspection Charge**

**\$105.00**

Where Gas Delivery service is Activated for less than seven (7) days then Terminated for the sole purpose of an inspection to facilitate a real estate transaction.

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**RATE SCHEDULE  
RESIDENTIAL SALES SERVICE – 2 (RS-2)**

**Availability:**

Throughout the Company's service areas.

**Applicability and Character of Service:**

Firm Service provided to any individually metered Residential Customer whose annual Gas usage is less than 300 therms.

**Gas Delivery Service Rates and Charges:**

The following non-fuel rates for the delivery of Gas to the Consumer's premises apply to all Customers served under this Rate Schedule for the respective monthly Billing Period.

Customer Charge:	\$20.00 per month
Gas Delivery Service Rate:	\$1.86625 per therm

**Purchase Gas Adjustment Rate:**

In addition to the above Gas Delivery Service Rates and Charges, Customers served under this Rate Schedule shall purchase Gas supply from the Company and are subject to fuel charges pursuant to the Purchase Gas Adjustment included in the Billing Adjustment Section of this Tariff.

**Minimum Bill:**

The minimum monthly bill under this Rate Schedule is the Customer Charge.

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**RATE SCHEDULE  
RESIDENTIAL SALES SERVICE – 3 (RS-3)**

**Availability:**

Throughout the Company's service areas.

**Applicability and Character of Service:**

Firm Service provided to any individually metered Residential Customer whose annual Gas usage is equal to or greater than 300 therms.

**Gas Delivery Service Rates and Charges:**

The following non-fuel rates for the delivery of Gas to the Consumer's premises apply to all Customers served under this Rate Schedule for the respective monthly Billing Period.

Customer Charge: \$25.00 per month

Gas Delivery Service Rate: \$1.60814 per therm

**Purchase Gas Adjustment Rate:**

In addition to the above Gas Delivery Service Rates and Charges, Customers served under this Rate Schedule shall purchase Gas supply from the Company and are subject to fuel charges pursuant to the Purchase Gas Adjustment included in the Billing Adjustment Section of this Tariff.

**Minimum Bill:**

The minimum monthly bill under this Rate Schedule is the Customer Charge.

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**RATE SCHEDULE  
GENERAL SALES SERVICE – 1 (GS-1)**

**Availability:**

Throughout the Company's Service Area

**Applicability and Character of Service:**

Firm Service provided to any individually metered non-residential Customer whose annual Gas usage is less than 2000 therms.

**Gas Delivery Service Rates and Charges:**

Customer Charge:	\$25.00 per month
Gas Delivery Service Rate	\$1.44798 per therm

**Purchase Gas Adjustment Rate:**

In addition to the above Gas Delivery Service Rates and Charges, Customers served under this Rate Schedule shall purchase Gas supply from the Company and are subject to fuel charges pursuant to the Purchase Gas Adjustment included in the Billing Adjustment Section of this Tariff.

**Minimum Bill:**

The minimum monthly bill under this Rate Schedule is the Customer Charge.

**Special Terms and Conditions of Service:**

- (1) Service under this Rate Schedule is subject to the Rules and Regulations contained in this Tariff, as such may be amended from time to time, under the authority of the Commission.
- (2) In addition to the above Gas Delivery Service and Purchase Gas Adjustment rates and charges, Customers served under this Rate Schedule may be subject to other applicable Billing Adjustments.

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**RATE SCHEDULE  
GENERAL SALES SERVICE – 2 (GS-2)**

**Availability:**

Throughout the Company's Service Area

**Applicability and Character of Service:**

Firm Service provided to any individually metered non-residential Customer whose annual Gas usage is equal to or greater than 2,000 therms but less than 87,500 therms.

**Gas Delivery Service Rates and Charges:**

Customer Charge:	\$80.00 per month
Gas Delivery Service Rate	\$1.01281 per therm

**Purchase Gas Adjustment Rate:**

In addition to the above Gas Delivery Service Rates and Charges, Customers served under this Rate Schedule shall purchase Gas supply from the Company and are subject to fuel charges pursuant to the Purchase Gas Adjustment included in the Billing Adjustment Section of this Tariff.

**Minimum Bill:**

The minimum monthly bill under this Rate Schedule is the Customer Charge.

**Special Terms and Conditions of Service:**

- (1) Service under this Rate Schedule is subject to the Rules and Regulations contained in this Tariff, as such may be amended from time to time, under the authority of the Commission.
- (2) In addition to the above Gas Delivery Service and Purchase Gas Adjustment rates and charges, Customers served under this Rate Schedule may be subject to other applicable Billing Adjustments.

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**RATE SCHEDULE  
GENERAL SALES SERVICE – 4 (GS-4)**

**Availability:**

Throughout the Company's Service Area

**Applicability and Character of Service:**

Firm Service provided to any individually metered non-residential Customer whose annual Gas usage equal to or greater than 87,500 therms but less than 1,000,000 therms.

**Gas Delivery Service Rates and Charges:**

Customer Charge:	\$2,000.00 per month
Gas Delivery Service Rate	\$0.34580 per therm

**Purchase Gas Adjustment Rate:**

In addition to the above Gas Delivery Service Rates and Charges, Customers served under this Rate Schedule shall purchase Gas supply from the Company and are subject to fuel charges pursuant to the Purchase Gas Adjustment included in the Billing Adjustment Section of this Tariff.

**Minimum Bill:**

The minimum monthly bill under this Rate Schedule is the Customer Charge.

**Service Agreement:**

A Service Agreement accepted by the Company is a condition precedent for Service under this Rate Schedule. The term of the Service Agreement shall be set forth therein but shall not be less than one (1) year.

**Rate Schedule GS-4**

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**RATE SCHEDULE  
FIRM TRANSPORTATION SERVICE -4 (FTS-4)**

**Availability:**

Throughout the Company's Service Area.

**Applicability and Character of Service:**

Firm Transportation Service provided to any individually metered non-residential Customer whose annual Gas usage is equal to or greater than 87,500 therms but less than 1,000,000 therms, and for which the Company has received a Request for Transportation Service in compliance with the provisions of Section 14 of this Tariff.

**Gas Delivery Service Rates and Charges:**

Customer Charge:	\$2,000.00 per month
Gas Delivery Service Rate:	\$0.34580 per therm

**Minimum Bill:**

The minimum monthly bill shall be the Customer Charge and any applicable terms and conditions contained in the Service Agreement.

**Service Agreement:**

A Service Agreement accepted by the Company is a condition precedent for Service under this Rate Schedule. The term of the Service Agreement shall be set forth therein but shall not be less than one (1) year.

**Special Terms and Conditions of Service:**

- (1) Service under this Rate Schedule is subject to the Rules and Regulations contained in this Tariff, as such may be amended from time to time, under the authority of the Commission.
- (2) In addition to the above Gas Delivery Service rates and charges, Customers served under this Rate Schedule may be subject to other applicable Billing Adjustments.

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