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April 4, 2013

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

Re: Earnings Surveillance Report Ending December 31, 2012

Please find enclosed the Earnings Surveillance Report for the twelve months ending December 31, 2012.

Sincerely,

Debbie Stitt
Regulatory Analyst

RECEIVED
FLORIDA PUBLIC SERVICE
COMMISSION
13 APR 11 AM 9:14
DIVISION OF
ACCOUNTING & FINANCE

INVESTOR-OWNED NATURAL GAS UTILITY
EARNINGS SURVEILLANCE REPORT

**ST. JOE NATURAL GAS COMPANY
EARNINGS SURVEILLANCE REPORT SUMMARY
December 31, 2012**

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>	\$ 87,136	\$	\$ 87,136	\$	\$
AVERAGE RATE BASE	\$ 4,225,679	\$ -1,430,437	\$ 2,795,242	\$	\$
AVERAGE RATE OF RETURN	2.06%		3.12%		%
II. YEAR END RATE BASE (JURISDICTIONAL)	\$ 4,190,894	\$ -1,495,884	\$ 2,695,010		

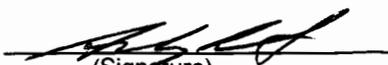
III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)		
LOW	5.18 %	
MIDPOINT	5.64 %	
HIGH	6.11 %	

IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)	
A. INCLUDING FLEX RATE REVENUES	5.38%
B. EXCLUDING FLEX RATE REVENUES	5.38%

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)

(Date)

PSC/AFA13

ST. JOE NATURAL GAS COMPANY
YEAR END RATE BASE
DECEMBER 31, 2012

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	<u>7,612,851</u>	<u>4,262,601</u>	<u>3,350,250</u>		<u>56,565</u>	<u>3,406,815</u>	<u>784,080</u>	<u>4,190,895</u>
<u>FPSC ADJUSTMENTS:</u>								
PRO-RATA NON-UTILITY	-962,208	-153,894	-808,314		-29,920	-838,234	-78,459 -579,192	-78,459 -1,417,426
TOTAL FPSC ADJUSTMENTS	<u>-962,208</u>	<u>-153,894</u>	<u>-808,314</u>		<u>-29,920</u>	<u>-838,234</u>	<u>-657,651</u>	<u>-1,495,885</u>
FPSC ADJUSTED	<u>6,650,643</u>	<u>4,108,707</u>	<u>2,541,936</u>	#VALUE!	<u>26,645</u>	<u>2,568,581</u>	<u>126,429</u>	<u>2,695,010</u>

ST. JOE NATURAL GAS COMPANY
CAPITAL STRUCTURE
FPSC ADJUSTED BASIS
DECEMBER 31, 2012

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		420,000	-194,215	-6,090	219,695	7.86%	6.50	0.51	6.50	0.51	6.50	0.51
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	0.98%	0.00		0.00		0.00	
CUSTOMER DEPOSITS		104,136	-48,154	-1,510	54,472	1.95%	6.00	0.12	6.00	0.12	6.00	0.12
COMMON EQUITY		2,474,738	-1,144,358	-35,884	1,294,496	46.31%	10.00	4.63	11.00	5.09	12.00	5.56
DEFERRED INCOME TAXES		256,860			256,860	9.19%	0.00		0.00		0.00	
OTHER DEFERRED CREDITS - FC		942,070			942,070	33.70%	0.00	0.00	0.00	0.00	0.00	0.00
PROPANE DEPOSITS		473	-219	-7	247	0.01%	0.00	0.00	0.00	0.00	0.00	0.00
CUSTOMER ADVANCES FOR CONSTRUCTION		0			0	0.00%	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL		4,225,679	-1,386,946	-43,491	2,795,242	100.00%		5.26		5.72		6.19

	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	-199,348	-11,035	209,618	7.78%	6.50	0.51	6.50	0.51	6.50	0.51
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	1.02%	0.00		0.00		0.00	
CUSTOMER DEPOSITS		104,774	-49,730	-2,753	52,292	1.94%	6.00	0.12	6.00	0.12	6.00	0.12
COMMON EQUITY		2,460,360	-1,167,779	-64,640	1,227,941	45.56%	10.00	4.56	11.00	5.01	12.00	5.47
DEFERRED INCOME TAXES		260,549			260,549	9.67%	0.00		0.00		0.00	
OTHER DEFERRED CREDITS - FC		916,609			916,609	34.01%	0.00	0.00	0.00	0.00	0.00	0.00
PROPANE DEPOSITS		1,200	-570	-32	599	0.02%	0.00	0.00	0.00	0.00	0.00	0.00
CUSTOMER ADVANCES FOR CONSTRUCTION		0			0	0.00%	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL		4,190,894	-1,417,426	-78,459	2,695,009	100.00%		5.18		5.63		6.09

ST. JOE NATURAL GAS COMPANY, INC.
EARNED RETURN ON COMMON EQUITY
FPSC ADJUSTED BASIS
DECEMBER 31, 2012

SCHEDULE 5

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

FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	3.12	(Schedule 1)
LESS: RECONCILED AVERAGE JURISDICTIONAL		
WEIGHTED COST RATES FOR:		
SHORT TERM DEBT	0.00 %	
LONG TERM DEBT	-0.51 %	
CUSTOMER DEPOSITS	-0.12 %	
OTHER DEFERRED CREDITS	0.00 %	
SUBTOTAL	-0.63 %	
TOTAL	2.49 %	
DIVIDED BY RECONCILED COMMON EQUITY RATIO	46.31 %	
JURISDICTIONAL RETURN ON COMMON EQUITY	5.38%	

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
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		%