ST. JOE NATURAL GAS COMPANY, INC.





November 25, 1996

Ms. Blanca Bayo, Director Division of Records and Reporting Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, Florida 32399-0850

Re: Docket No. 960003-GU

Dear Ms. Bayo,

Enclosed for filing are an original and ten copies of St. Joe Natural Gas Company's Petition for Approval of Mid Course Correction to Approved PGA Factor for Application to Bills to be rendered from December 1, 1996 through March 31, 1997 in the above-referenced.

Please indicate receipt of this document by stamping the enclosed extra copy of this letter.

Your attention to this filing is appreciated.

Sincerely,

Stuart Shoaf President

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Enclosures

cc: All Parties of Record

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FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Purchase Gas Adjustment (PGA) True-Up DOCKET NO. 960003-GU

PETITION OF ST. JOE NATURAL GAS COMPANY FOR APPROVAL OF MID-COURSE CORRECTION TO APPROVED PGA FACTOR FOR APPLICATION TO BILLS TO BE RENDERED FROM DECEMBER 1, 1996 THROUGH MARCH 31, 1997

St. Joe Natural Gas Co. ("SJNG") hereby files its petition for approval of a revision, through a mid-course correction, to its purchased gas adjustment ("PGA") factor to be applied to bills rendered for meter readings to be taken beginning December 1, 1996 through March 31, 1997, inclusive, and in support thereof says:

The name of the petitioner and the mailing address of its principal office is:

St. Joe Natural Gas Company, Inc. P.O. Box 549 Port St. Joe, Florida 32457

2. The names and mailing address of the persons authorized to receive notices and communications with respect to this petition are:

> Stuart L Shoaf, President St. Joe Natural Gas Company P.O. Box 549 Port St. Joe, Florida 32457

3. By its Orders Nos. 24463 and 24463-A in this docket, the Commission adopted a revised method for the recovery of purchased gas costs by regulated natural utilities, to be used for the recovery of such costs commencing October 1, 1991. These orders provide that a natural gas utility's purchased gas costs are to be recovered through a levelized PGA factor for the period April-March, with the levelized PGA factor to serve as a cap, or maximum

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recovery factor. Order No. 24463 also provides:

- "... A utility may at its option, formally request a midcourse correction if reprojected expenses for the remaining period exceed projected revenues by approximately 10% for the twelve month period, when using the Commission-approved purchased gas cost cap."
- 4. By its Order No. PSC-96-0323-FOF-GU (March 5, 1996), the Commission approved a PGA factor (or cap) for SJNG for the April 1996 March 1997 period 34.600 cents per therm. This factor was based on SJNG's projected purchased gas costs for the twelve-month projection period (including the true-up for the period April, 1995 through March, 1996) of \$7,766,745 and total sales of 23,423,398 therms.
- 5. As indicated by the revised Schedule E-2, SJNG's projected expenses for the period April, 1996 through March, 1997 will exceed revenues by approximately ten percent (10%). Specifically, SJNG's expenses for the period will be \$2,926,132 while its revenues for the same period would be \$2,619,422, resulting in a projected difference of \$306,710, or 10% of expenses.
- 6. The projected underrecovery of gas costs is approximately 4.13 cents per therm. Approving this increase in the PGA factor would allow SJNG to avoid a 8.16 cents per therm increase in the PGA factor effective April, 1997, when the current true-up collection of .403 cents per therm expires.
- 7. SJNG requests that the Commission approve an increase in its PGA factor from 34.600 cents per therm to 55.80 cents per therm, which is equal to the average cost of gas including the true-up factor, for the months of November 1996 through March 1997.

SJNG requests that this increased PGA factor be approved for application to bills rendered for meter readings taken on and after December 1, 1996, and continue in effect until a new cap is approved by order of Commission. Applying this increased PGA factor for the period December 1, 1996 through March 31, 1997 will allow SJNG to recover its projected gas costs during the remaining months in the PGA period and help reduce the impact on ratepayers during the twelve months beginning April, 1997.

