


# ST JOE NATURAL GAS



Serving Florida's Panhandle Since 1963  
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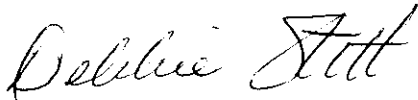
September 13, 2010

John Slemkewicz, Supervisor  
Electric & Gas Accounting  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

Re: Earnings Surveillance Report Ending June 30, 2010

Please find enclosed the Earnings Surveillance Report for the twelve months ending June 30, 2010.

Sincerely,



Debbie Stitt  
Bookkeeper

FLORIDA PUBLIC SERVICE  
COMMISSION  
REGULATION

10 SEP 16 AM 9:37

FLORIDA PUBLIC SERVICE  
COMMISSION

FLORIDA PUBLIC SERVICE COMMISSION

INVESTOR-OWNED NATURAL GAS UTILITY  
EARNINGS SURVEILLANCE REPORT

PSC/AFA 13 (6/94)

ST. JOE NATURAL GAS COMPANY  
EARNINGS SURVEILLANCE REPORT SUMMARY  
June 30, 2010

SCHEDULE 1

	(1) ACTUAL PER BOOKS	(2) FPSC ADJUSTMENTS	(3) FPSC ADJUSTED	(4) PRO FORMA ADJUSTMENTS	(5) PRO FORMA ADJUSTED
I. AVERAGE RATE OF RETURN (JURISDICTIONAL) NET OPERATING INCOME	\$ 176,828	\$	\$ 176,828	\$	\$
AVERAGE RATE BASE	\$ 3,936,440	\$ -879,867	\$ 3,056,573	\$	\$
AVERAGE RATE OF RETURN	4.49%		5.79%		%
II. YEAR END RATE BASE (JURISDICTIONAL)	\$ 3,945,503	\$ -847,776	\$ 3,097,727		

III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)	LOW	5.48 %		
	MIDPOINT	6.01 %		
	HIGH	6.53 %		
IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)				
A. INCLUDING	FLEX RATE REVENUES	10.59%		
B. EXCLUDING	FLEX RATE REVENUES	10.59%		

I am aware that Section 837.06, Florida Statutes, provides:

Whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree punishable as provided in s. 775.082, s. 775.083, or s. 775.084.

Stuart L Shoaf, President  
(Name and Title of Chief Financial Officer)

*Stuart L Shoaf*  
(Signature)

9-13-10  
(Date)



ST. JOE NATURAL GAS COMPANY  
AVERAGE RATE OF RETURN  
INCOME STATEMENT  
JUNE 30, 2010

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
OPERATING REVENUES	O & M GAS EXPENSE	O & M OTHER	DEPRECIATION & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES CURRENT	DEFERRED INCOME TAXES (NET)	INVESTMENT TAX CREDIT (NET)	GAIN/LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME
2,361,250	740,070	964,862	243,093	143,982	92,414				2,184,421	176,829

PER BOOKS

FPSC ADJUSTMENTS:

TOTAL FPSC ADJUSTMENTS										
FPSC ADJUSTED	740,070	964,862	243,093	143,982	92,414				2,184,421	176,829
FLEX RATE REVENUES ADJUSTED FOR										
FLEX RATE REVENUES										

PRO FORMA REVENUE INCREASE AND ANNUALIZATION ADJUSTMENTS:

TOTAL PRO FORMA ADJUSTMENTS										
PRO FORMA ADJUSTED										

PER BOOKS  
CURRENT MONTH AMOUNT

ST. JOE NATURAL GAS COMPANY  
 YEAR END RATE BASE  
 JUNE 30, 2010

SCHEDULE 3

(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)
PLANT IN SERVICE	ACCUMULATED DEPRECIATION & AMORTIZATION	NET PLANT IN SERVICE	PROPERTY HELD FOR FUTURE USE	CONSTRUCTION WORK IN PROGRESS	NET UTILITY PLANT	WORKING CAPITAL	TOTAL RATE BASE
6,930,630	3,685,590	3,245,040		27,448	3,272,488	673,015	3,945,503

PER BOOKS

FPSC ADJUSTMENTS:

PRO-RATA						-72,478	-72,478
NON-UTILITY	-364,195	-65,314			-298,881	-476,417	-775,298

TOTAL FPSC ADJUSTMENTS

	-364,195	-65,314		0	-298,881	-548,895	-847,776
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FPSC ADJUSTED

	6,566,435	3,620,276	2,946,159	27,448	2,973,607	124,120	3,097,727
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ST. JOE NATURAL GAS COMPANY  
 CAPITAL STRUCTURE  
 FPSC ADJUSTED BASIS  
 JUNE 30, 2010

