

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-

DATE: January 31, 2008

TO: Office of Commission Clerk (Cole)

FROM: Division of Economic Regulation (Slemkewicz, Draper, Maurey, Springer)
Office of the General Counsel (Brown)

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

AGENDA: 02/12/08 – Regular Agenda – Decision on Interim Rates – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Argenziano

CRITICAL DATES: 02/19/08 (60-Day Suspension Date)
05/21/08 (5-Month Effective Date (PAA Rate Case))

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\ECR\WP\070592.RCM.DOC

Case Background

This proceeding commenced on December 21, 2007, with the filing of a petition for a permanent rate increase by St. Joe Natural Gas Company, Inc. (SJNG or Company). SJNG requested an increase in its retail rates and charges to generate \$627,026 in additional gross annual revenues. This increase would allow the Company to earn an overall rate of return of 6.17 percent or a 11.50 percent return on equity (range 10.50 percent to 12.50 percent). The Company based its request on a projected test year ending December 31, 2008. SJNG stated that this test year is the appropriate period to be utilized because it represents the conditions to be faced by the Company, and is representative of the customer base, investment requirements, throughput levels, and overall cost of service to be realized under the new rates. Per Rule 25-

7.140(1)(d), Florida Administrative Code, SJNG has elected to use the five month Proposed Agency Action process authorized in Section 366.06(4), Florida Statutes.

Per its original filing, SJNG has also requested an interim rate increase in its retail rates and charges to generate \$274,981 in additional gross annual revenues. This increase would allow the Company to earn an overall rate of return of 6.75 percent or an 11.50 percent return on equity which is the midpoint of the currently authorized range of 10.50 percent to 12.50 percent. The Company based its interim request on a historical test year ended December 31, 2006.

Subsequent to the submission of the minimum filing requirements (MFRs), it was discovered that certain interim MFR schedules, that are electronically linked to historical data in the MFRs, were not automatically updated to reflect the Company's final inputs. The affected interim schedules relate to rate base, capital structure and the calculation of the interim increase. The Company provided the corrected schedules showing the calculated interim increase to be \$229,785 rather than the originally requested amount of \$274,981. The \$229,785 increase would allow the Company to earn an overall rate of return of 6.39 percent or an 11.50 percent return on equity.

The Commission last granted SJNG a \$327,149 rate increase by Order No. PSC-01-1274-PAA-GU.¹ In that order, the Commission found the Company's jurisdictional rate base to be \$4,061,937 for the projected test year ended December 31, 2001. The allowed rate of return was found to be 5.96 percent for the test year using an 11.50 percent return on equity.

This recommendation addresses the suspension of the requested permanent rate increase and the consideration of the requested interim rate increase. The Commission has jurisdiction pursuant to Sections 366.06(2) and (4), and 366.071, Florida Statutes.

¹ Order No. PSC-01-1274-PAA-GU, issued June 8, 2001, in Docket No. 001447-GU, In re: Request for rate increase by St. Joe Natural Gas Company, Inc.

Discussion of Issues

Issue 1: Should the \$627,026 permanent base rate increase and its associated tariff revisions requested by St. Joe Natural Gas Company, Inc. be suspended pending a final decision in this docket?

Recommendation: Yes. The \$627,026 permanent base rate increase and its associated tariff revisions requested by St. Joe Natural Gas Company, Inc. should be suspended pending a final decision in this docket (Slemkewicz, Draper)

Staff Analysis: SJNG filed its petition, testimony, and minimum filing requirements on December 21, 2007. The Company has requested a total permanent base rate increase of \$627,026 based on a projected test year ending December 31, 2008.

Historically, especially when a projected test year has been involved, the Commission has suspended the requested permanent rate schedules in order to adequately and thoroughly examine the basis for the new rates. The suspension of the rate increase is authorized by Section 366.06(3), Florida Statutes, which provides:

Pending a final order by the commission in any rate proceeding under this section, the commission may withhold consent to the operation of all or any portion of the new rate schedules, delivering to the utility requesting such increase, within 60 days, a reason or written statement of good cause for withholding its consent.