Because of the need to reduce the projected underrecovery of expenses, it is necessary that the increased cap be approved for application to ratepayers' bills beginning December 1, 1995. SJNG recognizes that this will require the Commission to deviate from its usual policy of making changes in rates and charges effective 30 days after the Commission's vote approving the rate change. However, there is not sufficient time to hold a hearing on the changes prior to the Commission's considerating of the requested change. In addition, the Commission has previously approved a midcourse correction in this docket to become effective at an earlier date under similar circumstances when the amount of the projected underrecovery was substantial. See In re: Purchased Gas Ajustment (PGA) True-Up, Order No. PSC-94-0207-FOF-FU (February 21, 1994), approving an increase in the authorized purchase gas adjustment factor (or cap) for West Florida Natural Gas Company. See also In re: Fuel and Purchased Power Cost Recovery Clause and Generating Performance Incentive Factor, Order No. PSC-92-0271-FOF-EI (April 29, 1992), approving a decrease in the fuel adjustment factors for Florida Power Corporation and In re: Fuel and Purchased Power Cost Recovery Clause and Generating Performance Incentive Factor, Order No. 2135 (June 5, 1989), approving an increase in the fuel adjustment factors for Florida Power & Light Company.

9. SJNG also recognizes there will not be time to conduct a prudency review of the Company's re-projections of purhcased gas costs prior to the implementation of the increase in the PGA factor sought by this petition. However, pursuant to the procedures in this docket, such prudency review will occur as a matter of course at the hearing to be held in this docket in February 1997. If the increase in the cost recovery cap is ultimately found imprudent, SJNG's ratepayers will suffer no harm, since any costs found imprudent will be disallowed for recovery and flow back to the ratepayers through the true-up mechanism inherent in the calculation of the PGA factor for the subsequent period.

WHEREFORE, St. Joe Natural Gas Co. petitions the Commission to approve its proposed increase in its PGA factor from 34.600 cents per therm to 55.800 cents per therm to be applied to customer bills rendered for meter reading taken on and after December 1, 1996 through March 31, 1997.

Dated this 25th day of November, 1996.

Respectfully submitted,

Stuart L. Shoaf, President St. Joe Natural Gas Company, Inc. P.O. Box 549 Port St. Joe, Florida 32456 (904) 229-8216

Stuart L. Shoaf, President

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that true and correct copies of St. Joe Natural Gas Company's Petition for Approval of Mid-Course Correction to Approved PGA Factor for Application to Bills to be Rendered from December 1996 through March 31, 1997 in Docket No. 960003-GU have been served this 25th day of November 1996 upon the following:

Sheila L Erstling
Division of Legal Services
Florida Puble Service Commission
2540 Shumard Oak Blvd., Rm 370

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P.O. Box 1531
Tampa, Fl. 33601

