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August 21, 2018

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 2018

Please find enclosed the Earnings Surveillance Report for the twelve months ending June 30, 2018.

Sincerely,

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, 2018

SCHEDULE 1

I am aware that Section 837.06, Florida Statutes, provides: Whoever knowingly recognition to mislead a profficial duty shall be guing punishable as provided punishable as provided (Name and Title of Chief Financial Officer)	III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)	I. AVERAGE RATE OF RETURN (JURISDICTIONAL) NET OPERATING INCOME AVERAGE RATE BASE AVERAGE RATE OF RETURN II. YEAR END RATE BASE (JURISDICTIONAL)
.06, Florida Statutes, proving Whoever knowing the intent to mislead official duty shall be punishable as provi	LOW	
orida 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.	4.45 % 4.85 % 5.26 %	\$ \$ PER
t in writing with formance of his the second degree 33, or s. 775.084.		(1) (2) FPSC PER BOOKS ADJUSTMENTS 155,850 \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ 5,238,771 \$ -2,270,423 \$ \$ 2.97% \$ \$ 5,275,512 \$ -2,328,110 \$
90	IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS) A. INCLUDING FLEX RATE REVENUES B. EXCLUDING FLEX RATE REVENUES	(3) FPSC ADJUSTED 5 155,850 \$ 5,968,348 \$ 5.25% 5 2,967,402
8-21-18	EVENUES EVENUES	PRO FORMA ADJUSTMENTS \$ \$ \$ \$ \$
DSC/AFFA13	11.97%	PRO FORMA ADJUSTED

PSC/AFA13

ST. JOE NATURAL GAS COMPANY, INC. AVERAGE RATE OF RETURN RATE BASE JUNE 30, 2018

SCHEDULE 2 PAGE 1 OF 2

PRO FORMA ADJUSTED	TOTAL PRO FORMA ADJUSTMENTS	FLEX RATE REVENUES PRO FORMA REVENUE INCREASE AND ANNUALIZATION ADJUSTMENTS:	FPSC ADJUSTED FLEX RATE REVENUES	TOTAL FPSC ADJUSTMENTS	PRO RATA NON UTILITY	PER BOOKS
			7,433,940	-1,767,401	-1,767,401	(1) PLANT IN SERVICE 9,201,341
			5,144,723	-500,269	-500,269	(2) ACCUMULATED DEPRECIATION & AMORTIZATION 5,644,992
			2,289,217	-1,267,132	-1,267,132	(3) NET PLANT IN SERVICE 3,556,349
						PROPERTY HELD FOR FUTURE USE
			83,305	-71,846	-71,846	CONSTRUCTION WORK IN PROGRESS 155,151
			2,372,522		-1,338,978	(7) NET UTILITY PLANT 3,711,500
			595,825	-931,444	-32,232 -899,212	(8) WORKING CAPITAL 1,527,269
			2,968,347	-2,270,422	-32,232 -2,238,190	(9) TOTAL RATE BASE 5,238,769

ST. JOE NATURAL GAS COMPANY AVERAGE RATE OF RETURN INCOME STATEMENT **JUNE 30, 2018**

FPSC ADJUSTMENTS: PER BOOKS

OPERATING REVENUES 2,199,054

GAS EXPENSE 0 & M (2)

0 & M OTHER 1,148,644

DEPRECIATION & TAXES OTHER
AMORTIZATION THAN INCOME
267,907 142,224

CURRENT 50,891

DEFERRED INCOME TAXES (NET)

(8)
INVESTMENT TAX
CREDIT
(NET)

GAIN/LOSS ON DISPOSITION (9)

(10) TOTAL OPERATING EXPENSES 2,043,204

(11) NET OPERATING INCOME

155,850

(3)

4

(5)

(6)

433,538

3

PER BOOKS CURRENT MONTH AMOUNT	PRO FORMA ADJUSTED	TOTAL PRO FORMA ADJUSTMENTS		PRO FORMA REVENUE INCREASE AND ANNUALIZATION ADJUSTMENTS:	FLEX RATE REVENUES ADJUSTED FOR FLEX RATE REVENUES	FPSC ADJUSTED	TOTAL FPSC ADJUSTMENTS
						2,199,054	
						433,538	
						1,148,644	
						267,907	
						142,224	
						50,891	
						2,043,204	
			*			155,850	

ST. JOE NATURAL GAS COMPANY YEAR END RATE BASE JUNE 30, 2018

SCHEDULE 3

-1,859,208	PLANT IN SERVICE 9,422,771
-550,751	(2) ACCUMULATED DEPRECIATION & AMORTIZATION 5,790,108
-550,751 -1,308,457	(3) NET PLANT IN SERVICE 3,632,663
	(4) (5) CONSTRUCTION PROPERTY HELD WORK IN FOR FUTURE USE PROGRESS 279,516
-64,002	
-64,002 -1,372,459	(7) NET UTILITY PLANT 3,912,179
-7,214 -948,437	(8) (9) WORKING TOTAL CAPITAL RATE BASE 1,363,332 5,275,511
-7,214 -2,320,896	(9) TOTAL RATE BASE 5,275,511

