

ST JOE NATURAL GAS

Serving Florida's Panhandle Since 1963

P. O. Box 549 / Port St. Joe, FL 32457
301 Long Avenue / Port St. Joe, FL 32456
tel 850.229.8216 / fax 850.229.8392
www.stjoenaturalgas.com

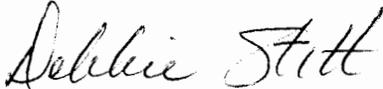
May 9, 2007

**John Slemkewicz, Supervisor
Electric & Gas Accounting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850**

Re: Actual Earnings Surveillance Report Ending ~~December~~ 31, 2006

Please find enclosed the Actual Earnings Surveillance Report for the twelve months ending December 31, 2006.

Sincerely,



**Debbie Stitt
Regulatory Analyst**

RECEIVED
REGULATORY SERVICE
MAY 10 2007 10:10
REGULATORY DIVISION

FLORIDA PUBLIC SERVICE COMMISSION

INVESTOR-OWNED NATURAL GAS UTILITY
EARNINGS SURVEILLANCE REPORT

PSC/AFA 13 (6/94)

EARNINGS SURVEILLANCE REPORT SUMMARY
ACTUAL DEC 31, 2006

	(1) ACTUAL PER BOOKS	(2) FPSC ADJUSTMENTS	(3) FPSC ADJUSTED	(4) PRO FORMA ADJUSTMENTS	(5) PRO FORMA ADJUSTED
I. AVERAGE RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$ 80,823	\$	\$ 80,823	\$	\$
AVERAGE RATE BASE	\$ 3,916,665	\$ (812,172)	\$ 3,104,493	\$	\$
AVERAGE RATE OF RETURN	2.06%		2.60%		%
II. YEAR END RATE BASE (JURISDICTIONAL)	\$ 2,767,840	\$ (841,911)	\$ 1,925,929		

III. REQUIRED RATES OF RETURN
AVERAGE CAPITAL STRUCTURE
(FPSC ADJUSTED BASIS)

LOW	5.93 %
MIDPOINT	6.43 %
HIGH	6.94 %

IV. EARNED RETURN ON EQUITY
(FPSC ADJUSTED BASIS)

A. INCLUDING FLEX RATE REVENUES	3.95%
B. EXCLUDING FLEX RATE REVENUES	3.95%

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.

Stuart L. Shoaf, President
(Name and Title of Chief
Financial Officer)

Stuart L. Shoaf
(Signature)

5-8-07
(Date)

PSC/AFA13

ST. JOE NATURAL GAS COMPANY

YEAR END RATE BASE
Actual Dec 31, 2006

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	6,572,174	3,162,707	3,409,467		33,739	3,443,206	324,634	3,767,840
<u>FPSC ADJUSTMENTS:</u>								
PRO-RATA NON-UTILITY	(362,244)	(32,752)	(329,492)			(329,492)	(512,420)	0 (841,912)
TOTAL FPSC ADJUSTMENTS	(362,244)	(32,752)	(329,492)		0	(329,492)	(512,420)	(841,912)
FPSC ADJUSTED	6,209,930	3,129,955	3,079,975	0	33,739	3,113,714	(187,786)	2,925,928

**CAPITAL STRUCTURE
FPSC ADJUSTED BASIS
Actual Dec 31, 2006**

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	0		0	0	0.00%	0.00	0.00	0.00	0.00	0.00	0.00
SHORT TERM DEBT	150,000	(46,520)	0	103,480	3.33%	8.00	0.27	8.00	0.27	8.00	0.27
OTHER DEFERRED CREDITS - GC	27,402			27,402	0.88%	0.00		0.00		0.00	
CUSTOMER DEPOSITS	46,719	(14,489)	0	32,230	1.04%	6.00	0.06	6.00	0.06	6.00	0.06
COMMON EQUITY	2,284,019	(708,346)	0	1,575,673	50.75%	10.50	5.33	11.50	5.84	12.50	6.34
DEFERRED INCOME TAXES	22,858			22,858	0.74%	0.00		0.00		0.00	
LONG TERM DEBT - Auto	0	0	0	0	0.00%	7.75	0.00	7.75	0.00	7.75	0.00
OTHER DEFERRED CREDITS - FC	1,247,602			1,247,602	40.19%	0.00	0.00	0.00	0.00	0.00	0.00
LONG TERM DEBT - Bayside	138,064	(42,818)	0	95,246	3.07%	8.75	0.27	8.75	0.27	8.75	0.27
LONG TERM DEBT - Shoaf	0	0	0	0	0.00%	5.00	0.00	5.00	0.00	5.00	0.00
LONG TERM DEBT - The Bank	0	0	0	0	0.00%	8.75	0.00	8.75	0.00	8.75	0.00
TOTAL	3,916,685	(812,173)	0	3,104,492	100.00%		5.93		6.43		6.94

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 (%)
SHORT TERM DEBT	150,000	(51,312)	0	98,688	3.37%	8.00	0.27	8.00	0.27	8.00	0.27
OTHER DEFERRED CREDITS - GC	27,402			27,402	0.94%	0.00		0.00		0.00	
CUSTOMER DEPOSITS	51,834	(17,732)	0	34,103	1.17%	6.00	0.07	6.00	0.07	6.00	0.07
COMMON EQUITY	2,259,300	(772,868)	0	1,486,432	50.80%	10.50	5.33	11.50	5.84	12.50	6.35
DEFERRED INCOME TAXES	57,162			57,162	1.95%	0.00		0.00		0.00	
LONG TERM DEBT - Auto	0	0	0	0	0.00%	7.75	0.00	7.75	0.00	7.75	0.00
OTHER DEFERRED CREDITS - FC	1,222,141			1,222,141	41.77%	0.00	0.00	0.00	0.00	0.00	0.00
LONG TERM DEBT - Bayside	0	0	0	0	0.00%	8.75	0.00	8.75	0.00	8.75	0.00
LONG TERM DEBT - Shoaf	0	0	0	0	0.00%	5.00	0.00	5.00	0.00	5.00	0.00
LONG TERM DEBT - The Bank	0	0	0	0	0.00%	8.75	0.00	8.75	0.00	8.75	0.00
TOTAL	3,767,840	(841,912)	0	2,925,928	100.00%		5.67		6.18		6.69

ADJUSTED RETURN ON COMMON EQUITY
 FPSC ADJUSTED BASIS

ACTUAL DEC 31, 2006

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

FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	2.60	(Schedule 1)
LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:		
LONG TERM DEBT- THE BANK (AUTO)	0.00	%
SHORT TERM DEBT	(0.27)	%
LONG TERM DEBT - THE BANK (LOC)	0.00	%
LONG TERM DEBT - SHOAF	0.00	%
LONG TERM DEBT - BAYSIDE	(0.27)	%
CUSTOMER DEPOSITS	(0.06)	%
OTHER DEFERRED CREDITS	0.00	%
SUBTOTAL	<u>(0.60)</u>	%
TOTAL	2.00	%
DIVIDED BY RECONCILED COMMON EQUITY RATIO	<u>50.75</u>	%
JURISDICTIONAL RETURN ON COMMON EQUITY	<u><u>3.95%</u></u>	

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. 2 of 2)
RATE BASE EXCLUDING FLEX RATE REVENUES	\$	(Schedule 2, p. 1 of 2)
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	<u>()</u>	%
TOTAL	_____	%
DIVIDED BY RECONCILED COMMON EQUITY RATIO	_____	%
JURISDICTIONAL RETURN ON COMMON EQUITY	<u><u> </u></u>	%