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April 25, 2011

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

Re: Actual Earnings Surveillance Report Ending December 31, 2010

Please find enclosed the Actual Earnings Surveillance Report for the twelve months ending December 31, 2010.

Sincerely,

A handwritten signature in cursive script that reads "Debbie Stitt".

Debbie Stitt
Bookkeeper

RECEIVED

11 APR 29 11 56 AM

ST JOE

INVESTOR-OWNED NATURAL GAS UTILITY
EARNINGS SURVEILLANCE REPORT

ST. JOE NATURAL GAS COMPANY
EARNINGS SURVEILLANCE REPORT SUMMARY
ACTUAL 12/31/10

SCHEDULE 1

	(1)	(2)	(3)	(4)	(5)
	<u>ACTUAL</u>	<u>FPSC</u>	<u>FPSC</u>	<u>PRO FORMA</u>	<u>PRO FORMA</u>
	<u>PER BOOKS</u>	<u>ADJUSTMENTS</u>	<u>ADJUSTED</u>	<u>ADJUSTMENTS</u>	<u>ADJUSTED</u>
I. AVERAGE RATE OF RETURN (JURISDICTIONAL)					
<u>NET OPERATING INCOME</u>	\$ 191,371	\$	\$ 191,371	\$	\$
AVERAGE RATE BASE	\$ 3,943,324	\$ -878,595	\$ 3,064,729	\$	\$
AVERAGE RATE OF RETURN	<u>4.85%</u>		<u>6.24%</u>		%
II. YEAR END RATE BASE (JURISDICTIONAL)					
<u></u>	\$ 4,087,684	\$ -1,073,960	\$ 3,013,724		

III. REQUIRED RATES OF RETURN
AVERAGE CAPITAL STRUCTURE
(FPSC ADJUSTED BASIS)

LOW	_____	5.53 %
MIDPOINT	_____	6.06 %
HIGH	_____	6.59 %

IV. EARNED RETURN ON EQUITY
(FPSC ADJUSTED BASIS)

A. INCLUDING	
FLEX RATE REVENUES	11.35%
B. EXCLUDING	
FLEX RATE REVENUES	11.35%

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)


(Signature)

4-25-11
(Date)

PSC/AFA 13

ST. JOE NATURAL GAS COMPANY
 YEAR END RATE BASE
 ACTUAL 12/31/10

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
PER BOOKS	6,968,701	3,796,966	3,171,735		320,859	3,492,595	595,088	4,087,683
<u>FPSC ADJUSTMENTS</u>								
PRO-RATA NON-UTILITY	-403,739	-76,673	-327,066		-243,969	-571,035	-373,946	-128,978 -944,981
TOTAL FPSC ADJUSTMENTS	<u>-403,739</u>	<u>-76,673</u>	<u>-327,066</u>		<u>-243,969</u>	<u>-571,035</u>	<u>-502,924</u>	<u>-1,073,959</u>
FPSC ADJUSTED	<u>6,564,962</u>	<u>3,720,293</u>	<u>2,844,669</u>	#VALUE!	<u>76,890</u>	<u>2,921,560</u>	<u>92,164</u>	<u>3,013,724</u>

ST. JOE NATURAL GAS COMPANY
CAPITAL STRUCTURE
FPSC ADJUSTED BASIS
ACTUAL 12/31/10

SCHEDULE 4

	AVERAGE	PER BOOKS	ADJUSTMENTS		ADJUSTED	RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
			NON-UTILITY	PRO RATA			COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
LONG TERM DEBT		46,154	-14,072	-1,450	30,632	1.00%	6.50	0.06	6.50	0.06	6.50	0.06
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			27,402	0.89%	0.00		0.00		0.00	
CUSTOMER DEPOSITS		92,335	-28,152	-2,901	61,282	2.00%	6.00	0.12	6.00	0.12	6.00	0.12
COMMON EQUITY		2,443,218	-744,905	-76,768	1,621,545	52.91%	10.00	5.29	11.00	5.82	12.00	6.35
DEFERRED INCOME TAXES		139,874			139,874	4.56%	0.00		0.00		0.00	
OTHER DEFERRED CREDITS - FC		1,043,914			1,043,914	34.06%	0.00	0.00	0.00	0.00	0.00	0.00
LONG TERM DEBT - Bayside		30,769	-9,381	-967	20,421	0.67%	7.75	0.05	7.75	0.05	7.75	0.05
CUSTOMER ADVANCES FOR CONSTRUCTION		119,658			119,658	3.90%	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL		3,943,324	-796,509	-82,086	3,064,728	100.00%		5.53		6.06		6.59

	YEAR END	PER BOOKS	ADJUSTMENTS		ADJUSTED	RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
			NON-UTILITY	PRO RATA			COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
LONG TERM DEBT		300,000	-102,312	-13,964	183,724	6.10%	6.50	0.40	6.50	0.40	6.50	0.40
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			27,402	0.91%	0.00		0.00		0.00	
CUSTOMER DEPOSITS		96,010	-32,743	-4,469	58,798	1.95%	6.00	0.12	6.00	0.12	6.00	0.12
COMMON EQUITY		2,374,866	-809,926	-110,545	1,454,396	48.26%	10.00	4.83	11.00	5.31	12.00	5.79
DEFERRED INCOME TAXES		200,370			200,370	6.65%	0.00		0.00		0.00	
OTHER DEFERRED CREDITS - FC		1,018,453			1,018,453	33.79%	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		70,582			70,582	2.34%	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL		4,087,683	-944,981	-128,978	3,013,724	100.00%		5.34		5.82		6.30

ST. JOE NATURAL GAS COMPANY, INC.
 EARNED RETURN ON COMMON EQUITY
 FPSC ADJUSTED BASIS
 ACTUAL 12/31/10

SCHEDULE 5

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

FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	6.24	(Schedule 1)
LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:		
SHORT TERM DEBT	0.00 %	
LONG TERM DEBT - BAYSIDE	-0.12 %	
CUSTOMER DEPOSITS	-0.12 %	
OTHER DEFERRED CREDITS	0.00 %	
SUBTOTAL	-0.24 %	
TOTAL	6.00 %	
DIVIDED BY RECONCILED COMMON EQUITY RATIO	52.91 %	
JURISDICTIONAL RETURN ON COMMON EQUITY	11.35%	

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)	()	%
SUBTOTAL	()	%
TOTAL		%
DIVIDED BY RECONCILED COMMON EQUITY RATIO	_____	%
JURISDICTIONAL RETURN ON COMMON EQUITY	_____	%