Stuart L Shoaf, President

COMPANY: ST. JOE NATURAL DAS CO. REVISED ESTIMATE FOR THE PROJECTED PERIOD. OOST OF GAS PURCHASED 1 COMMODITY (Pipeling) 2 NO NOTICE SERVICE 90.92	8 8 6	MAN SUSCESSION OF SUSCESSION O	COVERA CIVE	JUL 514,424 15 5000	AUG MAZISI 90.00	SS SS	28		28		Earh ball Docker SUS
1 COMMODITY (Pipalina) 2 NO NOTICE SERVICE 3 SWING SERVICE	\$0,9-15.43 \$0.00 \$0.00	\$13,699.57	\$14,556.98 \$0.00 \$0.00	97.	2	23	23	-		8	\$5.0
4 COMMODITY (Other)		\$351,978.11	\$405,880.53		9 8	1	519	-	200	4/9	505.
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LESS END-USE CONTRACT 7 COMMODITY Program 7	M6 520 CS	\$3,740.01	\$3,625,94		2	2			p	r r	2
8 DEMAND	\$20,358.49	\$21,048.75	\$20,530.45	40	-	40	**	60	44	40	-
•	50.00	(\$108.00)			197			5 8			13
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13 COMPANY USE	\$20.77	\$21.66	813.61	\$17.54	\$10.04	\$18.95	5 518.95	90.00	\$0.00	90.00	90.00
14 TOTAL THERM SALES	\$435,566.60	\$505,676,04	\$554,147.8	\$564	500	53	\$30	\$67,882		\$1527	3 \$118.269
THERING PURICHASED						1 1			- 1		
15 COMMODITY (Pipeline)	1,410,330	2,041,120	2,131,090	2124490	652,140	0 702,600	563,870	660,8	0 754,550	0 854,660	738,080
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17 SWING SERVICE	0	0									ACOUNT.
18 COMMODITY (Other)	965,120	1,558,470		12.3				000		2	5.5
10 DEMAND	2,901,500	2,998,320	2,901,60	2,994,320	802,900	777,000	1,621,30	0 1,340,700	1,391,56	1,391,50	1,254,920
LESS END-USE CONTRACT				-							
21 COMMODITY (Pipeline)	474,800	490,420	474,600	0 490,420	490,420	0 474,600	00 491,550	50 477,000	0 462,900	0 492,900	20 445,200
22 DEMAND	477,000	492,900	477.00	492.9	402.9	477,00	XD 492,900		492,9	402.9	20 445,200
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28 COMMODITY (Pipeline) (1/15)	0.00705	0.00681	0.00033	0.00679	9 0.00739	0.00729	0,00569	0	0.00764	0.00764	54 0.00764
	GAR.	EP9			NA BM	R ERR	A SAR		R ERR	R ERR	
30 SWING SERVICE (3/17)	ERR	BHB.	31			4					IR EVA
rity (Other)	0.23237	0.22585			H.				8		
0	0.05249	0.05276	0.0	0.0	0.0	0.0	0.0	20 0.05775	95	9.0	90
UESS END-USE CONTRACT	9	99	9	3	7	5	9		2	2	5
34 COMMODITY Pipeline (7/21)	0.00764	0.00764	0.00764	0.00764	4 0.00764	0.00764	0.00829	29 0.00760	0.00760	0.00760	0.00760
	0.04268	0.04270									100
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TOTAL COST	0.38743	0.32030	0.	0.0	0.0	0	12	0	0	0	9
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STOF GAS	0.38428	0.3268									
20	1.02960	1.02960									
	0.39566	0.33549									
44 PGA FACTOR ADJUSTED FOR TAXES (42x43)	000	2		-				0		Ä,	

COMPANY:

ST. JOE NATURAL GAS CO.

