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May 23, 2012

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, 2011

Please find enclosed the Actual Earnings Surveillance Report for the twelve months ending December 31, 2011.

Sincerely,

blue Sitt

Debbie Stitt **Regulatory Analyst**

CONCRED REGULATION MAY 29 AM 9: 44 THE STRAIDE 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 ACTUAL 12/31/11

			(1) ACTUAL PER BOOKS	(2) FPSC ADJUSTMENTS	(3) FPSC ADJUSTED	(4) PRO FORMA ADJUSTMENTS	(5) PRO FOR M A <u>ADJUSTED</u>
I. AVERAGE RATE OF RETURN (JURISDICTIONAL)			<u>FER BOORS</u>	ADJUSTMENTS	ADJUSTED	ADJUSTMILINIS	ADJUSTED
NET OPERATING INCOME		\$	160,907	\$\$	160,907	\$\$	
AVERAGE RATE BASE		\$	4,250,548	\$ <u>-1,225,959</u> \$	3,024,589	\$\$	
AVERAGE RATE OF RETURN			3.79%		5.32%		%
II. YEAR END RATE BASE (JURISDICTIONAL)		\$	4,241,837	\$1,285,704 \$	2,956,133		
III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE		1. A	<u> </u>	١٧	(FPSC ADJU	TURN ON EQUITY STED BASIS)	,
(FPSC ADJUSTED BASIS)	LOW	5.38 %			A. INCLUDIN	G E REVENUES	9.88%
		<u> </u>	,				0.007/
	MIDPOINT	5.85 %)		B. EXCLUDIN	IG E REVENUES	9.88%
	HIGH	6.33 %	1		FLEXINA	EREVENUES	9.00%
I am aware that Section 837.06	, Florida Statutes, pr	ovides:]	
	the intent to misle official duty shall	vingly makes a fals ead a public servan be guilty of a misde ovided in s. 775.08	t in the performation of the second	ance of his second degree			
Andy Shoaf, Vice-President (Name and Title of Chief Financial Officer)			(Signature			<u>5-24-72</u> (Date)	PSC/AFA13

SCHEDULE 1

ST. JOE NATURAL GAS COMPANY, INC. AVERAGE RATE OF RETURN RATE BASE ACTUAL 12/31/11

SCHEDULE 2 PAGE 1 OF 2

	(1) PLANT IN SERVICE	(2) ACCUMULATED DEPRECIATION & AMORTIZATION	(3) NET PLANT IN SERVICE	(4) PROPERTY HELD FOR FUTURE USE		(7) NET UTILITY PLANT	(8) WORKING CAPITAL	(9) TOTAL RATE BASE
PER BOOKS	7,359,141	3,917,767	3,441,374		83,654	3,525,028	725,520	4,250,548
FPSC ADJUSTMENTS:					·			
PRO RATA NON UTILITY	-727,637	-97,269	-630,368		-49,686	-680,054	-57,763 -488,142	-57,763 -1,168,196

TOTAL FPSC ADJUSTMENTS	-727,637	-97,269	-630,368	 -49,686	·	-545,905	-1,225,959
FPSC ADJUSTED	6,631,504	3,820,498	2,811,006	 33,968	2,844,974	179,615	3,024,589
<u>FLEX RATE REVENUES</u> ADJUSTED FOR FLEX RATE REVENUES				 			
PRO FORMA REVENUE INCREASE AND ANNUALIZATION ADJUSTMENTS:							
TOTAL PRO FORMA ADJUSTMENTS		<u>_, , , , , , , , , , , , , , , , , , , </u>		 			
PRO FORMA ADJUSTED							

ST. JOE NATURAL GAS COMPANY AVERAGE RATE OF RETURN INCOME STATEMENT ACTUAL 12/31/11

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
							DEFERRED	INVESTMENT TAX		TOTAL	NET
	OPERATING	0 & M	0 & M	DEPRECIATION &	TAXES OTHER	INCOME TAXES	INCOME TAXES	CREDIT	GAIN/LOSS	OPERATING	OPERATING
	REVENUES	GAS EXPENSE	OTHER	AMORTIZATION	THAN INCOME	CURRENT	(NET)	(NET)	ON DISPOSITION	EXPENSES	INCOME
PER BOOKS	2,234,476	682,089	884,770	246,872	144,407	115,431				2,073,569	160,907

FPSC ADJUSTMENTS:

PRO FORMA REVENUE INCREASE AND ANNUALIZATION ADJUSTMENTS:

