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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.stjoe.com

July 27, 2011

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, 2011

Please find enclosed the Earnings Surveillance Report for the twelve months ending June 30, 2011.

Sincerely,

A handwritten signature in cursive script that reads "Debbie Stitt".

Debbie Stitt
Bookkeeper

RECEIVED

JUL 29 AM 7:06

ST JOE

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, 2011**

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)					
NET OPERATING INCOME	\$ 169,243	\$	\$ 169,243	\$	\$
AVERAGE RATE BASE	\$ 4,105,450	\$ -1,034,520	\$ 3,070,930	\$	\$
AVERAGE RATE OF RETURN	4.12%		5.51%		%
II. YEAR END RATE BASE (JURISDICTIONAL)	\$ 4,275,672	\$ -1,195,200	\$ 3,080,472		

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

LOW	5.50 %
MIDPOINT	6.00 %
HIGH	6.51 %

IV. EARNED RETURN ON EQUITY
(FPSC ADJUSTED BASIS)

A. INCLUDING FLEX RATE REVENUES	10.03%
B. EXCLUDING FLEX RATE REVENUES	10.03%

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)

7-27-11
(Date)

PSC/AFA13

ST. JOE NATURAL GAS COMPANY
YEAR END RATE BASE
JUNE 30, 2011

SCHEDULE 3

	(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)
	PLANT IN	ACCUMULATED	NET	PROPERTY HELD	CONSTRUCTION	NET	WORKING	TOTAL
	SERVICE	DEPRECIATION &	PLANT IN	FOR FUTURE USE	WORK IN	UTILITY PLANT	CAPITAL	RATE BASE
		AMORTIZATION	SERVICE		PROGRESS			
PER BOOKS	7,416,877	3,914,546	3,502,331		58,558	3,560,889	714,784	4,275,673
<u>FPSC ADJUSTMENTS:</u>								
PRO-RATA							-35,449	-35,449
NON-UTILITY	-766,957	-97,510	-669,447		-17,135	-686,582	-473,169	-1,159,751
TOTAL FPSC ADJUSTMENTS	<u>-766,957</u>	<u>-97,510</u>	<u>-669,447</u>		<u>-17,135</u>	<u>-686,582</u>	<u>-508,619</u>	<u>-1,195,201</u>
FPSC ADJUSTED	<u>6,649,920</u>	<u>3,817,036</u>	<u>2,832,884</u>	<u>#VALUE!</u>	<u>41,423</u>	<u>2,874,307</u>	<u>206,165</u>	<u>3,080,472</u>

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

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		240,000	-83,793	-4,904	151,303	4.93%	6.50	0.32	6.50	0.32	6.50	0.32
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		95,995	-33,515	-1,962	60,518	1.97%	6.00	0.12	6.00	0.12	6.00	0.12
COMMON EQUITY		2,463,265	-860,014	-50,333	1,552,918	50.57%	10.00	5.06	11.00	5.56	12.00	6.07
DEFERRED INCOME TAXES		170,122			170,122	5.54%	0.00		0.00		0.00	
OTHER DEFERRED CREDITS - FC		1,018,453			1,018,453	33.16%	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		90,212			90,212	2.94%	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL		4,105,450	-977,322	-57,199	3,070,929	100.00%		5.50		6.00		6.51

	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	-163,218	-4,989	251,793	8.17%	6.50	0.53	6.50	0.53	6.50	0.53
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		99,248	-38,569	-1,179	59,500	1.93%	6.00	0.12	6.00	0.12	6.00	0.12
COMMON EQUITY		2,465,078	-957,964	-29,281	1,477,832	47.97%	10.00	4.80	11.00	5.28	12.00	5.76
DEFERRED INCOME TAXES		200,370			200,370	6.50%	0.00		0.00		0.00	
OTHER DEFERRED CREDITS - FC		992,992			992,992	32.24%	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	2.29%	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL		4,275,672	-1,159,751	-35,449	3,080,472	100.00%		5.44		5.92		6.40

