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February 17, 2014

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

Re: Preliminary Earnings Surveillance Report Ending December 31, 2013

Please find enclosed the Preliminary Earnings Surveillance Report for the twelve months ending December 31, 2013.

Sincerely,

Debbie Stitt
Regulatory Analyst

RECEIVED
FLORIDA PUBLIC SERVICE
COMMISSION
14 FEB 20 AM 10: 01
DIVISION OF
ACCOUNTING & FINANCE

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
PRELIMINARY DECEMBER 31, 2013**

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>	\$ 105,452	\$	\$ 105,452	\$	\$
<u>AVERAGE RATE BASE</u>	\$ 4,431,119	\$ -1,771,535	\$ 2,659,584	\$	\$
<u>AVERAGE RATE OF RETURN</u>	2.38%		3.96%		
II. YEAR END RATE BASE					
(JURISDICTIONAL)					
<u></u>	\$ 4,271,583	\$ -1,666,267	\$ 2,605,316		

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

LOW	5.09 %
MIDPOINT	5.54 %
HIGH	5.98 %

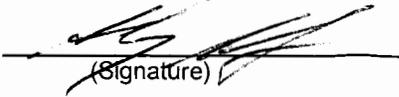
IV. EARNED RETURN ON EQUITY
(FPSC ADJUSTED BASIS)

A. INCLUDING	
FLEX RATE REVENUES	7.45%
B. EXCLUDING	
FLEX RATE REVENUES	7.45%

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)

2-17-14
(Date)

PSC/AFA13

**ST. JOE NATURAL GAS COMPANY
YEAR END RATE BASE
PRELIMINARY DECEMBER 31, 2013**

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	7,935,315	4,544,774	3,390,541		72,864	3,463,405	808,179	4,271,584
<u>FPSC ADJUSTMENTS:</u>								
PRO-RATA NON-UTILITY	-1,203,572	-226,112	-977,460		-49,276	-1,026,736	-52,821 -586,710	-52,821 -1,613,446
TOTAL FPSC ADJUSTMENTS	-1,203,572	-226,112	-977,460		-49,276	-1,026,736	-639,531	-1,666,267
FPSC ADJUSTED	6,731,743	4,318,662	2,413,081	#VALUE!	23,588	2,436,669	168,648	2,605,317

**ST. JOE NATURAL GAS COMPANY
CAPITAL STRUCTURE
FPSC ADJUSTED BASIS
PRELIMINARY DECEMBER 31, 2013**

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		547,198	-287,956	-10,129	249,112	9.37%	6.50	0.61	6.50	0.61	6.50	0.61
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	1.03%	0.00		0.00		0.00	
CUSTOMER DEPOSITS		102,589	-53,986	-1,899	46,704	1.76%	2.00	0.04	2.00	0.04	2.00	0.04
COMMON EQUITY		2,599,429	-1,367,917	-48,119	1,183,393	44.50%	10.00	4.45	11.00	4.89	12.00	5.34
DEFERRED INCOME TAXES		260,549			260,549	9.80%	0.00		0.00		0.00	
OTHER DEFERRED CREDITS - FC		891,148			891,148	33.51%	0.00	0.00	0.00	0.00	0.00	0.00
PROPANE DEPOSITS		2,805	-1,476	-52	1,277	0.05%	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		4,431,120	-1,711,336	-60,199	2,659,585	100.00%		5.09		5.54		5.98

	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		557,798	-288,644	-9,450	259,704	9.97%	6.50	0.65	6.50	0.65	6.50	0.65
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	1.05%	0.00		0.00		0.00	
CUSTOMER DEPOSITS		94,865	-48,986	-1,604	44,075	1.69%	2.00	0.03	2.00	0.03	2.00	0.03
COMMON EQUITY		2,460,442	-1,273,207	-41,682	1,145,553	43.97%	10.00	4.40	11.00	4.84	12.00	5.28
DEFERRED INCOME TAXES		260,549			260,549	10.00%	0.00		0.00		0.00	
OTHER DEFERRED CREDITS - FC		865,687			865,687	33.23%	0.00	0.00	0.00	0.00	0.00	0.00
PROPANE DEPOSITS		5,041	-2,609	-85	2,347	0.09%	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		4,271,584	-1,613,446	-52,821	2,605,317	100.00%		5.08		5.52		5.96

