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www.stjoegas.com

June 15, 2015

Mr. Andrew L Maurey, Director Division of Accounting & Finance Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, Florida 32399-0850

Re: Revised Earnings Surveillance Report Ending December 2014

Please find enclosed the Revised Earnings Surveillance Report for the twelve months ending December 31, 2014.

Sincerely,

Debbie Stitt

Regulatory Analyst

Deblue Still

15 JUN 18 AM 9: 35

FLORIDA PUBLIC SERVICE COMMISSION

INVESTOR-OWNED NATURAL GAS UTILITY EARNINGS SURVEILLANCE REPORT

15 JUN 18 AM 9: 35

PSC/AFA 13 (6/94)

ST. JOE NATURAL GAS COMPANY EARNINGS SURVEILLANCE REPORT SUMMARY Revised Actual 12/31/14

			(1) ACTUAL PER BOOKS	(2) FPSC <u>ADJUSTMENTS</u>	(3) FPSC <u>ADJUSTED</u>	(4) PRO FORMA ADJUSTMENTS	(5) PRO FORMA <u>ADJUSTED</u>
I. AVERAGE RATE OF RETURN (JURISDICTIONAL) NET OPERATING INCOME		\$	92,357	\$\$	92,357	.\$\$	
AVERAGE RATE BASE		\$	4,496,648	\$1,880,180	2,616,468	\$\$	
AVERAGE RATE OF RETURN			2.05%		3.53%		
II. YEAR END RATE BASE (JURISDICTIONAL)		\$	4,973,851	\$1,840,222 \$	3,133,629		
III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)				N		TURN ON EQUITY JSTED BASIS) IG	·
	LOW	5.04 %	b		FLEX RAT	TE REVENUES	6.58%
	MIDPOINT _	5.48 %	.		B. EXCLUDIN	NG FE REVENUES	6.58%
	HIGH _	5.92 %	b				
I am aware that Section 837.06 Andy Shoaf, Vice-President (Name and Title of Chief	•	ingly makes a fals ad a public servar be guilty of a misd	nt in the perform emeanor of the	ance of his second degree r s. 775.084.		0-15-15 (Date)	

SCHEDULE 2 PAGE 1 OF 2

ST. JOE NATURAL GAS COMPANY, INC. AVERAGE RATE OF RETURN RATE BASE Revised Actual 12/31/14

PER BOOKS FPSC ADJUSTMENTS:	(1) PLANT IN SERVICE 8,055,293	(2) ACCUMULATED DEPRECIATION & AMORTIZATION 4,700,521	(3) NET PLANT IN SERVICE 3,354,772	PROPERTY HELD FOR FUTURE USE	(5) CONSTRUCTION WORK IN PROGRESS 107,137	NET UTILITY PLANT 3,461,909	(8) WORKING CAPITAL 1,034,738	(9) TOTAL RATE BASE 4,496,647
PRO RATA NON UTILITY	-1,265,325	-266,899	-998,426		-59,376	-1,057,802	-48,797 -773,580	-48,797 -1,831,382
TOTAL FPSC ADJUSTMENTS FPSC ADJUSTED FLEX RATE REVENUES ADJUSTED FOR FLEX RATE REVENUES PRO FORMA REVENUE INCREASE AND ANNUALIZATION ADJUSTMENTS:	-1,265,325 6,789,968	-266,899 4,433,622	-998,426 2,356,346		-59,376 47,761	2,404,107	-822,377 212,361	-1,880,179 2,616,468
TOTAL PRO FORMA ADJUSTMENTS PRO FORMA ADJUSTED								

ST. JOE NATURAL GAS COMPANY AVERAGE RATE OF RETURN INCOME STATEMENT REVISED ACTUAL 12/31/14

PER BOOKS	OPERATING REVENUES 2,042,796	O & M GAS EXPENSE 570,120	(3) O & M OTHER 944,365	(4) DEPRECIATION & AMORTIZATION 253,469	(5) TAXES OTHER THAN INCOME 145,515	(6) INCOME TAXES CURRENT 36,969	(7) DEFERRED INCOME TAXES (NET)	(8) INVESTMENT TAX CREDIT (NET)	(9) GAIN/LOSS ON DISPOSITION	(10) TOTAL OPERATING EXPENSES 1,950,438	(11) NET OPERATING INCOME 92,358
FPSC ADJUSTMENTS:											
TOTAL FPSC ADJUSTMENTS											
FPSC ADJUSTED	2,042,796	570,120	944,365	253,469	145,515	36,969				1,950,438	92,358
FLEX RATE REVENUES ADJUSTED FOR FLEX RATE REVENUES											
PRO FORMA REVENUE INCREASE AND ANNUALIZATION ADJUSTMENTS:											
TOTAL PRO FORMA ADJUSTMENTS									***************************************		
PRO FORMA ADJUSTED			<u></u>								
PER BOOKS											
CURRENT MONTH AMOUNT											

