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May 24, 1996

D. BRUCE MAY
904-425-5607

VIA HAND DELIVERY

Ms. Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Betty Easley Conference Center, Room 110
Tallahassee, FL 32399-0850

960657-6U

Re: In re: Petition for Approval of Late Payment Charge by St. Joe Natural Gas Company, Inc.

Dear Ms. Bayo:

Enclosed for filing in the docket referenced above are the original and 15 copies of St. Joe Natural Gas Company, Inc.'s Petition for Approval of Tariff Modifications. For our record keeping, please acknowledge your receipt of this filing on the enclosed copy of this letter.

Thank you for your consideration in this matter.

Sincerely,

HOLLAND & KNIGHT



D. Bruce May

Enclosure
DBM/sms

cc: Mr. Stuart Shoaf (w/enclosure)

TAL-83185



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DIVISION OF RECORDS AND REPORTING

commercial, and industrial customers in the City of Port St. Joe, the City of Mexico Beach, the City of Wewahitchka, and unincorporated areas of Gulf County. SJNG's general offices are located at 301 Long Avenue, Port St. Joe, Florida. SJNG is not aware of any disputed issues of material fact.

4. Through this Petition, SJNG seeks Commission approval of modifications to its tariff that: (1) provide for a late payment charge; and (2) revise the method for calculating SJNG's Maximum Allowable Construction Cost ("MACC"). Copies of SJNG's proposed revised tariff sheets, and new original tariff sheets are enclosed as Exhibit A. Copies of SJNG's proposed revised tariff sheets in legislative format are enclosed as Exhibit B.

Late Payment Charge

5. SJNG petitions the Commission to approve First Revised Sheet No. 26 and Original Sheet No. 26-A of its tariff that will enable SJNG to apply a late payment charge to customers' past due balances. The purpose of the proposed late payment charge is to allow SJNG to recover costs associated with delinquent customer accounts directly from those customers that do not pay their bills on time, instead of from its general body of ratepayers. A late payment charge should also encourage SJNG's customers to promptly pay their bills, thereby reducing SJNG's costs associated with unpaid balances.

6. SJNG's tariff currently on file with the Commission does not provide for a late payment charge. On average, approximately 10 percent of SJNG's accounts remain past due. However, at one time during the past year, as much as 25 percent of

SJNG's accounts were past due when one of SJNG's largest customers was delinquent in paying its bill.

7. Due to the limited size of SJNG's customer base, past due accounts can cause SJNG to lack sufficient cash on hand to pay its pipeline and gas suppliers. When this occurs, SJNG incurs late charges that are eventually recovered from all of SJNG's customers, including those that pay their bills on time.

8. SJNG's proposed late payment charge will apply when a customer fails to pay a bill by the past due date indicated on the bill. In accordance with Rule 25-7.090, Florida Administrative Code, a bill is past due upon the expiration of 20 days from the date of mailing or delivery by SJNG. The proposed late payment charge (other than for accounts of federal, state or local governmental entities) is ten dollars or 1.5 percent of any unpaid balance, whichever is greater. Unless otherwise agreed by contract, governmental entities will be assessed the applicable late payment charge in accordance with Section 215.422, Florida Statutes (state agencies), Sections 218.70-218.79, Florida Statutes (local governmental entities), and 31 U.S.C. §§ 3901-3907 (federal governmental agencies).

9. The Commission has previously approved late payment charges of other regulated utilities.¹ Indeed, recently the Commission approved a late payment charge

¹ See In Re: Petition for approval of late payment charge and field collection charge by Florida Power Corporation, 95 F.P.S.C. 8:545, Docket No. 950753-EI, Order No. PSC-95-1087-FOF-EI (August 31, 1995); In Re: Request for approval of tariff filing to establish late payment charge by United Telephone Company of Florida, 93 F.P.S.C. 10:122, Docket No. 930895-TL, Order No. PSC-93-1475-FOF-TL (October 11, 1993); in re: Application of SUNRAY UTILITIES, INC. for water and sewer certificates in St. Johns County, 91 F.P.S.C. 12:334, Docket No. 870539-WS, Order No. 25501 (December

by Peoples Gas System, Inc. similar to that proposed by SJNG. In Re: Petition for approval of late payment charge by Peoples Gas System, Inc., Docket No. 960024-GU, Order No. PSC-96-0371-FOF-GU (March 18, 1996). Thus, the Commission should approve SJNG's late payment charge in accordance with its established precedent finding that such a charge is appropriate.

10. SJNG will provide 30 days' advance notice to its customers via a bill insert prior to the proposed late payment charge policy taking effect. SJNG will submit a copy of the proposed bill insert to Commission staff for approval prior to implementation. SJNG will also modify its monthly customer bills to reflect the applicable late payment charge and the past due date by which the bills must be paid to avoid imposition of such charge.