Because SJNG's requested permanent rate relief is based on a projected test year, staff recommends that the Commission suspend the requested permanent rate schedules to allow staff and any intervenors sufficient time to adequately investigate whether the request for permanent rate relief is appropriate. It should be noted that this rate case is being processed under the five month Proposed Agency Action process authorized in Section 366.06(4), Florida Statutes.

Issue 2: Is SJNG's proposed 2006 interim test year rate base of \$3,330,861 appropriate?

Recommendation: No. The appropriate 2006 interim test year rate base is \$3,077,180. (Slemkewicz)

Staff Analysis: In its filing, the Company proposed an interim test year thirteen month average rate base of \$3,330,861 for the period ended December 31, 2006. As discussed in the Case Background, the interim rate base MFR schedules were not updated automatically for the Company's final inputs. By incorporating the Company's final inputs, the resulting 2006 historical test year rate base is \$3,077,180 for interim purposes. Adjustment 4 on Attachment A shows the \$253,681 of adjustments necessary to update the interim rate base on MFR Schedule F-1 to reflect the updated test year on MFR Schedule B-2.

Staff has reviewed the MFR Schedule B-2 rate base adjustments made in the current filing for consistency with the findings made in the Company's last rate case order. Based on the staff's preliminary review, it appears that SJNG has made the applicable and appropriate adjustments that are consistent with the previous rate case. Therefore, staff recommends that \$3,077,180 is the appropriate amount of rate base for the 2006 interim test year. The calculation is shown on Attachment A.

It should be noted that 2006 is also the historical base year that was utilized to develop the 2008 projected test year for the requested permanent base rate increase. The 2006 historical test year data is currently being audited as part of the normal ratemaking review process in this docket.

Issue 3: Are SJNG's proposed return on equity of 11.50 percent and overall cost of capital of 6.75 percent appropriate for the purpose of determining interim rates?

Recommendation: No. The appropriate return on equity and overall cost of capital are 10.50 percent and 5.60 percent, respectively. (Springer)

Staff Analysis: As discussed in the Case Background, SJNG provided staff updated schedules related to its request for an interim rate increase. The updated schedule reflects an overall cost of capital of 6.39 percent instead of the 6.75 percent reflected in the Company's original filing.

SJNG's authorized return on equity (ROE) is 11.50 percent with a range of plus or minus 100 basis points. The Commission set the return and range by Order No. PSC-01-1274-PAA-GU². As required by Section 366.071(5)(b)3., Florida Statutes, the applicable ROE for purposes of an interim increase is the minimum of the range of return as authorized in the company's last rate proceeding. In its interim request, SJNG inadvertently used 11.50 percent, which is the mid-point of the range of its last authorized return on equity. SJNG's appropriate ROE for interim purposes is 10.50 percent.

Section 366.071(5)(b)1, Florida Statutes, requires a company requesting an interim increase to make all adjustments consistent with those made in the most recent rate proceeding. The Commission determined in Order No. PSC-01-1274-PAA-GU that the appropriate capital structure should consist of no more than 60.00 percent equity as a percentage of investor sources of capital. In its interim request, SJNG used a capital structure that contained an equity ratio of 88.80 percent. Staff made a specific adjustment to SJNG's capital structure to attain the required equity ratio of 60.00 percent.

SJNG appropriately used a 6.00 percent cost rate for customer deposits, which is based on Commission Rule 25-7.083(5)(a), Florida Administrative Code. The Company included long-term debt and short-term debt in its capital structure with applicable cost rates of 8.75 percent and 8.00 percent, respectively. Using a 10.50 percent cost of equity and the adjusted capital structure discussed above, staff calculated the overall weighted average cost of capital for interim purposes of 5.60 percent. A schedule of the interim capital structure is included in Attachment B.

