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2017 AUG 18 AM 8: 59 ACCOUNTINE & FINALIC

August 14, 2017

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

Re: Preliminary Earnings Surveillance Report Ending June 2017

Please find enclosed the Earnings Surveillance Report for the twelve months ending June 30, 2017.

Sincerely,

Deblue Sett

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, 2017

I. AVERAGE RATE OF RETURN		Ī	(1) ACTUAL PER BOOKS	(2) FPSC ADJUSTMENTS	(3) FPSC <u>ADJUSTED</u>	(4) PRO FORMA <u>ADJUSTMENTS</u>	(5) PRO FOR MA <u>ADJUSTED</u>
		۴	91 710 ¢	•	04 740	•	
NET OPERATING INCOME		\$_	81,719 \$	\$	81,719	\$\$	
AVERAGE RATE BASE		\$ _	5,258,709 \$	-2,266,832 \$	2,991,877	\$\$	
AVERAGE RATE OF RETURN		-	1.55%		2.73%		%
II. YEAR END RATE BASE (JURISDICTIONAL)		\$ _	5,305,517 \$	-2,367,871 \$	2,937,646		
III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)				١٧	. EARNED RET (FPSC ADJUS A. INCLUDING		
(FFSC ADJUSTED BASIS)	LOW	4.21 %				REVENUES	6.01%
		4.58 %			B. EXCLUDING	G E REVENUES	6.01%
	HIGH	4.95 %					0.0170
I am aware that Section 837.0	6, Florida Statutes, provi	des:					
	Whoever knowin the intent to mislead official duty shall be punishable as provi	guilty of a misden	in the performane in the performane in the performance in the second second second second second second second s	nce of his econd degree			
Andy Shoaf, Vice-President			16		8	-14-17	
(Name and Title of Chief Financial Officer)			(Signature)	V		(Date)	PSC/AFA13

ST. JOE NATURAL GAS COMPANY, INC. AVERAGE RATE OF RETURN RATE BASE JUNE 30, 2017

(3)

NET

(4)

(1)

(2)

ACCUMULATED

SCHEDULE 2 PAGE 1 OF 2

(9)

(7)

(5)

CONSTRUCTION

(8)

PER BOOKS	PLANT IN SERVICE 8,977,868	DEPRECIATION & AMORTIZATION 5,376,011	PLANT IN SERVICE 3,601,857	PROPERTY HELD	WORK IN PROGRESS 115,728	NET UTILITY PLANT 3,717,585	WORKING CAPITAL 1,541,125	TOTAL RATE BASE 5,258,710
FPSC ADJUSTMENTS:								
PRO RATA NON UTILITY	-1,696,330	-438,693	-1,257,637		-83,058	-1,340,695	-59,323 -866,814	-59,323 -2,207,509

TOTAL FPSC ADJUSTMENTS	-1,696,330	-438,693	-1,257,637	 -83,058		-926,137	-2,266,832
FPSC ADJUSTED	7,281,538	4,937,318	2,344,220	 32,670	2,376,890	614,988	2,991,878
<u>FLEX RATE REVENUES</u> 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, 2017

(1) (2) (10) (11) (3) (4) (5) (6) (7) (9) (8) NET DEFERRED INVESTMENT TAX TOTAL OPERATING OPERATING 0 & M 0 & M INCOME TAXES GAIN/LOSS OPERATING DEPRECIATION & TAXES OTHER INCOME TAXES CREDIT REVENUES GAS EXPENSE OTHER AMORTIZATION THAN INCOME CURRENT ON DISPOSITION EXPENSES INCOME (NET) (NET) PER BOOKS 1,945,060 379,047 1,863,341 81,719 1,033,491 286,965 28,126 135,712

FPSC ADJUSTMENTS:

TOTAL FPSC ADJUSTMENTS FPSC ADJUSTED 1,945,060 379,047 1,033,491 135,712 1,863,341 81,719 286,965 28,126 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