CALCULATION OF TRUE-UP AMOUNT

Schedule E-2

Exhibit#_

FOR THE CUR	RENT PERIO	D: A	VPRIL 96	Ţ	hrough		MARCH 97				Docket#9600 SLS-2	003-GU	
				-ACTUAL-						REVISED P	ROJECTION		TOTAL
	APR 96	WAY	JUN	JU.	AUG	SEP	OCT	NOV	DEC	JAN 97	FEB	MAR	PERIOD
TRUE-UP CALCULATION			211919		Section !	MONTH.	Street,	331111111			A STATE OF	SUSTINUE	
1 PURCHASED GA3 COST	\$224,265	\$351,978	\$405,381	\$444,695	\$32,366	\$44,985	\$19,399	\$85,000	\$35,000	\$125,000	\$85,000	\$70,000	\$1,953,570
2 TRANSPORTATION COST	\$138,267	\$145,647	\$142,515	\$140,798	\$18,965	\$18,320	\$70,239	\$58,475	\$61,201	\$61,736	\$55,503	\$60,895	\$972,560
3 TOTAL	\$362,532	\$497,625	\$548,395	\$585,493	\$51,331	\$83,306	\$89,639	\$123,475	\$146,201	\$186,736	\$140,503	\$130,895	\$2,925,132
4 FUEL REVENUES (NET OF REVENUE TAX)	\$435,569	\$508,675	\$554,148	\$584,035	\$36,658	\$36,841	\$38,190	\$67,882	\$84,685	\$152,777	\$118,290	\$98,127	\$2,713,870
5 TRUE-UP (COLLECTED) OR REFUNDED	(\$7,871)	(\$7,871)	(\$7,871)	(\$7,871)	(\$7,871)	(\$7,871)	(\$7,871)	(\$7,871)	(\$7,871)	(\$7,871)	(\$7,871)	(\$7,871)	(\$94,454
s FUEL REVENUE APPLICABLE TO PERIOD (LINE 4 (+ or −) LINE 5)	\$427,697	\$498,805	\$546,277	\$576,164	\$28,786	\$28,970	\$30,318	\$60,011	\$76,813	\$144,908	\$110,418	\$90,255	\$2,619,422
7 TRUE-UP PROVISION - THIS PERIOD (LINE 6 - LINE 3)	\$85,188	\$1,180	(\$2,119)	(\$9,329)	(\$22,545)	(\$34,336)	(\$59,320)	(\$63,464)	(\$89,386)	(\$41,830)	(\$30,085)	(\$40,640)	(\$306,710
8 INTEREST PROVISION-THIS PERIOD (21	(\$168)	\$18	\$52	\$62	\$25	(\$68)	(\$243)	(\$502)	(\$808)	(\$1,043)	(\$1,184)	(\$1,322)	(\$5,18)
9 BEGINNING OF PERIOD TRUE-UP AND INTEREST	(\$73,414)	(\$545)	\$8,524	\$14,328	\$12,932	(\$1,716)	(\$28,248)	(\$79,941)	(\$136,036)	(\$198,360)	(\$233,362)	(\$256,759)	(\$73,41
10 TRUE-UP COLLECTED OR (REFUNDED) (REVERSE OF LINE 5)	\$7,871	\$7,871	\$7,871	\$7,871	\$7,871	\$7,871	\$7,871	\$7,871	\$7,871	\$7,871	\$7,871	\$7,871	\$94,45
10aFLEX RATE REFUND (if applicable)	\$0	\$0	\$0	\$0	\$0	80	\$0	50	\$0	80	80	\$0	\$
11 TOTAL ESTIMATED/ACTUAL TRUE-UP (7+8+9+10+10a)	(\$545)	\$8,524	\$14,328	\$12,932	(\$1,716)	(\$28,248)	(\$79,941)	(\$136,036)	(\$198,360)	(\$233,382)	(\$256,750)	(\$290,850)	(\$290,85
NTEREST PROVISION	10000000	STATE OF THE PARTY.	- 1000 Mar 12			No.	THE STATE OF THE	7900	THE WAY	Paris Commen	11921 FSV	B 182	
12 BEGINNING TRUE - UP AND INTEREST PROVISION (9)	(\$73,414)	(\$545)	\$8,524	\$14,328	\$12,932	(\$1,716)	(\$28,248)	(\$79,941)	(\$136,036)	(\$198,360)	(\$233,362)	(\$256,759)	
13 ENDING TRUE-UP BEFORE INTEREST (12+7-5)	(\$377)	\$8,506	\$14,276	\$12,870	(\$1,741)	(\$28,181)	(\$79,696)	(\$135,534)	(\$197,552)	(\$232,319)	(\$255,575)	(\$289,527)	
14 TOTAL (12+13)	(\$73,791)	\$7,962	\$22,801	\$27,198	\$11,191	(\$29,897)	(\$107,946)	(\$215,475)	(\$333,589)	(\$430,679)	(\$488,937)	(\$546,286)	
15 AVERAGE (50% OF 14)	(\$36,896)	\$3,981	\$11,400	\$13,599	\$5,596	(\$14,948)	(\$53,973)	(\$107,737)	(\$166,794)	(\$215,340)	(\$244,469)	(\$273,143)	
16 INTEREST RATE - FIRST DAY OF MONTH	5.50	5.40	5.40	5.52	5.45	5.40	5.44	5.38	5.81	5.81	5.81	5.81	
17 INTEREST RATE - FIRST DAY OF SUBSEQUENT MONTH	5.40	5.40	5.52	5.45	5.40	5.44	5.38	5.81	5.81	5.81	5.81	5.81	
18 TOTAL (16+17)	10.90	10.80	10.92	10.97	10.85	10.84	10.82	11.19	11.62	11.62	11.62	11.82	
19 AVERAGE (50% OF 18)	5.45	5.4	5.46	5.485	5.425	5.42	5.41	5.595	5.81	5.81	5.81	5.81	
20 MONTHLY AVERAGE (19/12 Months)	0.454	0.450	0.455	0.457	0.452	0.452	0.451	0.466	0.484	0.484	0.484	0.484	
21 INTEREST PROVISION (15x20)	-168	18	52	62	25	-68	-243	-502	-808	-1043	-1184	-1322	(\$5,18