11. SJNG further requests that the Commission grant its staff the authority to administratively approve the effective date of First Revised Sheet No. 26 and Original Sheet No. 26-A of SJNG's tariff to coincide with the date that SJNG's billing system will be capable of implementing the late payment charge. This date is currently estimated to be October 1, 1996.

Maximum Allowable Construction Cost

12. SJNG petitions the Commission to approve First Revised Sheet No. 37 of its tariff modifying the calculation of SJNG's MACC for free service line extensions.

17, 1991); In re: Tariff proposal by ALLTEL FLORIDA, INC. to establish a late payment charge of 1-1/2 percent of amounts outstanding as [sic] the next bill date. 88 F.P.S.C. 1:111, Docket No. 871048-TL, Order No. 18632 (January 4, 1988).

13. SJNG's tariff provides that where the MACC is greater than the cost of an extension, SJNG will extend service at no cost to the customer. However, where the cost of an extension is greater than the MACC, SJNG's tariff provides that SJNG may require payment of a non-interest bearing advance in aid of construction from the customer requesting service in an amount equal to the cost of expansion in excess of the MACC.

14. SJNG's tariff currently defines the MACC as "four times the estimated annual gas revenues to be derived from the facilities less the cost of gas." Through this Petition, SJNG proposes to modify the MACC to an amount that is the equivalent of ten times the estimated annual gas revenues to be derived from the facilities less the cost of gas.

15. SJNG has not petitioned for rate relief since 1967, and has some of the lowest rates in Florida. When the cost of gas is excluded, the average monthly bill of a SJNG residential customer is approximately \$3.61. Thus, four times the estimated annual gas revenues to be derived from facilities that serve a residential customer would be only \$173.28. The average cost of an extension needed to serve a residential customer for 1995 was approximately \$263.00. Consequently, SJNG's residential customers rarely qualify for a free extension when SJNG's current MACC is rigidly applied, but would be more likely to qualify for a free extension under the MACC, as revised.

16. SJNG's proposed modification to its MACC is permitted under Rule 25-7.054, Florida Administrative Code. Additionally, the Commission has recently

approved similar requests for modifications to the MACC by other Florida gas companies.² Thus, the Commission should approve SJNG's revision to its MACC.

WHEREFORE, SJNG respectfully requests that the Commission:

- (a) approve SJNG's late payment charge;
- (b) authorize Commission staff to administratively approve the effective date of First Revised Sheet No. 26 and Original Sheet No. 26-A of SJNG's tariff;
- (c) approve First Revised Sheet No. 37 of SJNG's tariff modifying SJNG's MACC; and
- (d) grant such other relief as the Commission deems appropriate.

Respectfully submitted,



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Florida Bar No. 354473
Karen D. Walker
Florida Bar No. 0982921
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P.O. Drawer 810
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**Attorneys for St. Joe Natural
Gas Company, Inc.**

TAL-81828

² See In Re: Petition for Approval of Modifications to Tariff Provisions Governing Main and Service Extensions by West Florida Natural Gas Company, 95 F.P.S.C. 10:440, Docket No. 950953-GU, Order No. PSC-95-1310-FOF-GU (October 25, 1995); In Re: Petition for Approval of Modifications to Tariff Provisions Governing Main and Service Extensions by Florida Division of Chesapeake Utilities Corporation, 95 F.P.S.C. 7:56, Docket No. 950523-GU, Order No. PSC-95-0817-FOF-GU (July 6, 1995); In Re: Petition for approval of tariffs governing extension of facilities by City Gas Company of Florida, 95 F.P.S.C. 4:379, Docket No. 95-206-GU, Order No. PSC-95-0506-FOF-GU (April 24, 1995).

RULES AND REGULATIONS (continued)

6. BILLING

- A. BILLING PERIODS - Bills for Gas Service will be rendered each month. Bills shall be considered received by the Customer when mailed to the most recent billing address supplied by Customer to Company.
- B. INITIAL OR FINAL BILLS - When the period of Gas Service for which an initial or final bill is rendered is less than fifty (50) percent of the normal billing period, the customer charge or minimum bill shall be one-half (1/2) of the charge per applicable rate schedule. When the period of Gas Service is fifty (50) percent or more of the normal billing period, there shall be no reduction in the customer charge or minimum bill. The energy charge for gas consumed shall be at the applicable billing rate.
- C. NON-RECEIPT OF BILLS - Failure of Customer to receive a bill shall not relieve Customer of its obligation to pay the bill.
- D. METER READINGS NOT COMBINED - If a customer takes Gas Service under more than one rate schedule at a single delivery point, the bill shall not be calculated separately for the Gas Service provided under each such rate schedule.

