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www.stjoenaturalgas.com

April 25, 2011

John Slemkewicz. Supervisor Electric & Gas Accounting Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassec, FI 32399-0850

Re: Actual Earnings Surveillance Report Ending December 31, 2010

Please find enclosed the Actual Earnings Surveillance Report for the twelve months ending December 31, 2010.

Sincerely,

Debbie Stitt

Bookkeeper

FLORIDA PUBLIC SERVICE COMMISSION
INVESTOR-OWNED NATURAL GAS UTILITY
EARNINGS SURVEILLANCE REPORT
PSC/AFA 13 (6/94)

PSC/AFA13

ST. JOE NATURAL GAS COMPANY EARNINGS SURVEILLANCE REPORT SUMMARY ACTUAL 12/31/10

			(1) ACTUAL PER BOOKS A	(2) FPSC DJUSTMENTS	(3) FPSC ADJUSTED	(4) PRO FORMA ADJUSTMENTS	(5) PRO FORMA ADJUSTED
I. AVERAGE RATE OF RETURN (JURISDICTIONAL)			PER BOOKS P	NDOOT MERTO	MOSCILLE	ADJUGINENTO	ADJOGILD
NET OPERATING INCOME		\$	191,371 \$	S	191,371	\$\$	
AVERAGE RATE BASE		\$	3,943,324 \$	<u>-878,595</u> \$	3,064,729	\$\$	
AVERAGE RATE OF RETURN			4.85%		6.24%		%
II. YEAR END RATE BASE (JURISDICTIONAL)		s	4,087,684 \$	-1,073,960 S	3,013,724		
III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE				1\	(FPSC ADJU	TURN ON EQUITY STED BASIS)	,
(FPSC ADJUSTED BASIS)	LOW	5.53 %)		A. INCLUDING FLEX RAT	E REVENUES	11.35%
	MIDPOINT	6.06 %	1		B. EXCLUDIN	IG E REVENUES	11.35%
	HIGH	6.59 %	1		FLEX RAI	E REVENUES	11.33 %
I am aware that Section 837.0	06, Florida Statutes, pro	ovides:					
	the intent to misle official duty shall	vingly makes a falso ead a public servan be guilty of a misde ovided in s. 775.082	it in the performan	nce of his cond degree			
Stuart L Shoaf, President (Name and Title of Chief		_	Musit Mon (Signature)			4-25-11 (Date)	PSC/AFA13

Financial Officer)

ST. JOE NATURAL GAS COMPANY, INC. AVERAGE RATE OF RETURN RATE BASE ACTUAL 12/31/10

SCHEDULE 2 PAGE 1 OF 2

	(1) PLANT IN	(2) ACCUMULATED DEPRECIATION &	(3) NET PLANT IN	(4) PROPERTY HELD	(5) CONSTRUCTION WORK IN	(7) NET	(8) WORKING	(9) TOTAL
PER BOOKS	5ERVICE 6,898,628	3.690,188	3,208,440	FOR FUTURE USE	PROGRESS 103 186	3,311,626	631.698	3,943,324
FPSC ADJUSTMENTS.						0,011,020		0,0,0,021
PRO RATA NON UTILITY	-378,540	-64,597	-313,943		-34,066	-348,009	-82,086 -448.500	-82,086 -796,509
TOTAL FPSC ADJUSTMENTS FPSC ADJUSTED FLEX RATE REVENUES ADJUSTED FOR FLEX RATE REVENUES PRO FORMA REVENUE INCREASE AND ANNUALIZATION ADJUSTMENTS	-378,540 6,520,088	-64,597 3.625.591	-313,943 2 894 497		-34,066 69,120	2,963,617	-530,587 101,111	-878,596 3,064,728
TOTAL PRO FORMA ADJUSTMENTS								

PRO FORMA ADJUSTED

ST. JOE NATURAL GAS COMPANY AVERAGE RATE OF RETURN INCOME STATEMENT ACTUAL 12/31/10

PER BOOKS FPSC ADJUSTMENTS	OPERATING REVENUES 2,432,076	(2) O & M GAS EXPENSE 751,517	(3) O & M OTHER 993,642	DEPRECIATION & AMORTIZATION 244,742	(5) TAXES OTHER THAN INCOME 147,252	(6) INCOME TAXES CURRENT 103,550	(7) DEFERRED INCOME TAXES (NET)	(8) INVESTMENT TAX CREDIT (NET)	(9) GAIN/LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES 2,240,705	(11) NET OPERATING INCOME 191,371
TOTAL FPSC ADJUSTMENTS FPSC ADJUSTED FLEX RATE REVENUES ADJUSTED FOR FLEX RATE REVENUES PRO FORMA REVENUE INCREASE AND ANNUALIZATION ADJUSTMENTS	2,432,076	751,517	993,642	244,742	147,252	103,550				2,240,705	191,371
TCTAL PRO FORMA ADJUSTMENTS PRO FORMA ADJUSTED											

