

# ST JOE NATURAL GAS



Serving Florida's Panhandle Since 1963

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[www.stjoenaturalgas.com](http://www.stjoenaturalgas.com)

July 27, 2012

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, 2012

Please find enclosed the Earnings Surveillance Report for the twelve months ending June 30, 2012.

Sincerely,



Debbie Stitt  
Regulatory Analyst

FLORIDA PUBLIC SERVICE  
ECONOMIC REGULATION

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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, 2012**

SCHEDULE 1

	(1) ACTUAL PER BOOKS	(2) FPSC ADJUSTMENTS	(3) FPSC ADJUSTED	(4) PRO FORMA ADJUSTMENTS	(5) PRO FORMA ADJUSTED
I. AVERAGE RATE OF RETURN (JURISDICTIONAL)					
<u>NET OPERATING INCOME</u>	\$ 88,466	\$	\$ 88,466	\$	\$
AVERAGE RATE BASE	\$ 4,240,542	\$ -1,308,410	\$ 2,932,132	\$	\$
AVERAGE RATE OF RETURN	2.09%		3.02%		%
II. YEAR END RATE BASE (JURISDICTIONAL)	\$ 4,230,160	\$ -1,425,053	\$ 2,805,107		

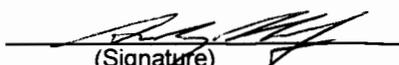
III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)	
LOW	5.35 %
MIDPOINT	5.82 %
HIGH	6.29 %

IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)	
A. INCLUDING FLEX RATE REVENUES	5.05%
B. EXCLUDING FLEX RATE REVENUES	5.05%

I am aware that Section 837.06, Florida Statutes, provides:

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)

7-30-12  
(Date)

PSC/AFA13





**ST. JOE NATURAL GAS COMPANY**  
**YEAR END RATE BASE**  
**JUNE 30, 2012**

SCHEDULE 3

	(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)
	PLANT IN SERVICE	ACCUMULATED DEPRECIATION & AMORTIZATION	NET PLANT IN SERVICE	PROPERTY HELD FOR FUTURE USE	CONSTRUCTION WORK IN PROGRESS	NET UTILITY PLANT	WORKING CAPITAL	TOTAL RATE BASE
PER BOOKS	<u>7,530,983</u>	<u>4,128,981</u>	<u>3,402,002</u>		<u>54,466</u>	<u>3,456,468</u>	<u>773,691</u>	<u>4,230,159</u>
<b>FPSC ADJUSTMENTS:</b>								
PRO-RATA NON-UTILITY	-896,162	-139,344	-756,818		-25,780	-782,598	-46,480 -595,974	-46,480 -1,378,572
TOTAL FPSC ADJUSTMENTS	<u>-896,162</u>	<u>-139,344</u>	<u>-756,818</u>		<u>-25,780</u>	<u>-782,598</u>	<u>-642,454</u>	<u>-1,425,052</u>
FPSC ADJUSTED	<u>6,634,821</u>	<u>3,989,637</u>	<u>2,645,184</u>	<u>#VALUE!</u>	<u>28,686</u>	<u>2,673,870</u>	<u>131,237</u>	<u>2,805,107</u>

**ST. JOE NATURAL GAS COMPANY  
CAPITAL STRUCTURE  
FPSC ADJUSTED BASIS  
JUNE 30, 2012**

SCHEDULE 4

	AVERAGE	PER BOOKS	ADJUSTMENTS		ADJUSTED	RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
			NON-UTILITY	PRO RATA			COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
LONG TERM DEBT		420,000	-180,859	-3,399	235,742	8.04%	6.50	0.52	6.50	0.52	6.50	0.52
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		101,913	-43,886	-825	57,203	1.95%	6.00	0.12	6.00	0.12	6.00	0.12
COMMON EQUITY		2,460,497	-1,059,533	-19,911	1,381,052	47.10%	10.00	4.71	11.00	5.18	12.00	5.65
DEFERRED INCOME TAXES		230,622			230,622	7.87%	0.00		0.00		0.00	
OTHER DEFERRED CREDITS - FC		967,531			967,531	33.00%	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		32,577			32,577	1.11%	0.00	0.00	0.00	0.00	0.00	0.00
<b>TOTAL</b>		<b>4,240,542</b>	<b>-1,284,278</b>	<b>-24,135</b>	<b>2,932,129</b>	<b>100.00%</b>		<b>5.35</b>		<b>5.82</b>		<b>6.29</b>

	YEAR END	PER BOOKS	ADJUSTMENTS		ADJUSTED	RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
			NON-UTILITY	PRO RATA			COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
LONG TERM DEBT		420,000	-192,734	-6,498	220,767	7.87%	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	0.98%	0.00		0.00		0.00	
CUSTOMER DEPOSITS		104,614	-48,007	-1,619	54,989	1.96%	6.00	0.12	6.00	0.12	6.00	0.12
COMMON EQUITY		2,479,520	-1,137,831	-38,363	1,303,326	46.46%	10.00	4.65	11.00	5.11	12.00	5.58
DEFERRED INCOME TAXES		256,553			256,553	9.15%	0.00		0.00		0.00	
OTHER DEFERRED CREDITS - FC		942,070			942,070	33.58%	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		0			0	0.00%	0.00	0.00	0.00	0.00	0.00	0.00
<b>TOTAL</b>		<b>4,230,160</b>	<b>-1,378,572</b>	<b>-46,480</b>	<b>2,805,108</b>	<b>100.00%</b>		<b>5.28</b>		<b>5.74</b>		<b>6.20</b>

**ST. JOE NATURAL GAS COMPANY, INC.**  
**EARNED RETURN ON COMMON EQUITY**  
**FPSC ADJUSTED BASIS**  
**June 30, 2012**

**SCHEDULE 5**

A. FPSC ADJUSTED AVERAGE JURISDICTIONAL RETURN ON COMMON EQUITY  
INCLUDING FLEX RATE REVENUES

FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	3.02	(Schedule 1)
LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:		
SHORT TERM DEBT	0.00 %	
LONG TERM DEBT	-0.52 %	
CUSTOMER DEPOSITS	-0.12 %	
OTHER DEFERRED CREDITS	0.00 %	
SUBTOTAL	-0.64 %	
TOTAL	2.38 %	
DIVIDED BY RECONCILED COMMON EQUITY RATIO	47.10 %	
JURISDICTIONAL RETURN ON COMMON EQUITY	5.05%	

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	_____	%