² Order No. PSC-01-1274-PAA-GU, issued June 8, 2001, in Docket No. 001447-GU, In re: Request for rate increase by St. Joe Natural Gas Company, Inc.

Issue 4: Is SJNG's proposed 2006 interim test year net operating income of \$54,079 appropriate?

Recommendation: No. The appropriate 2006 interim test year net operating income is \$74,410. (Slemkewicz)

Staff Analysis: The proposed interim test year net operating income of \$54,079 is the twelve month amount for the year ended December 31, 2006. Staff has reviewed the net operating income adjustments made in the current interim filing for consistency with the findings made in the Company's last rate case. Based on the staff's preliminary review, it appears that SJNG has not made all of the applicable and appropriate adjustments that are consistent with the previous rate case. Staff recommends that the following adjustments be made.

Adjustment 1: Gross Receipts Tax – Although the gross receipts tax is applicable to all of the Company's customers, it is billed as a separate line item on the customers' bills. Therefore, neither the revenues nor the expenses related to the gross receipts tax should be included in the income statement for ratemaking purposes. Both operating revenues and taxes other than income should be reduced by \$44,428. Since these amounts offset each other, there is no effect on the amount of net operating income.

Adjustment 2: Regulatory Assessment Fee – The regulatory assessment fee (RAF) revenue and expense related to non-cost recovery clause revenues are included in base rates for ratemaking purposes. The Company inappropriately removed all RAF revenue from its interim test year operating revenues. To correct this error, operating revenues should be increased by \$6,030. After taxes, the effect on net operating income is an increase of \$3,761 (\$6,030 - \$2,269). Because SJNG did not remove the non-cost recovery clause RAF expense from taxes other than income, no further adjustment is necessary.

Adjustment 3: Interest Synchronization – This adjustment is necessary to match the interest expense inherent in the capital structure with the interest expense utilized to calculate the income tax expense included in the income statement. Staff has made a \$503,100 adjustment to increase the amount of long term debt to adjust the equity ratio. This results in a \$44,021 increase in the interest expense deduction for income tax purposes. Therefore, income tax expense should be reduced by \$16,565 ($\$44,021 \times 37.60\%$) as shown on Attachment B.

After considering these three adjustments, staff recommends that \$74,410 is the appropriate amount of net operating income for the 2006 interim test year. The calculation is shown on Attachment A.

It should be noted that 2006 is also the historical base year that was utilized to develop the 2008 projected test year for the requested permanent base rate increase. The 2006 historical test year data is currently being audited as part of the normal ratemaking review process in this docket.

Issue 5: Is SJNG's proposed net operating income multiplier of 1.6114 appropriate?

Recommendation: Yes. The appropriate net operating income multiplier is 1.6114. (Slemkewicz)

Staff Analysis: On MFR Schedule F-6, the Company calculated a net operating income multiplier of 1.6114 using a 34 percent federal income tax rate and a 5.5 percent state income tax rate. Additionally, the Company applied a .5 percent factor for regulatory assessment fees. Staff has reviewed the Company's calculation of the net operating income multiplier and is not proposing any adjustments. Therefore, staff recommends that 1.6114 is the appropriate net operating income multiplier. The calculation is shown below.

<u>Line</u>	<u>Description</u>	
1	Revenue Requirement	100.000%
2	Gross Receipts Tax	0.000%
3	Regulatory Assessment Fee	(0.500)%
4	Bad Debt Rate	<u>0.000%</u>
5	Net Before Income Taxes	99.500%
6	Combined State/Federal Income Tax @ 37.63%	<u>(37.442)%</u>
7	Revenue Expansion Factor	<u>62.058%</u>
8	Net Operating Income Multiplier	<u>1.6114</u>

Issue 6: Should SJNG's requested interim rate increase of \$274,981 and percentage increase factor of 26.35 percent be granted?