SCHEDULE 4

	PER BOOKS	ADJUSTMENTS NON-UTILITY	PRO RATA	ADJUSTED	RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
						COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
<u>AVERAGE</u>	0			0	0.00%	0.00	0.00	0.00	0.00	0.00	0.00
LONG TERM DEBT	0	0	0	0	0.00%	0.00	0.00	0.00	0.00	0.00	0.00
SHORT TERM DEBT	27,402	0	0	0	0.00%	8.00	0.00	8.00	0.00	8.00	0.00
OTHER DEFERRED CREDITS - GC	84,321	-25,709	-2,944	27,402	0.90%	0.00	0.00	0.00	0.00	0.00	0.00
CUSTOMER DEPOSITS	2,428,105	-740,315	-84,761	1,603,029	1.82%	6.00	0.11	6.00	0.11	6.00	0.11
COMMON EQUITY	115,934	-740,315	-84,761	1,603,029	52.45%	10.00	5.24	11.00	5.77	12.00	6.29
DEFERRED INCOME TAXES	1,069,375			115,934	3.79%	0.00	0.00	0.00	0.00	0.00	0.00
OTHER DEFERRED CREDITS - FC	76,923	-23,453	-2,685	1,069,375	34.99%	0.00	0.00	0.00	0.00	0.00	0.00
LONG TERM DEBT - Bayside	134,380			50,784	1.66%	7.75	0.13	7.75	0.13	7.75	0.13
CUSTOMER ADVANCES FOR CONSTRUCTION				134,380	4.40%	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	3,936,440	-789,477	-90,390	3,056,573	100.00%		5.48		6.01		6.53

	PER BOOKS	ADJUSTMENTS NON-UTILITY	PRO RATA	ADJUSTED	RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
						COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
<u>YEAR END</u>	0			0	0.00%	8.00	0.00	8.00	0.00	8.00	0.00
SHORT TERM DEBT	0	0	0	0	0.00%	8.00	0.00	8.00	0.00	8.00	0.00
OTHER DEFERRED CREDITS - GC	27,402	0	0	27,402	0.88%	0.00	0.00	0.00	0.00	0.00	0.00
CUSTOMER DEPOSITS	92,595	-27,558	-2,576	62,460	2.02%	6.00	0.12	6.00	0.12	6.00	0.12
COMMON EQUITY	2,512,378	-747,740	-69,902	1,694,737	54.71%	10.00	5.47	11.00	6.02	12.00	6.57
DEFERRED INCOME TAXES	134,833			134,833	4.35%	0.00	0.00	0.00	0.00	0.00	0.00
OTHER DEFERRED CREDITS - FC	1,043,914			1,043,914	33.70%	0.00	0.00	0.00	0.00	0.00	0.00
LONG TERM DEBT - Bayside	0	0	0	0	0.00%	7.75	0.00	7.75	0.00	7.75	0.00
CUSTOMER ADVANCES FOR CONSTRUCTION	134,380			134,380	4.34%	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	3,945,503	-775,298	-72,478	3,097,727	100.00%		5.59		6.14		6.69

**ST. JOE NATURAL GAS COMPANY, INC.**  
**EARNED RETURN ON COMMON EQUITY**  
**FPSC ADJUSTED BASIS**  
**June 30, 2010**

**SCHEDULE 5**

A. FPSC ADJUSTED AVERAGE JURISDICTIONAL RETURN ON COMMON EQUITY  
INCLUDING FLEX RATE REVENUES

FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	<u>5.79</u>	(Schedule 1)
LESS: RECONCILED AVERAGE JURISDICTIONAL		
WEIGHTED COST RATES FOR:		
SHORT TERM DEBT	0.00 %	
LONG TERM DEBT - BAYSIDE	-0.13 %	
CUSTOMER DEPOSITS	-0.11 %	
OTHER DEFERRED CREDITS	<u>0.00 %</u>	
SUBTOTAL	<u>-0.24 %</u>	
TOTAL	5.55 %	
DIVIDED BY RECONCILED COMMON EQUITY RATIO	<u>52.45 %</u>	
JURISDICTIONAL RETURN ON COMMON EQUITY	<u><u>10.59%</u></u>	

B. FPSC ADJUSTED AVERAGE JURISDICTIONAL RETURN ON COMMON EQUITY  
EXCLUDING FLEX RATE REVENUES SAME AS ABOVE

NET OPERATING REVENUE EXCLUDING FLEX RATE REVENUES	\$	(Schedule 2, p. 2 of 2)
RATE BASE EXCLUDING FLEX RATE REVENUES	\$	(Schedule 2, p. 1 of 2)
FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN		%
LESS: RECONCILED AVERAGE JURISDICTIONAL		
WEIGHTED COST RATES FOR:		
LONG TERM DEBT	( )	%
SHORT TERM DEBT	( )	%
PREFERRED STOCK	( )	%
CUSTOMER DEPOSITS	( )	%
TAX CREDITS-WEIGHTED COST(MIDPOINT)	<u>( )</u>	%
SUBTOTAL	<u>( )</u>	%
TOTAL		%
DIVIDED BY RECONCILED COMMON EQUITY RATIO		%
JURISDICTIONAL RETURN ON COMMON EQUITY		%