PER BOOKS CURRENT MONTH AMOUNT

SCHEDULE 3

ST. JOE NATURAL GAS COMPANY YEAR END RATE BASE ACTUAL 12/31/10

	(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	6,968,701	3,796,966	3,171,735		320,859	3,492,595	595,088	4,087,683
FPSC ADJUSTMENTS								
PRO-RATA							-128,978	-128,978
NON-UTILITY	-403,739	-76,673	-327,066		-243,969	-571,035	-373,946	-944,981
TOTAL EDGG AD HIGH MEN'C	-403,739	76 672	-327,066	-	-243,969	-571,035	-502,924	-1,073,959
TOTAL FPSC ADJUSTMENTS	-403,739	-76,673	-321,000			-57 1,035	-302,924	-1,073,959
FPSC ADJUSTED	6.564,962	3.720,293	2,844,669	#VALUE!	76,890	2,921,560	92,164	3,013,724

ST. JOE NATURAL GAS COMPANY CAPITAL STRUCTURE FPSC ADJUSTED BASIS ACTUAL 12/31/10

						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	46,154	-14,072	-1,450	30,632	1.00%	6.50	0.06	6.50	0.06	6.50	0.06
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	92,335	-28,152	-2.901	61,282	2.00%	6 00	0.12	6 00	0.12	6.00	0.12
COMMON EQUITY	2,443,218	-744,905	-76,768	1,621,545	52.91%	10 00	5.29	11.00	5.82	12.00	6.35
DEFERRED INCOME TAXES	139,874			139,874	4.56%	0.00		0 00		0.00	
OTHER DEFERRED CREDITS - FC	1.043,914			1.043,914	34 06%	0.00	0 00	0.00	0.00	0.00	0.00
LONG TERM DEBT - Bayside	30,769	-9,381	-967	20,421	0.67%	7.75	0.05	7 75	0.05	7.75	0.05
CUSTOMER ADVANCES FOR CONSTRUCTION	119,658			119,658	3.90%	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	3,943,324	-796,509	-82,086	3,064,728	100.00%		5 53		6.06		6.59

						LUVV PUINT		MIUPUINI		HIGH PUINT	
						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	300.000	-102.312	-13,964	183,724	6 10%	6.50	0 40	6.50	0.40	6 50	0.40
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	96,010	-32,743	-4,469	58,798	1 95%	6.00	0 12	6.00	0 12	6.00	0 12
COMMON EQUITY	2,374,866	-809,926	-110,545	1,454,396	48.26%	10.00	4.83	11 00	5.31	12.00	5.79
DEFERRED INCOME TAXES	200,370			200,370	6.65%	0.00		0 00		0 00	
OTHER DEFERRED CREDITS - FC	1,018,453			1,018,453	33 79%	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	70,582			70,582	2 34%	0 00	0 00	0 00	0 00	0.00	0 00
TOTAL	4,087,683	-944,981	-128,978	3,013,724	100.00%		5.34		5 82		6.30

ST. JOE NATURAL GAS COMPANY, INC. EARNED RETURN ON COMMON EQUITY FPSC ADJUSTED BASIS ACTUAL 12/31/10

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 - BAYSIDE CUSTOMER DEPOSITS OTHER DEFERRED CREDITS SUBTOTAL	6.24 (Schedule 1) 0.00 % -0.12 % -0.12 % 0.00 % -0.24 %
TOTAL	6.00 %
DIVIDED BY RECONCILED COMMON EQUITY RATIO	52.91 %
JURISDICTIONAL RETURN ON COMMON EQUITY	11.35%
B. FPSC ADJUSTED AVERAGE JURISDICTIONAL RETURN ON COMMON EQUITY EXCLUDING FLEX RATE REVENUES SAME AS ABOVE	
NET OPERATING REVENUE EXCLUDING FLEX RATE REVENUES	\$ (Schedulc 2, p 2 of 2)
NET OPERATING REVENUE EXCLUDING FLEX RATE REVENUES RATE BASE EXCLUDING FLEX RATE REVENUES	\$ (Schedule 2, p. 2 of 2) \$ (Schedule 2, p. 1 of 2)
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)
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) % () % () % () % () % () % () % () %