Recommendation: No. SJNG should be granted an interim rate increase of \$157,775, a percentage increase factor of 15.12 percent. (Slemkewicz, Draper)

Staff Analysis: As originally proposed, SJNG requested interim rate relief of \$274,981 for the historical test year ended December 31, 2006. This would allow the Company to earn an overall rate of return of 6.75 percent and the midpoint of the range on return on equity of 11.50 percent. As discussed in the Case Background, this calculation was affected by the MFR schedules that were not updated for the latest revisions to the 2006 historical test year. The effect of SJNG's revisions results in a recalculated interim increase amount of \$229,785. This would allow the Company to earn an overall rate of return of 6.39 percent and the midpoint of the range on return on equity of 11.50 percent.

As discussed in the previous issues, staff has made certain adjustments to SJNG's rate base, capital structure and net operating income. These adjustments affect the calculation of the interim increase to be granted in this docket. The calculation of the recommended \$157,775 interim rate relief and the 15.12 percent increase factor is shown below. This would allow the Company to earn an overall rate of return of 5.60 percent and a 10.50 percent return on equity, the minimum of the range. After a determination of the permanent rate increase has been made, the interim rate increase will be reviewed to determine if any portion should be refunded to the ratepayers.

Jurisdictional Adjusted Rate Base	\$3,077,180
Adjusted Overall Rate of Return	x <u>5.60%</u>
Jurisdictional Adjusted Revenue Requirement	\$172,322
Jurisdictional Adjusted Net Operating Income	<u>(74,410)</u>
Income Deficiency/(Excess)	\$97,912
Net Operating Income Multiplier	x <u>1.6114</u>
Interim Revenue Increase/(Decrease)	\$157,775
Base Rate Revenues	-:- <u>1,043,735</u>
Percentage Increase Factor	<u>15.12%</u>

Issue 7: How should the interim revenue increase for SJNG be distributed among the rate classes?

Recommendation: Any interim revenue increase approved should be applied evenly to all rate classes based on their base rate revenues, as required by Rule 25-7.040, Florida Administrative Code, and should be recovered on a cents-per-therm basis. The interim rates should be made effective for all meter readings made on or after thirty days from the date of the vote approving any interim increase. The Company should give notice to customers of the interim increase commencing with the first bill for service that reflects the increase. A copy of the notice should be submitted to staff for approval prior to its use. (Draper)

Staff Analysis: As shown on Attachments C and D, staff has determined the cents-per-therm increases to be applied to each rate class based on staff's recommended interim increase of \$157,775. The increases were calculated using the methodology contained in Rule 25-7.040, Florida Administrative Code, which requires that any increase be applied evenly to all rate classes based on their base rate revenues. Attachment E contains monthly bill amounts for each rate class comparing the present rates with the staff-recommended interim rates.

The interim rates should be made effective for all meter readings made on or after thirty days from the date of the Commission vote approving any interim increase. SJNG should be required to give appropriate notice to customers commencing with the first bill for service that reflects the approved interim increase that explains the nature, purpose, and effect of the increase. A copy of the notice should be submitted to staff for approval prior to its use.

Issue 8: What is the appropriate security to guarantee the amount collected subject to refund?

Recommendation: A corporate undertaking in the amount of \$52,592 guaranteed by SJNG is appropriate. Interim rates are subject to refund with interest, pending the final order in the permanent rate relief request. (Springer)

Staff Analysis: The criteria for a corporate undertaking include sufficient liquidity, ownership equity, profitability, and interest coverage to guarantee any potential refund. Staff reviewed the financial statements of the Company to determine if SJNG can support a corporate undertaking. SJNG's 2004, 2005, and 2006 financial statements were used to determine the financial condition of the Company. SJNG experienced a net loss in 2004. However, SJNG's average equity ratio over the three-year period has been 85 percent. Additionally, SJNG's profitability and interest coverage have improved over the most recent three-year period. SJNG's financial performance has demonstrated adequate levels of ownership equity, liquidity, and interest coverage measures to offset the low net income relative to the amount proposed to be collected subject to refund.