TOTAL PRO FORMA ADJUSTMENTS

PRO FORMA ADJUSTED

PER BOOKS CURRENT MONTH AMOUNT SCHEDULE 2 PAGE 2 OF 2

ST. JOE NATURAL GAS COMPANY YEAR END RATE BASE ACTUAL 12/31/11

SCHEDULE 3

PER BOOKS	(1) PLANT IN SERVICE 7,496,759	(2) ACCUMULATED DEPRECIATION & AMORTIZATION 4,035,256	(3) NET PLANT IN SERVICE 3,461,503	(4) PROPERTY HELD FOR FUTURE USE	(5) CONSTRUCTION WORK IN PROGRESS 73,202	(7) NET UTILITY PLANT 3,534,705	(8) WORKING CAPITAL 707,132	(9) TOTAL RATE BASE 4,241,837
FPSC ADJUSTMENTS								
PRO-RATA NON-UTILITY	-856,388	-114,941	-741,447		-29,791	-771,238	-38,585 -475,881	-38,585 -1,247,119
TOTAL FPSC ADJUSTMENTS	-856,388	-114,941	-741,447		-29,791	-771,238	-514,466	-1,285,704
FPSC ADJUSTED	6,640,371	3,920,315	2,720,056	#VALUE!	43,411	2,763,467	192,666	2,956,133

ST. JOE NATURAL GAS COMPANY CAPITAL STRUCTURE FPSC ADJUSTED BASIS ACTUAL 12/31/11

						LOW POINT		MIDPOINT		HIGH POINT	
						COST	WEIGHTED	COST	WEIGHTED	COST	WEIGHTED
		ADJUSTMENTS			RATIO	RATE	COST	RATE	COST	RATE	COST
AVERAGE	PER BOOKS	NON-UTILITY	PRO RATA	ADJUSTED	(%)	(%)	(%)	(%)	(%)	(%)	(%)
LONG TERM DEBT	410,770	-162,098	-8,015	240,657	7.96%	6.50	0.52	6.50	0.52	6.50	0.52
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	98,720	-38,957	-1,926	57,837	1.91%	6.00	0.11	6.00	0.11	6.00	0.11
COMMON EQUITY	2,450,820	-967,141	-47,822	1,435,857	47.47%	10.00	4.75	11.00	5.22	12.00	5.70
DEFERRED INCOME TAXES	204,692			204,692	6.77%	0.00		0.00		0.00	
OTHER DEFERRED CREDITS - FC	992,992			992,992	32.83%	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	65,152			65,152	2.15%	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	4,250,548	-1,168,196	-57,763	3,024,589	100.00%		5.38		5.85		6.33

						LOW POINT		MIDPOINT		HIGH POINT	
						COST	WEIGHTED	COST	WEIGHTED	COST	WEIGHTED
		ADJUSTMENTS			RATIO	RATE	COST	RATE	COST	RATE	COST
YEAR END	PER BOOKS	NON-UTILITY	PRO RATA	ADJUSTED	(%)	(%)	(%)	(%)	(%)	(%)	(%)
LONG TERM DEBT	420,000	-175,160	-5,419	239,421	8.10%	6.50	0.53	6.50	0.53	6.50	0.53
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	0.93%	0.00		0.00		0.00	
CUSTOMER DEPOSITS	104,893	-43,745	-1,353	59,794	2.02%	6.00	0.12	6.00	0.12	6.00	0.12
COMMON EQUITY	2,465,458	-1,028,214	-31,812	1,405,432	47.54%	10.00	4.75	11.00	5.23	12.00	5.71
DEFERRED INCOME TAXES	256,553			256,553	8.68%	0.00		0.00		0.00	
OTHER DEFERRED CREDITS - FC	967,531			967,531	32.73%	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	0			0	0.00%	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	4,241,837	-1,247,119	-38,585	2,956,133	100.00%		5.40		5.88		6.35

SCHEDULE 4

ST. JOE NATURAL GAS COMPANY, INC. EARNED RETURN ON COMMON EQUITY FPSC ADJUSTED BASIS ACTUAL 12/31/11

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

FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:	5.32
SHORT TERM DEBT	0.00 %
LONG TERM DEBT	-0.52 %
CUSTOMER DEPOSITS	-0.11 %
OTHER DEFERRED CREDITS	0.00 %
SUBTOTAL	-0.63 %
TOTAL	4.69 %
DIVIDED BY RECONCILED COMMON EQUITY RATIO	<u> 47.47</u> %
JURISDICTIONAL RETURN ON COMMON EQUITY	9.88%

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

NET OPERATING REVENUE EXCLUDING FLEX RATE REVENUES	\$			
RATE BASE EXCLUDING FLEX RATE REVENUES	\$.			_
FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:	-			_%
LONG TERM DEBT		()	%
SHORT TERM DEBT		ì	ý	%
PREFERRED STOCK		ì)	%
CUSTOMER DEPOSITS		ì)	%
TAX CREDITS-WEIGHTED COST(MIDPOINT)		ì	ý	%
SUBTOTAL	-	()	_%
TOTAL				%
DIVIDED BY RECONCILED COMMON EQUITY RATIO	-			_%
JURISDICTIONAL RETURN ON COMMON EQUITY				%