If a Customer takes Gas Service under one or more rate schedules at two or more points of delivery, a bill shall be calculated separately for Gas Service provided under each rate schedule at each point of delivery.

- E. DELINQUENT BILLS - A bill shall be considered delinquent upon the expiration of twenty (20) days from the date of mailing or other delivery thereof by Company.

Charges for services due and rendered which are unpaid as of the past due date are subject to a Late Payment Charge

Issued By: Stuart L. Shoaf

Effective: ~~Aug. 5, 1995~~

Issued On: ~~May 26, 1995~~

of ten (10) 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.

- F. DISCONTINUANCE OF SERVICE AND/OR CHANGE OF OCCUPANCY -
Unless otherwise provided in the specific rate

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RULES AND REGULATIONS (continued)

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RULES AND REGULATIONS (continued)

8. MAIN EXTENSIONS AND INSTALLATIONS OF GAS SERVICE FACILITIES
- A. GENERAL PROVISIONS - No extension of a main or installation of a service shall be made unless the Company has sufficient capacity to provide the Gas Service requested without jeopardizing other Gas Service to the area then being served.
- B. FREE EXTENSIONS AND INSTALLATIONS - The maximum construction cost to be made for main and service facilities without cost to the Customer will equal four ten times the estimated annual gas revenue to be derived from the facilities less the cost of gas.
- C. EXTENSIONS AND INSTALLATIONS ABOVE FREE LIMIT - When the cost of the extension to provide service is greater than the free limit specified in (b) above, the Company may require a non-interest bearing advance in aid of construction of the cost in excess of such free limit, provided the following conditions.
- 1) At the end of the first year the Company shall refund to the person paying the advance in aid of construction or his assigns an amount equal to the excess, if any, of the maximum allowable construction cost used to determine the amount of the advance in aid of construction.
 - 2) For each additional Customer taking service at any point on the extension within a period of five (5) years from the date of construction, the Company will refund to the person paying the advance in aid of construction or his assigns an amount by which the maximum allowable construction cost for the new Customer exceeds the cost of connecting the Customer, provided that an additional main extension will have not been necessary to serve the additional Customer.

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RULES AND REGULATIONS (continued)

8. MAIN EXTENSIONS AND INSTALLATIONS OF GAS SERVICE FACILITIES

- A. GENERAL PROVISIONS - No extension of a main or installation of a service shall be made unless the Company has sufficient capacity to provide the Gas Service requested without jeopardizing other Gas Service to the area then being served.
- B. FREE EXTENSIONS AND INSTALLATIONS - The maximum construction cost to be made for main and service facilities without cost to the Customer will equal ten times the estimated annual gas revenue to be derived from the facilities less the cost of gas.
- C. EXTENSIONS AND INSTALLATIONS ABOVE FREE LIMIT - When the cost of the extension to provide service is greater than the free limit specified in (b) above, the Company may require a non-interest bearing advance in aid of construction of the cost in excess of such free limit, provided the following conditions.
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State of Florida

Commissioners:

SUSAN F. CLARK, CHAIRMAN
J. TERRY DEASON
JULIA L. JOHNSON
DIANE K. KIESLING
JOE GARCIA



DIVISION OF RECORDS &
REPORTING
BLANCA S. BAYÓ
DIRECTOR
(904) 413-6770

Public Service Commission

May 29, 1996

D. Bruce May, Esquire
c/o Holland & Knight
Post Office Drawer 810
Tallahassee, Florida 32301

Docket No. 960657-GU

Dear Mr. May:

This will acknowledge receipt of a petition for approval of modifications to tariff that would add a late payment charge to customers' past due balances, by St. Joe Natural Gas Company, Inc., which was filed in this office on May 24, 1996 and assigned the above-referenced docket number. Appropriate staff members will be advised.

A tentative schedule of events in your docket (referred to as a Case Assignment and Scheduling Record or CASR) should be available, upon request, ten (10) working days after establishment of the docket. You may contact the Records Section at (904) 413-6770 or by fax at (904) 413-7118 to request that a copy of the case schedule be faxed or mailed to you. The schedule of events provides you with an opportunity to anticipate completion stages of work in the docket. These dates are subject to change; therefore, you may wish to call the Records Section periodically to obtain revised schedules for your docket. For firm dates of hearings or other activities, please look to the Commission's official notices and orders. You can also obtain information on your docket by accessing the PSC HomePage on the Internet, at <http://www.state.fl.us/psc/>.

Sincerely,

A handwritten signature in cursive script that reads "Matilda Sanders".

Matilda Sanders
Commission Deputy Clerk