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February 14, 2018

Mr. Andrew L Maurey, Director
Division of Accounting & Finance
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Preliminary Earnings Surveillance Report Ending December 2017

Please find enclosed the Preliminary Earnings Surveillance Report for the twelve months ending December 31, 2017.

Sincerely,

Debbie Stitt
Regulatory Analyst

RECEIVED
FLORIDA PUBLIC SERVICE
COMMISSION
2018 FEB 21 AM 9:08
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 DEC 31, 2017**

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>	\$ 95,712	\$	\$ 95,712	\$	\$
AVERAGE RATE BASE	\$ 5,246,640	\$ -2,277,656	\$ 2,968,984	\$	\$
AVERAGE RATE OF RETURN	<u>1.82%</u>		<u>3.22%</u>		%
II. YEAR END RATE BASE (JURISDICTIONAL)					
<u></u>	\$ 5,180,692	\$ -2,202,661	\$ 2,978,031		

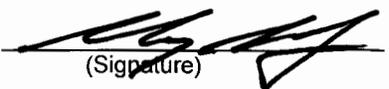
III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)		
LOW	<u>4.23</u>	%
MIDPOINT	<u>4.61</u>	%
HIGH	<u>4.99</u>	%

IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)	
A. INCLUDING FLEX RATE REVENUES	<u>7.33%</u>
B. EXCLUDING FLEX RATE REVENUES	<u>7.33%</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)

2-15-18
(Date)

**ST. JOE NATURAL GAS COMPANY
YEAR END RATE BASE
PRELIMINARY DECEMBER 31, 2017**

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>9,131,378</u>	<u>5,653,441</u>	<u>3,477,937</u>		<u>194,243</u>	<u>3,672,180</u>	<u>1,508,512</u>	<u>5,180,692</u>
FPSC ADJUSTMENTS:								
PRO-RATA NON-UTILITY	-1,744,535	-491,877	-1,252,658		-79,485	-1,332,143	-53,297 -817,221	-53,297 -2,149,364
TOTAL FPSC ADJUSTMENTS	<u>-1,744,535</u>	<u>-491,877</u>	<u>-1,252,658</u>		<u>-79,485</u>	<u>-1,332,143</u>	<u>-870,518</u>	<u>-2,202,661</u>
FPSC ADJUSTED	<u><u>7,386,843</u></u>	<u><u>5,161,564</u></u>	<u><u>2,225,279</u></u>		<u><u>114,758</u></u>	<u><u>2,340,037</u></u>	<u><u>637,994</u></u>	<u><u>2,978,031</u></u>

**ST. JOE NATURAL GAS COMPANY
CAPITAL STRUCTURE
FPSC ADJUSTED BASIS
PRELIMINARY DECEMBER 31, 2017**

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		525,998	-322,202	-7,823	195,973	6.60%	6.50	0.43	6.50	0.43	6.50	0.43
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		79,640	-48,784	-1,185	29,672	1.00%	2.00	0.02	2.00	0.02	2.00	0.02
COMMON EQUITY		3,013,068	-1,845,665	-44,815	1,122,588	37.81%	10.00	3.78	11.00	4.16	12.00	4.54
DEFERRED INCOME TAXES		901,624			901,624	30.37%	0.00		0.00		0.00	
OTHER DEFERRED CREDITS - FC		687,460			687,460	23.15%	0.00	0.00	0.00	0.00	0.00	0.00
PROPANE DEPOSITS		11,448	-7,013	-170	4,265	0.14%	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		5,246,640	-2,223,663	-53,993	2,968,984	100.00%		4.23		4.61		4.99

	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	-251,481	-6,236	162,283	5.45%	6.50	0.35	6.50	0.35	6.50	0.35
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		77,019	-46,116	-1,144	29,759	1.00%	2.00	0.02	2.00	0.02	2.00	0.02
COMMON EQUITY		3,081,100	-1,844,852	-45,746	1,190,502	39.98%	10.00	4.00	11.00	4.40	12.00	4.80
DEFERRED INCOME TAXES		901,624			901,624	30.28%	0.00		0.00		0.00	
OTHER DEFERRED CREDITS - FC		661,999			661,999	22.23%	0.00	0.00	0.00	0.00	0.00	0.00
PROPANE DEPOSITS		11,548	-6,915	-171	4,462	0.15%	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		5,180,692	-2,149,364	-53,297	2,978,031	100.00%		4.37		4.77		5.17

ST. JOE NATURAL GAS COMPANY, INC.
EARNED RETURN ON COMMON EQUITY
FPSC ADJUSTED BASIS
PRELIMINARY DEC 31, 2017

SCHEDULE 5

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

FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	<u>3.22</u>	(Schedule 1)
LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:		
SHORT TERM DEBT	0.00 %	
LONG TERM DEBT	-0.43 %	
CUSTOMER DEPOSITS	-0.02 %	
OTHER DEFERRED CREDITS	<u>0.00 %</u>	
SUBTOTAL	<u>-0.45 %</u>	
 TOTAL	 2.77 %	
 DIVIDED BY RECONCILED COMMON EQUITY RATIO	 <u>37.81 %</u>	
 JURISDICTIONAL RETURN ON COMMON EQUITY	 <u><u>7.33%</u></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
 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)	<u>()</u>	%
SUBTOTAL	<u>()</u>	%
 TOTAL		 %
 DIVIDED BY RECONCILED COMMON EQUITY RATIO		 <u>%</u>
 JURISDICTIONAL RETURN ON COMMON EQUITY		 %