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13 AUG 12 AM 9: 49 DIVISION OF ACCOUNTING & FINANCE

August 9, 2013

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, 2013

Please find enclosed the Earnings Surveillance Report for the twelve months ending June 30, 2013.

Sincerely,

ellie Sitt

Debbie Stitt Regulatory Analyst

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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, 2013

I. AVERAGE RATE OF RETURN			(1) ACTUAL <u>PER BOOKS</u>	(2) FPSC <u>ADJUSTMENTS</u>	(3) FPSC <u>ADJUSTED</u>	(4) PRO FORMA <u>ADJUSTMENTS</u>	(5) PRO FOR M A <u>ADJUSTED</u>
(JURISDICTIONAL)							
NET OPERATING INCOME		\$	104,818	\$\$	104,818	\$\$	
AVERAGE RATE BASE		\$	4,320,811	\$1,623,451 \$	2,697,360	\$\$	
AVERAGE RATE OF RETURN			2.43%		3.89%		%
II. YEAR END RATE BASE (JURISDICTIONAL)		\$	-4,477,929	\$1,784,758 \$	-6,262,687		
III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE		<u></u>		\ 	(FPSC ADJU	TURN ON EQUITY ISTED BASIS)	/
(FPSC ADJUSTED BASIS)	LOW	5.09 %	5		A. INCLUDIN FLEX RAT	G E REVENUES	7.33%
	MIDPOINT	5.54 %	5		B. EXCLUDIN FLEX RAT	IG E REVENUES	7.33%
	HIGH	<u> </u>	5				
I am aware that Section 837.	06, Florida Statutes, p	provides:					
	the intent to mis	owingly makes a fals slead a public servar Il be guilty of a misd	nt in the perform	ance of his			
		rovided in s. 775.08					
Andy Shoaf, Vice-President					_	8-9-13	
(Name and Title of Chief			(Signatur	re) 5	-	(Date)	
Financial Officer)							PSC/AFA13

ST. JOE NATURAL GAS COMPANY, INC. AVERAGE RATE OF RETURN SCHEDULE 2 RATE BASE PAGE 1 OF 2 JUNE 30, 2013

	(1) PLANT IN	(2) ACCUMULATED DEPRECIATION &	(3) NET PLANT IN	(4) PROPERTY HELD		(7) NET	(8) WORKING	(9) TOTAL
PER BOOKS	SERVICE 7,687,262	4,265,088	SERVICE 3,422,174	FOR FUTURE USE	PROGRESS 61,858	UTILITY PLANT 3,484,032	CAPITAL 836,780	4,320,812
FPSC ADJUSTMENTS								
PRO RATA							-60,351	-60,351
NON UTILITY	-1,018, 9 55	-156,887	-862,068		-30,993	-893,061	-670,040	-1,563,101

TOTAL FPSC ADJUSTMENTS	-1,018,955	-156,887	-862,068	 -30,993		-730,391	-1,623,452
FPSC ADJUSTED	6,668,307	4,108,201	2,560,106	 30,865	2,590,971	106,389	2,697,360
FLEX RATE REVENUES ADJUSTED FOR FLEX RATE REVENUES PRO FORMA REVENUE INCREASE AND <u>ANNUALIZATION ADJUSTMENTS</u> :				 			
TOTAL PRO FORMA ADJUSTMENTS				 			
PRO FORMA ADJUSTED				 			

ST. JOE NATURAL GAS COMPANY AVERAGE RATE OF RETURN INCOME STATEMENT JUNE 30, 2013

	(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	1,880,224	510,766	882,238	247,596	113,031	21,775				1,775,406	104,818

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 JUNE 30, 2013

(4)

(5)

(7)

SCHEDULE 3

(9)

(8)

		ACCUMULATED	NET		CONSTRUCTION			
	PLANT IN	DEPRECIATION &	PLANT IN	PROPERTY HELD	WORK IN	NET	WORKING	TOTAL
	SERVICE	AMORTIZATION	SERVICE	FOR FUTURE USE	PROGRESS	UTILITY PLANT	CAPITAL	RATE BASE
PER BOOKS	7,887,343	4,417,656	3,469,687		74,294	3,543,981	933,948	4,477,929
FPSC ADJUSTMENTS:								
PRO-RATA							-58,349	-58,349
NON-UTILITY	-1,155,881	-191,622	-964,259		-47,273	-1,011,532	-714,878	-1,726,410

(3)

(1)

i

(2)

TOTAL FPSC ADJUSTMENTS	-1,155,881	-191,622	-964,259		-47,273	-1,011,532	-773,227	-1,784,759
FPSC ADJUSTED	6,731,462	4,226,034	2,505,428	#VALUE!	27,021	2,532,449	160,721	2,693,170

