

ST JOE NATURAL GAS



Serving Florida's Panhandle Since 1963
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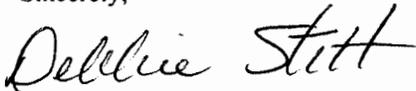
April 6, 2009

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

Re: Actual Earnings Surveillance Report Ending December 31, 2008

Please find enclosed the Actual Earnings Surveillance Report for the twelve months ending December 30, 2008.

Sincerely,



Debbie Stitt
Bookkeeper

RECEIVED
FLORIDA PUBLIC SERVICE
COMMISSION
09 APR -9 AM 9:20
DIVISION OF
ECONOMIC REGULATION

INVESTOR-OWNED NATURAL GAS UTILITY
EARNINGS SURVEILLANCE REPORT

**ST. JOE NATURAL GAS COMPANY
EARNINGS SURVEILLANCE REPORT SUMMARY
ACTUAL DECEMBER 2008**

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>	\$ 179,449	\$	\$ 179,449	\$	\$
<u>AVERAGE RATE BASE</u>	\$ 3,884,060	\$ -906,415	\$ 2,977,645	\$	\$
<u>AVERAGE RATE OF RETURN</u>	4.62%		6.03%		%
II. YEAR END RATE BASE (JURISDICTIONAL)					
<u></u>	\$ 3,932,078	\$ -891,827	\$ 3,040,251		

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

LOW	<u>5.27 %</u>
MIDPOINT	<u>5.74 %</u>
HIGH	<u>6.21 %</u>

**IV. EARNED RETURN ON EQUITY
(FPSC ADJUSTED BASIS)**

A. INCLUDING	
FLEX RATE REVENUES	<u>11.61%</u>
B. EXCLUDING	
FLEX RATE REVENUES	<u>11.61%</u>

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 Shoaf
(Signature)

12-6-09
(Date)

PSC/AFA13

ST. JOE NATURAL GAS COMPANY
YEAR END RATE BASE
ACTUAL December 2008

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	6,617,962	3,447,842	3,170,120		19,969	3,190,089	741,988	3,932,077
FPSC ADJUSTMENTS:								
PRO-RATA NON-UTILITY	-364,592	-41,388	-323,204			-323,204	-94,281 -474,341	-94,281 -797,545
TOTAL FPSC ADJUSTMENTS	-364,592	-41,388	-323,204		0	-323,204	-568,622	-891,826
FPSC ADJUSTED	6,253,370	3,406,454	2,846,916	#VALUE!	19,969	2,866,885	173,366	3,040,251

**ST. JOE NATURAL GAS COMPANY
CAPITAL STRUCTURE
FPSC ADJUSTED BASIS
ACTUAL December 2008**

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	0			0	0.00%	0.00	0.00	0.00	0.00	0.00	0.00
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	62,496	-20,554	-1,795	40,147	1.35%	6.00	0.08	6.00	0.08	6.00	0.08
COMMON EQUITY	2,179,903	-716,941	-62,596	1,400,366	47.03%	10.00	4.70	11.00	5.17	12.00	5.64
DEFERRED INCOME TAXES	111,562			111,562	3.75%	0.00		0.00		0.00	
OTHER DEFERRED CREDITS - FC	1,145,758			1,145,758	38.48%	0.00	0.00	0.00	0.00	0.00	0.00
LONG TERM DEBT - Bayside	292,308	-96,136	-6,394	187,778	6.31%	7.75	0.49	7.75	0.49	7.75	0.49
CUSTOMER ADVANCES FOR CONSTRUCTION	64,631			64,631	2.17%	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	3,884,060	-833,631	-72,784	2,977,645	100.00%		5.27		5.74		6.21

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	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	0.90%	0.00		0.00		0.00	
CUSTOMER DEPOSITS	67,510	-21,064	-2,490	43,956	1.45%	6.00	0.09	6.00	0.09	6.00	0.09
COMMON EQUITY	2,188,603	-682,876	-80,728	1,425,001	46.87%	10.00	4.69	11.00	5.16	12.00	5.62
DEFERRED INCOME TAXES	93,885			93,885	3.09%	0.00		0.00		0.00	
OTHER DEFERRED CREDITS - FC	1,120,297			1,120,297	36.85%	0.00	0.00	0.00	0.00	0.00	0.00
LONG TERM DEBT - Bayside	300,000	-93,604	-11,065	195,330	6.42%	7.75	0.50	7.75	0.50	7.75	0.50
CUSTOMER ADVANCES FOR CONSTRUCTION	134,380			134,380	4.42%	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	3,932,077	-797,545	-94,281	3,040,251	100.00%		5.27		5.74		6.21

ST. JOE NATURAL GAS COMPANY, INC.
EARNED RETURN ON COMMON EQUITY
FPSC ADJUSTED BASIS
ACTUAL December 2008

SCHEDULE 5

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

FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	6.03	(Schedule 1)
LESS: RECONCILED AVERAGE JURISDICTIONAL		
WEIGHTED COST RATES FOR:		
SHORT TERM DEBT	0.00 %	
LONG TERM DEBT - BAYSIDE	-0.49 %	
CUSTOMER DEPOSITS	-0.08 %	
OTHER DEFERRED CREDITS	0.00 %	
SUBTOTAL	<u>-0.57 %</u>	
 TOTAL	 5.46 %	
 DIVIDED BY RECONCILED COMMON EQUITY RATIO	 <u>47.03 %</u>	
 JURISDICTIONAL RETURN ON COMMON EQUITY	 <u>11.61%</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	 _____	%