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www.stjoegas.com

ACCOUNTING & FINANC

July 27, 2015

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

Re: Earnings Surveillance Report Ending June 2015

Please find enclosed the Revised Earnings Surveillance Report for the twelve months ending June 30, 2015.

Sincerely,

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Debbie Stitt Regulatory Analyst

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, 2015

I. AVERAGE RATE OF RETURN			(1) ACTUAL <u>PER BOOKS</u>	(2) FPSC ADJUSTMENTS	(3) FPSC <u>ADJUSTED</u>	(4) PRO FORMA <u>ADJUSTMENTS</u>	(5) PRO FORMA <u>ADJUSTED</u>	
(JURISDICTIONAL)								
NET OPERATING INCOME		\$	29,391 \$	\$	29,391	\$\$		
AVERAGE RATE BASE		\$	4,824,667 \$	-1,963,373 \$	2,861,294	\$\$		
AVERAGE RATE OF RETURN			0.61%		1.03%		%	
II. YEAR END RATE BASE (JURISDICTIONAL)		\$	5,176,049 \$	-2,087,836 \$	3,088,213			
III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)	<u></u>		<u></u>	١v		TURN ON EQUITY ISTED BASIS)	(
(FFSC ADJUSTED BASIS)	LOW	4.63 %				E REVENUES	1.14%	
	MIDPOINT	5.04_%			B. EXCLUDIN FLEX RAT	IG E REVENUES	1.14%	
	HIGH _	<u>5.44</u> %						
I am aware that Section 837.0	6, Florida Statutes, pro	vides:						
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.								
Andy Shoaf, Vice-President (Name and Title of Chief Financial Officer)			(Signature		-	7-27-15 (Date)	PSC/AFA13	

ST. JOE NATURAL GAS COMPANY, INC. AVERAGE RATE OF RETURN RATE BASE JUNE 30, 2015

(4)

(5) CONSTRUCTION (7)

(8)

SCHEDULE 2 PAGE 1 OF 2

(9)

	PLANT IN SERVICE	DEPRECIATION & AMORTIZATION	PLANT IN SERVICE	PROPERTY HELD FOR FUTURE USE	WORK IN PROGRESS	NET UTILITY PLANT	WORKING CAPITAL	TOTAL RATE BASE
PER BOOKS	8,190,809	4,853,812	3,336,997		106,860	3,443,857	1,380,810	4,824,667
FPSC ADJUSTMENTS:								
PRO RATA NON UTILITY	-1,317,981	-307,902	-1,010,079		-54,627	-1,064,706	-62,718 -835,949	-62,718 -1,900,655

(3) NET

(2) ACCUMULATED

(1)

TOTAL FPSC ADJUSTMENTS	-1,317,981	-307,902	-1,010,079	 -54,627		-898,667	-1,963,373
FPSC ADJUSTED	6,872,828	4,545,910	2,326,918	 52,233	2,379,151	482,143	2,861,294
<u>FLEX RATE REVENUES</u> ADJUSTED FOR FLEX RATE REVENUES				 			
PRO FORMA REVENUE INCREASE AND ANNUALIZATION ADJUSTMENTS:							
TOTAL PRO FORMA ADJUSTMENTS				 			
PRO FORMA ADJUSTED				 			

ST. JOE NATURAL GAS COMPANY AVERAGE RATE OF RETURN INCOME STATEMENT JUNE 30, 2015

(1) (2) (3) (4) (5) (6) (7) (8) (9) (10) (11) DEFERRED INVESTMENT TAX TOTAL NET OPERATING 0 & M DEPRECIATION & TAXES OTHER INCOME TAXES INCOME TAXES CREDIT GAIN/LOSS OPERATING OPERATING 0 & M ON DISPOSITION EXPENSES INCOME REVENUES GAS EXPENSE OTHER AMORTIZATION THAN INCOME CURRENT (NET) (NET) PER BOOKS 1,968,684 537,169 986,058 258,967 144,104 12,994 1,939,292