Based on the analysis of SJNG's financial condition, staff recommends that the Company can support a corporate undertaking in the amount of \$52,592. This amount represents four months of revenue that SJNG will collect during the interim period. This treatment complies with Section 366.071(2)(a) and (c), Florida Statutes.

This brief financial analysis is only appropriate for deciding if the Company can support a corporate undertaking in the amount requested and should not be considered a finding regarding staff's position on other issues in this proceeding.

Docket No. 070592-GU

Date: January 31, 2008

Issue 9: Should this docket be closed?

Recommendation: No, this docket should remain open to process the Company's revenue increase request. (Brown)

Staff Analysis: This docket should remain open pending the Commission's final resolution of the Company's requested permanent base rate increase.

ST. JOE NATURAL GAS COMPANY, INC.
DOCKET NO. 070592-GU
INTERIM TEST YEAR
DECEMBER 31, 2006

As Filed by Company	Adjustment 1 Gross Receipts Tax	Adjustment 2 Regulatory Assessment Fee	Adjustment 3 Interest Synchronization	Adjustment 4 Test Year Updates	Total Adjustments	Total Adjusted Rate Base
\$6,155,759	0	0	0	24,713	\$0	\$6,155,759
(58,035)					0	(58,035)
(60,788)					0	(60,788)
(3,030,494)				24,713	24,713	(3,005,781)
3,006,442				24,713	24,713	3,031,155
0					0	0
31,131					0	31,131
3,037,573	0	0	0	24,713	24,713	3,062,286
293,288				(278,394)	(278,394)	14,894
\$3,330,861	\$0	\$0	\$0	(\$253,681)	(\$253,681)	\$3,077,180

INCOME STATEMENT

Operating Revenues	\$1,146,191	(44,428)	6,030	0	(38,398)	\$1,107,793
Operating Expenses:						
Operation & Maintenance - Gas	25,823				0	25,823
Operation & Maintenance - Other	709,215				0	709,215
Depreciation & Amortization	222,854				0	222,854
Taxes Other Than Income	101,601	(44,428)			(44,428)	57,173
Income Taxes - Current	32,614		2,269	(16,565)	(14,296)	18,318
Deferred Income Taxes (Net)	0				0	0
Investment Tax Credit (Net)	0				0	0
(Gain)/Loss on Disposition	0				0	0
Total Operating Expenses	1,092,107	(44,428)	2,269	(16,565)	(58,724)	1,033,383
Net Operating Income	\$54,084	\$0	\$3,761	\$0	\$20,326	\$74,410

OVERALL RATE OF RETURN

1.62%					0.79%	2.42%
1.87%					-0.70%	1.17%

RETURN ON EQUITY

ST. JOE NATURAL GAS COMPANY, INC.
DOCKET NO. 070592-GU
INTERIM TEST YEAR
DECEMBER 31, 2006

**CAPITAL STRUCTURE
AS FILED BY COMPANY**

	<u>Amount</u>	<u>Ratio</u>	<u>Cost Rate</u>	<u>Weighted Cost</u>
Long Term Debt	\$107,156	3.22%	8.75%	0.28%
Short Term Debt	116,420	3.50%	8.00%	0.28%
Preferred Stock	0	0.00%	0.00%	0.00%
Customer Deposits	36,260	1.09%	6.00%	0.07%
Common Equity	1,772,709	53.22%	11.50%	6.12%
Deferred Income Taxes	23,311	0.70%	0.00%	0.00%
Deferred Credits - FCPC	1,275,004	38.28%	0.00%	0.00%
Tax Credits - Zero Cost	0	0.00%	0.00%	0.00%
Regulatory Asset/Liability 109	0	0.00%	0.00%	0.00%
Total	\$3,330,860	100.00%		6.75%
Equity Ratio	88.80%			