PER BOOKS

FPSC ADJUSTMENTS:

PRO-RATA
NON-UTILITY

FPSC ADJUSTED

TOTAL FPSC ADJUSTMENTS

-1,859,208

-550,751

-1,308,457

-64,002

-1,372,459

-955,651

-2,328,110

7,563,563

5,239,357

2,324,206

215,514

2,539,720

407,681

2,947,401

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TOTAL	CUSTOMER ADVANCES FOR CONSTRUCTION	PROPANE DEPOSITS	OTHER DEFERRED CREDITS - FC	DEFERRED INCOME TAXES	COMMON EQUITY	CUSTOMER DEPOSITS	OTHER DEFERRED CREDITS - GC	SHORT LEXM CEBT		YEAR END		TOTAL	CUSTOMER ADVANCES FOR CONSTRUCTION		DECIDENCE DEBOORTS	DEFERRED INCOME TAXES	COMMON EQUITY	CUSTOMER DEPOSITS	OTHER DEFERRED CREDITS - GC	SHORT TERM DEBT	LONG LEKW DEB	AVERAGE		
5,275,513	0	11,562	636,538	826,583	3,278,531	74,897	27,402	0	420,000	PER BOOKS		5,238,772	0	11,508	661,999	861,217	3,137,629	76,617	27,402	0	462,400	PER BOOKS		
-2,320,896		-7,090			-2,010,343	-45,926		0	-257,537	ADJUSTMENTS NON-UTILITY		-2,238,190		-6,984			-1,904,099	-46,496		0	-280,612	NON-UTILITY	ADJUSTMENTS	
-7,214		-22			-6,249	-143		0	-800	PRO RATA		-32,232		-101			-27,421	-670		0	-4,041	PRO RATA		
2,947,403	0	4,450	636,538	826,583	1,261,939	28,829	27,402	0	161,662	ADJUSTED		2,968,350	0	4,424	661,999	861,217	1,206,109	29,452	27,402	0	177,747	ADJUSTED		
100.00%	0.00%	0.15%	21.60%	28.04%	42.82%	0.98%	0.93%	0.00%	5.48%			100.00%	0.00%	0.15%	22.30%	29.01%	40.63%	0.99%	0.92%	0.00%	5.99%	(%)	RATIO	
	0.00	0.00	0.00	0.00	10.00	2.00	0.00	8.00	6.50	COST RATE (%)	LOW POINT		0.00	0.00	0.00	0.00	10.00	2.00	0.00	8.00	6.50	(%)	COST	LOW POINT
4.66	0.00	0.00	0.00		4.28	0.02		0.00	0.36	COST (%)		4.47	0.00	0.00	0.00		4.06	0.02		0.00	0.39	(%)	WEIGHTED	
	0.00	0.00	0.00	0.00	11.00	2.00	0.00	8.00	6.50	COST RATE (%)	MIDPOINT		0.00	0.00	0.00	0.00	11.00	2.00	0.00	8.00	6.50	(%)	COST	MIDPOINT
5.09	0.00	0.00	0.00		4.71	0.02		0.00	0.36	WEIGHTED COST (%)		4.88	0.00	0.00	0.00		4.47	0.02		0.00	0.39	(%)	WEIGHTED	
	0.00	0.00	0.00	0.00	12.00	2.00	0.00	8.00	6.50	COST RATE (%)	HIGH POINT		0.00	0.00	0.00	0.00	12.00	2.00	0.00	8.00	6.50	(%)	COST	HIGH POINT
5.51	0.00	0.00	0.00		5.14	0.02		0.00	0.36	WEIGHTED COST (%)		5.28	0.00	0.00	0.00		4.88	0.02		0.00	0.39	(%)	WEIGHTED	

ST. JOE NATURAL GAS COMPANY, INC. EARNED RETURN ON COMMON EQUITY FPSC ADJUSTED BASIS JUNE 30, 2018

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

INCLUDING FLEX NATE 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	5.25 (Schedule 1) 0.00 % -0.39 % -0.02 % 0.00 % -0.41 %
TOTAL	4.84 %
DIVIDED BY RECONCILED COMMON EQUITY RATIO	40.43 %
JURISDICTIONAL RETURN ON COMMON EQUITY	11.97%
B. FPSC ADJUSTED AVERAGE JURISDICTIONAL RETURN ON COMMON EQUITY EXCLUDING FLEX RATE REVENUES 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	%