

Serving Florida's Panhandle Since 1963

P. O. Box 549 / 301 Long Ave, Port St. Joe, FL 32457 **Tel. 850.229.8216** / **fax 850.229.8392**

www.stjoegas.com

August 10, 2020

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

Delelie Fitt

Re: Earnings Surveillance Report Ending June 30, 2020

Please find enclosed for filing the Actual Earnings Surveillance Report for the twelve months ending June 30, 2020.

Sincerely,

Debbie Stitt

Regulatory Analyst

| FLORIDA PUBLIC SERVICE COMMISSION |
|------------------------------------|
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| |
| |
| INVESTOR-OWNED NATURAL GAS UTILITY |
| EARNINGS SURVEILLANCE REPORT |
| |
| |
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| |
| PSC/AFA 13 (6/94) |
| |
| |

ST. JOE NATURAL GAS COMPANY EARNINGS SURVEILLANCE REPORT SUMMARY JUNE 30, 2020

| | III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS) | II. YEAR END RATE BASE (JURISDICTIONAL) | AVERAGE RATE OF RETURN | AVERAGE RATE BASE | I. AVERAGE RATE OF RETURN (JURISDICTIONAL) NET OPERATING INCOME |
|------------------------------------|---|---|------------------------|--------------------|---|
| MIDPOINT | LOW | | | | |
| 5.54 % 5.98 % | 5.10 % | \$ 5,420,397 \$ | -6.13% | \$ 5,120,879 \$ | (1) ACTUAL PER BOOKS \$313,665 \$ |
| В | IV. E | 7 \$ -2,506,526 \$ | <u>"</u> | 9 \$ -2,270,862 \$ | (2) FPSC ADJUSTMENTS 5 \$\$_ |
| B. EXCLUDING FLEX RATE REVENUES | IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS) A. INCLUDING FLEX RATE REVENUES | 2,913,871 | -11.01% | 2,850,017 \$ | (3) (4) FPSC PRO FORMA ADJUSTED ADJUSTMENTS -313,665 \$ |
| -1.91% | Y -1.91% | | | ₩ | PRO FORMA ADJUSTED |

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)





PSC/AFA13

ST. JOE NATURAL GAS COMPANY, INC. AVERAGE RATE OF RETURN RATE BASE JUNE 30, 2020

PRO RATA NON UTILITY

-2,081,350

-728,200

-1,353,150

-68,502

-1,421,652

-129,540 -719,670

-129,540 -2,141,322 FPSC ADJUSTMENTS:

PER BOOKS

SERVICE 10,056,535

ACCUMULATED DEPRECIATION & AMORTIZATION

(3) NET PLANT IN SERVICE

PROPERTY HELD FOR FUTURE USE

CONSTRUCTION WORK IN PROGRESS

NET UTILITY PLANT

WORKING CAPITAL 1,078,824

TOTAL RATE BASE 5,120,880 (7)

(8)

(9)

194,563

4,042,056

(4)

6,209,042

3,847,493

3

(2)

| PAGE 1 OF | SCHEDULE |
|-----------|----------|
| F 2 | E2 |
| 2 | |

| TOTAL PRO FORMA ADJUSTMENTS PRO FORMA ADJUSTED | PRO FORMA REVENUE INCREASE AND ANNUALIZATION ADJUSTMENTS: | FLEX RATE REVENUES ADJUSTED FOR FLEX RATE REVENUES | FPSC ADJUSTED | TOTAL FPSC ADJUSTMENTS |
|--|---|--|---------------|------------------------|
| | | | 7,975,185 | -2,081,350 |
| | | | 5,480,842 | -728,200 |
| | | | 2,494,343 | -1,353,150 |
| | | | | |
| | (8) | | 126,061 | -68,502 |
| | | | 2,620,404 | |
| | | | 229,614 | -849,210 |
| | | | 2,850,018 | -2,270,862 |