ST. JOE NATURAL GAS COMPANY CAPITAL STRUCTURE FPSC ADJUSTED BASIS JUNE 30, 2013

						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	483,598	-242,428	-9,360	231,810	8.59%	6.50	0.56	6.50	0.56	6.50	0.56
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	1.02%	0.00		0.00		0.00	
CUSTOMER DEPOSITS	1 04,106	-52,188	-2,015	49,903	1.85%	2.00	0.04	2.00	0.04	2.00	0.04
COMMON EQUITY	2,529,157	-1,267,866	-48,952	1,212,339	44.95%	10.00	4.49	11.00	4.94	12.00	5.39
DEFERRED INCOME TAXES	258,705			258,705	9.59%	0.00		0.00		0.00	
OTHER DEFERRED CREDITS - FC	916,609			916,609	33.98%	0.00	0.00	0.00	0.00	0.00	0.00
PROPANE DEPOSITS	1,235	-619	-24	592	0.02%	0.00	0.00	0.00	0.00	0.00	0.00
CUSTOMER ADVANCES FOR CONSTRUCTION	0			0	0.00%	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	4,320,812	-1,563,101	-60,351	2,697,360	100.00%		5.09		5.54		5.99

							MERCHITED		MERCHITED		WEIGHTED
		ADJUSTMENTS			RATIO	COST RATE	WEIGHTED COST	COST RATE	WEIGHTED COST	COST RATE	COST
YEAR END	PER BOOKS	NON-UTILITY	PRO RATA	ADJUSTED	(%)	(%)	(%)	(%)	(%)	(%)	(%)
LONG TERM DEBT	557,798	-291,918	-9,866	256,014	9.51%	6.50	0.62	6.50	0.62	6.50	0.62
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	1.02%	0.00		0.00		0.00	
CUSTOMER DEPOSITS	101,338	-53,034	-1,792	46,511	1.73%	2.00	0.03	2.00	0.03	2.00	0.03
COMMON EQUITY	2,637,294	-1,380,202	-46,648	1,210,444	44.94%	10.00	4.49	11.00	4.94	12.00	5.39
DEFERRED INCOME TAXES	260,549			260,549	9.67%	0.00		0.00		0.00	
OTHER DEFERRED CREDITS - FC	891,148			891,148	33.09%	0.00	0.00	0.00	0.00	0.00	0.00
PROPANE DEPOSITS	2,400	-1,256	-42	1,102	0.04%	0.00	0.00	0.00	0.00	0.00	0.00
CUSTOMER ADVANCES FOR CONSTRUCTION	I 0			0	0.00%	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	4,477,929	-1,726,410	-58,349	2,693,170	100.00%		5.15		5.60		6.05

ST. JOE NATURAL GAS COMPANY, INC. EARNED RETURN ON COMMON EQUITY FPSC ADJUSTED BASIS JUNE 30, 2013

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:	3.89	(Schedule 1)
SHORT TERM DEBT	0.00 %	
LONG TERM DEBT	-0.56 %	
CUSTOMER DEPOSITS	-0.04 %	
OTHER DEFERRED CREDITS	0.00 %	
SUBTOTAL	-0.60 %	
TOTAL	3.29 %	
DIVIDED BY RECONCILED COMMON EQUITY RATIO	44.95 %	
JURISDICTIONAL RETURN ON COMMON EQUITY	7.33%	

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
RATE BASE EXCLUDING FLEX RATE REVENUES	\$		(Schedule 2, p
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			%

ST. JOE NATURAL GAS COMPANY, INC. EARNED RETURN ON COMMON EQUITY FPSC ADJUSTED BASIS JUNE 30, 2013

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:	3.89	(Schedule 1)
SHORT TERM DEBT	0.00 %	
LONG TERM DEBT	-0.56 %	
CUSTOMER DEPOSITS	-0.04 %	
OTHER DEFERRED CREDITS	0.00 %	
SUBTOTAL	-0.60 %	
TOTAL	3.29 %	
DIVIDED BY RECONCILED COMMON EQUITY RATIO	<u> </u>	
JURISDICTIONAL RETURN ON COMMON EQUITY	7.33%	

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

NET OPERATING REVENUE EXCLUDING FLEX RATE REVENUES	\$ (Se	chedule 2, p. 2 of 2)
RATE BASE EXCLUDING FLEX RATE REVENUES	\$ (S	chedule 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	$() \% \\ () \% \\ () \% \\ () \% \\ () \% \\ () \% \\ \% \end{pmatrix}$	
TOTAL	%	
DIVIDED BY RECONCILED COMMON EQUITY RATIO	%	
JURISDICTIONAL RETURN ON COMMON EQUITY	%	