ST. JOE NATURAL GAS COMPANY YEAR END RATE BASE JUNE 30, 2017

SCHEDULE 3

PER BOOKS	(1) PLANT IN SERVICE 9,131,535	(2) ACCUMULATED DEPRECIATION & AMORTIZATION 5,459,164	(3) NET PLANT IN SERVICE 3,672,371	(4) PROPERTY HELD FOR FUTURE USE	(5) CONSTRUCTION WORK IN PROGRESS 96,144	(7) NET UTILITY PLANT 3,768,515	(8) WORKING <u>CAPITAL</u> 1,537,002	(9) TOTAL RATE BASE 5,305,517
FPSC ADJUSTMENTS:								
PRO-RATA NON-UTILITY	-1,782,024	-435,827	-1,346,197		-64,952	-1,411,149	-50,466 -906,257	-50,466 -2,317,406
TOTAL FPSC ADJUSTMENTS	-1,782,024	435,827	-1,346,197		-64,952	-1,411,149	-956,723	-2,367,872
FPSC ADJUSTED	7,349,511	5,023,337	2,326,174		31,192	2,357,366	580,279	2,937,645

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ST. JOE NATURAL GAS COMPANY CAPITAL STRUCTURE FPSC ADJUSTED BASIS JUNE 30, 2017

						LOW POINT	MEIGHTED		MEIGHTED		WEIGHTED
		ADJUSTMENTS			RATIO	COST RATE	WEIGHTED COST	COST RATE	WEIGHTED COST	COST RATE	COST
AVERAGE	PER BOOKS	NON-UTILITY	PRO RATA	ADJUSTED	(%)	(%)	(%)	(%)	(%)	(%)	(%)
LONG TERM DEBT	580,874	-352,957	-9,485	218,432	7.30%	6.50	0.47	6.50	0.47	6.50	0.47
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	0.92%	0.00		0.00		0.00	
CUSTOMER DEPOSITS	84,620	-51,418	-1,382	31,820	1.06%	2.00	0.02	2.00	0.02	2.00	0.02
COMMON EQUITY	2,956,188	-1,796,273	-48,272	1,111,644	37.16%	10.00	3.72	11.00	4.09	12.00	4.46
DEFERRED INCOME TAXES	885,412			885,412	29.59%	0.00		0.00		0.00	
OTHER DEFERRED CREDITS - FC	712,921			712,921	23.83%	0.00	0.00	0.00	0.00	0.00	0.00
PROPANE DEPOSITS	11,292	-6,861	-184	4,246	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	5,258,709	-2,207,509	-59,323	2,991,877	100.00%		4.21		4.58		4.95

						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	-350,402	-7,631	199,765	6.80%	6.50	0.44	6.50	0.44	6.50	0.44
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	80,051	-50,287	-1,095	28,669	0.98%	2.00	0.02	2.00	0.02	2.00	0.02
COMMON EQUITY	3,039,634	-1,909,462	-41,582	1,088,589	37.06%	10.00	3.71	11.00	4.08	12.00	4.45
DEFERRED INCOME TAXES	901,624			901,624	30.69%	0.00		0.00		0.00	
OTHER DEFERRED CREDITS - FC	687,460			687,460	23.40%	0.00	0.00	0.00	0.00	0.00	0.00
PROPANE DEPOSITS	11,548	-7,254	-158	4,136	0.14%	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.	5,305,517	-2,317,406	-50,466	2,937,645	100.00%		4.17		4.54		4.91

SCHEDULE 4

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ST. JOE NATURAL GAS COMPANY, INC. EARNED RETURN ON COMMON EQUITY FPSC ADJUSTED BASIS JUNE 30, 2017

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:	2.73	(Schedule 1)
SHORT TERM DEBT	0.00 %	
LONG TERM DEBT	-0.47 %	
CUSTOMER DEPOSITS	-0.02 %	
OTHER DEFERRED CREDITS	0.00 %	
SUBTOTAL	-0.50 %	
TOTAL	2.23 %	
DIVIDED BY RECONCILED COMMON EQUITY RATIO	<u> </u>	
JURISDICTIONAL RETURN ON COMMON EQUITY	6.01%	

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			%