ST. JOE NATURAL GAS COMPANY YEAR END RATE BASE REVISED ACTUAL 12/31/14

SCHEDULE 3

	(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)
		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	8,196,971	4,855,042	3,341,929		107,626	3,449,555	1,524,296	4,973,851
FPSC ADJUSTMENTS:								
							***	20.040
PRO-RATA							-89,246	-89,246
NON-UTILITY	-1,323,289	-307,962	-1,015,327		-40,021	-1,055,348	-695,627	-1,750,975
TOTAL FPSC ADJUSTMENTS	-1,323,289	-307,962	-1,015,327		-40,021	-1,055,348	-784,873	-1,840,221
FPSC ADJUSTED	6,873,682	4,547,080	2,326,602	#VALUE!	67,605	2,394,207	739,423	3,133,630

ST. JOE NATURAL GAS COMPANY CAPITAL STRUCTURE FPSC ADJUSTED BASIS REVISED ACTUAL 12/31/14

						LOW POINT		MIDPOINT		HIGH POINT	
						COST	WEIGHTED	COST	WEIGHTED	COST	WEIGHTED
		ADJUSTMENTS			RATIO	RATE	COST	RATE	COST	RATE	COST
<u>AVERAGE</u>	PER BOOKS	NON-UTILITY	PRO RATA	ADJUSTED	(%)	(%)	(%)	(%)	(%)	(%)	(%)
LONG TERM DEBT	557,798	-307,684	-8,198	241,916	9.25%	6.50	0.60	6.50	0.60	6.50	0.60
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	1.05%	0.00		0.00		0.00	
CUSTOMER DEPOSITS	96,194	-53,061	-1,414	41,719	1.59%	2.00	0.03	2.00	0.03	2.00	0.03
COMMON EQUITY	2,658,357	-1,466,360	-39,071	1,152,926	44.06%	10.00	4.41	11.00	4.85	12.00	5.29
DEFERRED INCOME TAXES	308,930			308,930	11.81%	0.00		0.00		0.00	
OTHER DEFERRED CREDITS - FC	840,213			840,213	32.11%	0.00	0.00	0.00	0.00	0.00	0.00
PROPANE DEPOSITS	7,756	-4,278	-114	3,364	0.13%	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	4,496,648	-1,831,382	-48,797	2,616,469	100.00%		5.04		5.48		5.92

						LOW POINT	WEIGHTED	MIDPOINT	WEIGHTED	HIGH POINT	MEIGHTED
		ADJUSTMENTS			RATIO	COST RATE	WEIGHTED COST	COST RATE	WEIGHTED COST	COST RATE	WEIGHTED COST
YEAR END	PER BOOKS	NON-UTILITY	PRO RATA	ADJUSTED	(%)	(%)	(%)	(%)	(%)	(%)	(%)
LONG TERM DEBT	557,798	-296,631	-15,119	246,048	7.85%	6.50	0.51	6.50	0.51	6.50	0.51
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	0.87%	0.00		0.00		0.00	
CUSTOMER DEPOSITS	97,909	-52,067	-2,654	43,188	1.38%	2.00	0.03	2.00	0.03	2.00	0.03
COMMON EQUITY	2,627,011	-1,397,017	-71,205	1,158,789	36.98%	10.00	3.70	11.00	4.07	12.00	4.44
DEFERRED INCOME TAXES	839,256			839,256	26.78%	0.00		0.00		0.00	
OTHER DEFERRED CREDITS - FC	814,585			814,585	25.99%	0.00	0.00	0.00	0.00	0.00	0.00
PROPANE DEPOSITS	9,891	-5,260	-268	4,363	0.14%	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	4,973,851	-1,750,975	-89,246	3,133,630	100.00%		4.24		4.61		4.98

SCHEDULE 5

ST. JOE NATURAL GAS COMPANY, INC. EARNED RETURN ON COMMON EQUITY FPSC ADJUSTED BASIS REVISED ACTUAL 12/31/14

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: SHORT TERM DEBT LONG TERM DEBT CUSTOMER DEPOSITS OTHER DEFERRED CREDITS SUBTOTAL	3.53 (Schedule 1) 0.00 % -0.60 % -0.03 % 0.00 % -0.63 %
TOTAL	2.90 %
DIVIDED BY RECONCILED COMMON EQUITY RATIO	44.06_%
JURISDICTIONAL RETURN ON COMMON EQUITY	6.58%
B. FPSC ADJUSTED AVERAGE JURISDICTIONAL RETURN ON COMMON EQUITY	
EXCLUDING FLEX RATE REVENUES SAME AS ABOVE	
NET OPERATING REVENUE EXCLUDING FLEX RATE REVENUES SAME AS ABOVE	\$ (Schedule 2, p. 2 of 2)
	\$ (Schedule 2, p. 2 of 2) \$ (Schedule 2, p. 1 of 2)
NET OPERATING REVENUE EXCLUDING FLEX RATE REVENUES	,
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 PREFERRED STOCK CUSTOMER DEPOSITS TAX CREDITS-WEIGHTED COST(MIDPOINT)	\$ (Schedule 2, p. 1 of 2)
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 PREFERRED STOCK CUSTOMER DEPOSITS TAX CREDITS-WEIGHTED COST(MIDPOINT) SUBTOTAL	\$ (Schedule 2, p. 1 of 2)