STAFF ADJUSTED

	<u>Amount</u>	<u>Specific</u>	<u>Adjustments Pro Rata</u>	<u>Adjusted Total</u>	<u>Ratio</u>	<u>Cost Rate</u>	<u>Weighted Cost</u>
Long Term Debt	\$107,156	\$503,100	(\$13,374)	\$596,882	19.40%	8.75%	1.70%
Short Term Debt	116,420		(14,530)	101,890	3.31%	8.00%	0.26%
Preferred Stock	0			0	0.00%	0.00%	0.00%
Customer Deposits	36,260		(4,525)	31,735	1.03%	6.00%	0.06%
Common Equity	1,772,709	(503,100)	(221,251)	1,048,358	34.07%	10.50%	3.58%
Deferred Income Taxes	23,311			23,311	0.76%	0.00%	0.00%
Deferred Credits - FCPC	1,275,004			1,275,004	41.43%	0.00%	0.00%
Tax Credits - Zero Cost	0			0	0.00%	0.00%	0.00%
Regulatory Asset/Liability 109	0			0	0.00%	0.00%	0.00%
Total	\$3,330,860	\$0	(\$253,680)	\$3,077,180	100.00%		5.60%
Equity Ratio	88.80%			60.00%			

INTEREST SYNCHRONIZATION

	<u>Adjustments</u>	<u>Cost Rate</u>	<u>Effect on Interest Exp.</u>	<u>Tax Rate</u>	<u>Effect on Income Taxes</u>
Long Term Debt	\$503,100	8.75%	\$44,021	37.630%	(\$16,565)
Short Term Debt	0	8.00%	0	37.630%	0
Customer Deposits	0	6.00%	0	37.630%	0
Total	\$503,100		\$44,021		(\$16,565)

ST. JOE NATURAL GAS COMPANY, INC.
 ALLOCATION OF INTERIM RATE INCREASE
 DOCKET NO. 070592-GU

ATTACHMENT C

RATE CODE	RATE SCHEDULE	PRESENT BASE RATE REVENUE				INTERIM INCREASE				
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
		BILLS	THERM SALES	CUSTOMER CHARGE	ENERGY CHARGE	(4) + (5) TOTAL BASE REVENUE	(6)X(8)	INTERIM INCREASE	(7) / (6) %	(7) / (3) * 100 INCREASE IN CENTS PER THERM
GS-1	RESIDENTIAL	34,620	738,876	\$311,580	\$281,408	\$592,988	\$89,638	\$89,638	15.12%	12.132
GS-2	GENERAL SERVICE	2,553	93,221	\$22,977	\$35,504	\$58,481	\$8,840	\$8,840	15.12%	9.483
GS-3	GENERAL SERVICE	452	213,576	\$18,080	\$44,135	\$62,215	\$9,405	\$9,405	15.12%	4.403
TS-5	TRANSPORTATION SERVICE	12	430,898	\$12,000	\$34,864	\$46,864	\$7,084	\$7,084	15.12%	1.644
TS-6	TRANSPORTATION SERVICE	36	6,724,310	\$36,000	\$247,186	\$283,186	\$42,807	\$42,807	15.12%	0.637
TOTAL		37,673	8,200,881	\$400,637	\$643,098	\$1,043,735	\$157,775	\$157,775	15.12%	

**ST. JOE NATURAL GAS COMPANY, INC.
 PRESENT AND STAFF RECOMMENDED INTERIM RATES
 DOCKET NO. 070592-GU**

ATTACHMENT D

RATE CODE	RATE SCHEDULE	PRESENT RATE	STAFF RECOMMENDED INTERIM INCREASE	STAFF RECOMMENDED INTERIM RATE
GS-1	<u>RESIDENTIAL</u>			
	CUSTOMER CHARGE	\$9.00	N/A	\$9.00
	ENERGY CHARGE (cents/therm)	38.086	12.132	50.218
GS-2	<u>GENERAL SERVICE 2</u>			
	CUSTOMER CHARGE	\$9.00	N/A	\$9.00
	ENERGY CHARGE (cents/therm)	38.086	9.483	47.569
GS-3	<u>GENERAL SERVICE 3</u>			
	CUSTOMER CHARGE	\$40.00	N/A	\$40.00
	ENERGY CHARGE (cents/therm)	20.665	4.403	25.068
TS-5	<u>TRANSPORTATION SERVICE 5</u>			
	CUSTOMER CHARGE	\$1,000	N/A	\$1,000
	ENERGY CHARGE (cents/therm)	8.091	1.644	9.735
TS-6	<u>TRANSPORTATION SERVICE 6</u>			
	CUSTOMER CHARGE	\$1,000	N/A	\$1,000
	ENERGY CHARGE (cents/therm)	3.676	0.637	4.313