FPSC ADJUSTMENTS:

TOTAL FPSC ADJUSTMENTS 1,968,684 1,939,292 29,392 537,169 986,058 258,967 144,104 12,994 FPSC ADJUSTED 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

SCHEDULE 2 PAGE 2 OF 2

29,392

ST. JOE NATURAL GAS COMPANY YEAR END RATE BASE JUNE 30, 2015

SCHEDULE 3

PER BOOKS	(1) PLANT IN SERVICE 8,320,772	(2) ACCUMULATED DEPRECIATION & AMORTIZATION 5,013,713	(3) NET PLANT IN SERVICE 3,307,059	(4) PROPERTY HELD FOR FUTURE USE	(5) CONSTRUCTION WORK IN PROGRESS 95,989	(7) NET UTILITY PLANT 3,403,048	(8) WORKING <u>CAPITAL</u> 1,773,001	(9) TOTAL RATE BASE 5,176,049
FPSC ADJUSTMENTS:								
PRO-RATA NON-UTILITY	-1,371,284	-349,653	-1,021,631		-50,701	-1,072,332	-73,539 -941,965	-73,539 -2,014,297
TOTAL FPSC ADJUSTMENTS	-1,371,284	-349,653	-1,021,631		-50,701	-1,072,332	-1,015,504	-2,087,836
FPSC ADJUSTED	6,949,488	4,664,060	2,285,428	#VALUE!	45,288	2,330,716	757,497	3,088,213

ST. JOE NATURAL GAS COMPANY CAPITAL STRUCTURE FPSC ADJUSTED BASIS JUNE 30, 2015

						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	557,798	-311,040	-10,264	236,494	8.27%	6.50	0.54	6.50	0.54	6.50	0.54
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	0.96%	0.00		0.00		0.00	
CUSTOMER DEPOSITS	98,821	-55,105	-1,818	41,898	1.46%	2.00	0.03	2.00	0.03	2.00	0.03
COMMON EQUITY	2,742,501	-1,529,277	-50,463	1,162,760	40.64%	10.00	4.06	11.00	4.47	12.00	4.88
DEFERRED INCOME TAXES	573,996			573,996	20.06%	0.00		0.00		0.00	
OTHER DEFERRED CREDITS - FC	814,765			814,765	28.48%	0.00	0.00	0.00	0.00	0.00	0.00
PROPANE DEPOSITS	9,384	-5,233	-173	3,979	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	4,824,667	-1,900,655	-62,718	2,861,294	100.00%		4.63		5.04		5.44

						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	557,798	-319,172	-11,653	226,973	7.35%	6.50	0.48	6.50	0.48	6.50	0.48
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	101,665	-58,173	-2,124	41,368	1.34%	2.00	0.03	2.00	0.03	2.00	0.03
COMMON EQUITY	2,850,164	-1,630,864	-59,540	1,159,759	37.55%	10.00	3.76	11.00	4.13	12.00	4.51
DEFERRED INCOME TAXES	839,076			839,076	27.17%	0.00		0.00		0.00	
OTHER DEFERRED CREDITS - FC	789,304			789,304	25.56%	0.00	0.00	0.00	0.00	0.00	0.00
PROPANE DEPOSITS	10,640	-6,088	-222	4,329	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	5,176,049	-2,014,297	-73,539	3,088,213	100.00%		4.26		4.64		5.01

SCHEDULE 4

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:	1.03	(Schedule 1)
SHORT TERM DEBT	0.00 %	
LONG TERM DEBT	-0.54 %	
CUSTOMER DEPOSITS	-0.03 %	
OTHER DEFERRED CREDITS	0.00 %	
SUBTOTAL	-0.57 %	
TOTAL	0.46 %	
DIVIDED BY RECONCILED COMMON EQUITY RATIO	40.64 %	
JURISDICTIONAL RETURN ON COMMON EQUITY	1.14%	

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			%