

ST JOE NATURAL GAS

Serving Florida's Panhandle Since 1963

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12 MAY 29 AM 9:06

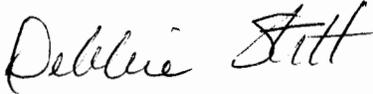
May 23, 2012

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, 2011

Please find enclosed the Actual Earnings Surveillance Report for the twelve months ending December 31, 2011.

Sincerely,



Debbie Stitt
Regulatory Analyst

ECONOMIC REGULATION

12 MAY 29 AM 9:44

FLORIDA PUBLIC SERVICE

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
ACTUAL 12/31/11**

SCHEDULE 1

	(1) <u>ACTUAL</u> <u>PER BOOKS</u>	(2) <u>FPSC</u> <u>ADJUSTMENTS</u>	(3) <u>FPSC</u> <u>ADJUSTED</u>	(4) <u>PRO FORMA</u> <u>ADJUSTMENTS</u>	(5) <u>PRO FORMA</u> <u>ADJUSTED</u>
I. AVERAGE RATE OF RETURN (JURISDICTIONAL)					
<u>NET OPERATING INCOME</u>	\$ 160,907	\$	\$ 160,907	\$	\$
AVERAGE RATE BASE	\$ 4,250,548	\$ -1,225,959	\$ 3,024,589	\$	\$
AVERAGE RATE OF RETURN	<u>3.79%</u>		<u>5.32%</u>		%
II. YEAR END RATE BASE (JURISDICTIONAL)	\$ 4,241,837	\$ -1,285,704	\$ 2,956,133		

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

LOW	<u>5.38 %</u>
MIDPOINT	<u>5.85 %</u>
HIGH	<u>6.33 %</u>

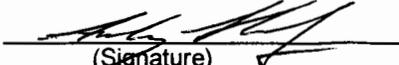
IV. EARNED RETURN ON EQUITY
(FPSC ADJUSTED BASIS)

A. INCLUDING FLEX RATE REVENUES	<u>9.88%</u>
B. EXCLUDING FLEX RATE REVENUES	<u>9.88%</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.

Andy Shoaf, Vice-President
(Name and Title of Chief
Financial Officer)


(Signature)

5-24-12
(Date)

PSC/AFA13

ST. JOE NATURAL GAS COMPANY
YEAR END RATE BASE
ACTUAL 12/31/11

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	7,496,759	4,035,256	3,461,503		73,202	3,534,705	707,132	4,241,837
FPSC ADJUSTMENTS:								
PRO-RATA NON-UTILITY	-856,388	-114,941	-741,447		-29,791	-771,238	-38,585 -475,881	-38,585 -1,247,119
TOTAL FPSC ADJUSTMENTS	<u>-856,388</u>	<u>-114,941</u>	<u>-741,447</u>		<u>-29,791</u>	<u>-771,238</u>	<u>-514,466</u>	<u>-1,285,704</u>
FPSC ADJUSTED	<u>6,640,371</u>	<u>3,920,315</u>	<u>2,720,056</u>	<u>#VALUE!</u>	<u>43,411</u>	<u>2,763,467</u>	<u>192,666</u>	<u>2,956,133</u>

**ST. JOE NATURAL GAS COMPANY
CAPITAL STRUCTURE
FPSC ADJUSTED BASIS
ACTUAL 12/31/11**

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		410,770	-162,098	-8,015	240,657	7.96%	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	0.91%	0.00		0.00		0.00	
CUSTOMER DEPOSITS		98,720	-38,957	-1,926	57,837	1.91%	6.00	0.11	6.00	0.11	6.00	0.11
COMMON EQUITY		2,450,820	-967,141	-47,822	1,435,857	47.47%	10.00	4.75	11.00	5.22	12.00	5.70
DEFERRED INCOME TAXES		204,692			204,692	6.77%	0.00		0.00		0.00	
OTHER DEFERRED CREDITS - FC		992,992			992,992	32.83%	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		65,152			65,152	2.15%	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL		4,250,548	-1,168,196	-57,763	3,024,589	100.00%		5.38		5.85		6.33

	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	-175,160	-5,419	239,421	8.10%	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	0.93%	0.00		0.00		0.00	
CUSTOMER DEPOSITS		104,893	-43,745	-1,353	59,794	2.02%	6.00	0.12	6.00	0.12	6.00	0.12
COMMON EQUITY		2,465,458	-1,028,214	-31,812	1,405,432	47.54%	10.00	4.75	11.00	5.23	12.00	5.71
DEFERRED INCOME TAXES		256,553			256,553	8.68%	0.00		0.00		0.00	
OTHER DEFERRED CREDITS - FC		967,531			967,531	32.73%	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
TOTAL		4,241,837	-1,247,119	-38,585	2,956,133	100.00%		5.40		5.88		6.35

ST. JOE NATURAL GAS COMPANY, INC.
EARNED RETURN ON COMMON EQUITY
FPSC ADJUSTED BASIS
ACTUAL 12/31/11

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

FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	5.32
LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:	
SHORT TERM DEBT	0.00 %
LONG TERM DEBT	-0.52 %
CUSTOMER DEPOSITS	-0.11 %
OTHER DEFERRED CREDITS	0.00 %
SUBTOTAL	-0.63 %
 TOTAL	 4.69 %
 DIVIDED BY RECONCILED COMMON EQUITY RATIO	 47.47 %
 JURISDICTIONAL RETURN ON COMMON EQUITY	 9.88%

B. FPSC ADJUSTED AVERAGE JURISDICTIONAL RETURN ON COMMON EQUITY
EXCLUDING FLEX RATE REVENUES SAME AS ABOVE

NET OPERATING REVENUE EXCLUDING FLEX RATE REVENUES	\$
 RATE BASE EXCLUDING FLEX RATE REVENUES	 \$
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	 %