**ST. JOE NATURAL GAS COMPANY, INC.
 BILL COMPARISONS - PRESENT VS. RECOMMENDED INTERIM RATES
 DOCKET NO. 070592-GU**

RESIDENTIAL
 (Residential Usage)
 Average Usage: 22 therms per month

PRESENT RATES

INTERIM RATES

Customer Charge
\$9.00

Customer Charge
\$9.00

Energy Charge
 (Cents
per Therm)
38.086

Energy Charge
 (Cents
per Therm)
50.218

Gas Cost Cents/Therm: 87.871

Therm Usage Increment: 2

Therm Usage	Present	Present	Recommended	Recommended	Percent Increase w/o Fuel	Percent Increase with Fuel	Dollar Increase
	Monthly Bill w/o Fuel	Monthly Bill with Fuel	Interim Monthly Bill w/o Fuel	Interim Monthly Bill with Fuel			
2	\$9.76	\$11.52	\$10.00	\$11.76	2.49%	2.11%	\$0.24
4	\$10.52	\$14.04	\$11.01	\$14.52	4.61%	3.46%	\$0.49
6	\$11.29	\$16.56	\$12.01	\$17.29	6.45%	4.40%	\$0.73
8	\$12.05	\$19.08	\$13.02	\$20.05	8.06%	5.09%	\$0.97
10	\$12.81	\$21.60	\$14.02	\$22.81	9.47%	5.62%	\$1.21
12	\$13.57	\$24.11	\$15.03	\$25.57	10.73%	6.04%	\$1.46
14	\$14.33	\$26.63	\$16.03	\$28.33	11.85%	6.38%	\$1.70
16	\$15.09	\$29.15	\$17.03	\$31.09	12.86%	6.66%	\$1.94
18	\$15.86	\$31.67	\$18.04	\$33.86	13.77%	6.89%	\$2.18
20	\$16.62	\$34.19	\$19.04	\$36.62	14.60%	7.10%	\$2.43
22	\$17.38	\$36.71	\$20.05	\$39.38	15.36%	7.27%	\$2.67
24	\$18.14	\$39.23	\$21.05	\$42.14	16.05%	7.42%	\$2.91
26	\$18.90	\$41.75	\$22.06	\$44.90	16.69%	7.56%	\$3.15
28	\$19.66	\$44.27	\$23.06	\$47.66	17.27%	7.67%	\$3.40
30	\$20.43	\$46.79	\$24.07	\$50.43	17.82%	7.78%	\$3.64

- Bills do not include conservation cost recovery charges, local taxes, franchise fees, or gross receipts taxes.
- Gas cost effective January 2008.

**ST. JOE NATURAL GAS COMPANY, INC.
 BILL COMPARISONS - PRESENT VS. RECOMMENDED INTERIM RATES
 DOCKET NO. 070592-GU**

**ATTACHMENT E
 Page 2 of 5**

**GENERAL SERVICE 2
 (Commercial usage - sales service)
 Average Usage: 37 therms per month**

PRESENT RATES

**Customer Charge
 \$9.00**

**Energy Charge
 (Cents
per Therm)
 38.086**

INTERIM RATES

**Customer Charge
 \$9.00**

**Energy Charge
 (Cents
per Therm)
 47.569**

Gas Cost Cents/Therm: 87.871

Therm Usage Increment: 20

Therm Usage	Present Monthly Bill w/o Fuel	Present Monthly Bill with Fuel	Recommended	Recommended	Percent Increase w/o Fuel	Percent Increase with Fuel	Dollar Increase
			Interim Monthly Bill w/o Fuel	Interim Monthly Bill with Fuel			
0	\$9.00	\$9.00	\$9.00	\$9.00	0.00%	0.00%	\$0.00
20	\$16.62	\$34.19	\$18.51	\$36.09	11.41%	5.55%	\$1.90
40	\$24.23	\$59.38	\$28.03	\$63.18	15.65%	6.39%	\$3.79
60	\$31.85	\$84.57	\$37.54	\$90.26	17.86%	6.73%	\$5.69
80	\$39.47	\$109.77	\$47.06	\$117.35	19.22%	6.91%	\$7.59
100	\$47.09	\$134.96	\$56.57	\$144.44	20.14%	7.03%	\$9.48
120	\$54.70	\$160.15	\$66.08	\$171.53	20.80%	7.11%	\$11.38
140	\$62.32	\$185.34	\$75.60	\$198.62	21.30%	7.16%	\$13.28
160	\$69.94	\$210.53	\$85.11	\$225.70	21.69%	7.21%	\$15.17
180	\$77.55	\$235.72	\$94.62	\$252.79	22.01%	7.24%	\$17.07
200	\$85.17	\$260.91	\$104.14	\$279.88	22.27%	7.27%	\$18.97

- Bills do not include conservation cost recovery charges, local taxes, franchise fees, or gross receipts taxes.

- Gas cost effective January 2008.

**ST. JOE NATURAL GAS COMPANY, INC.
 BILL COMPARISONS - PRESENT VS. RECOMMENDED INTERIM RATES
 DOCKET NO. 070592-GU**

**ATTACHMENT E
 Page 3 of 5**

GENERAL SERVICE 3
 (Commercial or industrial usage - sales service)
 Average Usage: 518 therms per month

PRESENT RATES

INTERIM RATES

Customer Charge
\$40.00

Customer Charge
\$40.00

Energy Charge
(Cents
per Therm)
20.665

Energy Charge
(Cents
per Therm)
25.068

Gas Cost Cents/Therm: 87.871

Therm Usage Increment: 175

Therm Usage	Present Monthly Bill w/o Fuel	Present Monthly Bill with Fuel	Recommended Interim Monthly Bill w/o Fuel	Recommended Interim Monthly Bill with Fuel	Percent Increase w/o Fuel	Percent Increase with Fuel	Dollar Increase
0	\$40.00	\$40.00	\$40.00	\$40.00	0.00%	0.00%	\$0.00
175	\$76.16	\$229.94	\$83.87	\$237.64	10.12%	3.35%	\$7.71
350	\$112.33	\$419.88	\$127.74	\$435.29	13.72%	3.67%	\$15.41
525	\$148.49	\$609.81	\$171.61	\$632.93	15.57%	3.79%	\$23.12
700	\$184.66	\$799.75	\$215.48	\$830.57	16.69%	3.85%	\$30.82
875	\$220.82	\$989.69	\$259.35	\$1,028.22	17.45%	3.89%	\$38.53
1,050	\$256.98	\$1,179.63	\$303.21	\$1,225.86	17.99%	3.92%	\$46.23
1,225	\$293.15	\$1,369.57	\$347.08	\$1,423.50	18.40%	3.94%	\$53.94
1,400	\$329.31	\$1,559.50	\$390.95	\$1,621.15	18.72%	3.95%	\$61.64
1,575	\$365.47	\$1,749.44	\$434.82	\$1,818.79	18.97%	3.96%	\$69.35
1,750	\$401.64	\$1,939.38	\$478.69	\$2,016.43	19.18%	3.97%	\$77.05

- Bills do not include conservation cost recovery charges, local taxes, franchise fees, or gross receipts taxes.
- Gas cost effective January 2008.