ST. JOE NATURAL GAS COMPANY AVERAGE RATE OF RETURN INCOME STATEMENT JUNE 30, 2020

PER BOOKS

FPSC ADJUSTMENTS:

REVENUES 1,700,795

O & M
GAS EXPENSE

0 & M D OTHER 1,321,545

DEPRECIATION & AMORTIZATION 269,060

TAXES OTHER
THAN INCOME
131,298

(6)
INCOME TAXES
CURRENT

(7)
DEFERRED
INCOME TAXES
(NET)

(8)
INVESTMENT TAX
CREDIT
(NET)

(9)

GAIN/LOSS
ON DISPOSITION

10)
TOTAL
OPERATING
EXPENSES
2,014,460

(11)
NET
OPERATING
INCOME
-313,665

(3)

(4)

(5)

292,557

3

SCHEDULE 2 PAGE 2 OF 2

| PER BOOKS CURRENT MONTH AMOUNT | TOTAL PRO FORMA ADJUSTMENTS PRO FORMA ADJUSTED | PRO FORMA REVENUE INCREASE AND ANNUALIZATION ADJUSTMENTS: | FLEX RATE REVENUES ADJUSTED FOR FLEX RATE REVENUES | FPSC ADJUSTED | TOTAL CD00 AD HOTALENTO |
|--------------------------------|---|---|--|---------------|-------------------------|
| | | | | 1,700,795 | |
| | | | | 292,557 | |
| | | | | 1,321,545 | |
| | | | | 269,060 | |
| | | | | 131,298 | |
| | | | | 0 | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | 2,014,460 | |
| | | | | -313,665 | e. |

ST. JOE NATURAL GAS COMPANY

| -2,125,250 | -2,125,250 | 10,267,085 | SERVICE | PLANT IN | | 3 | | |
|------------|------------------------|------------|----------------|----------------|--------------|-----|---------------|--|
| -795,096 | -795,096 | 6,391,068 | AMORTIZATION | DEPRECIATION & | ACCUMULATED | (2) | | ST. |
| -1,330,154 | -1,330,154 | 3,876,017 | SERVICE | PLANT IN | NET | (3) | June 30, 2020 | YEAR END RATE BASE |
| | | | FOR FUTURE USE | PROPERTY HELD | | (4) | | ST. JOE NATURAL GAS COMPANY YEAR END RATE BASE |
| -52,785 | -52,785 | 118,944 | PROGRESS | WORK IN | CONSTRUCTION | (5) | | × |
| -1,382,939 | -1,382,939 | 3,994,961 | UTILITY PLANT | NET | | 3 | | |
| -1,123,586 | -108,596 -1,014,990 | 1,425,435 | CAPITAL | WORKING | | (8) | | SCHEDULE 3 |
| -2,506,525 | -108,596 -2,397,929 | 5,420,396 | RATE BASE | TOTAL | | (9) | | ULE 3 |

NON-UTILITY PRO-RATA

FPSC ADJUSTED

8,141,835

5,595,972

2,545,863

66,159 2,612,022

301,849

2,913,871

TOTAL FPSC ADJUSTMENTS

FPSC ADJUSTMENTS:

PER BOOKS

| TOTAL | CENTENNIAL PROMISSORY NOTE | PROPANE DEPOSITS | OTHER DEFERRED CREDITS - FC | DEFERRED INCOME TAXES | COMMON EQUITY | CUSTOMER DEPOSITS | OTHER DEFERRED CREDITS - GC | SHORT TERM DEBT | LONG LEKW DEB | YEAR END | | TOTAL | CENTENNIAL PROMISSORY NOTE | PROPANE DEPOSITS | OTHER DEFERRED CREDITS - FC | DEFERRED INCOME TAXES | COMMON EQUITY | CUSTOMER DEPOSITS | OTHER DEFERRED CREDITS - GC | SHORT TERM DEBT | LONG TERM DEBT | AVERAGE |
|------------|----------------------------|------------------|-----------------------------|-----------------------|---------------|-------------------|-----------------------------|-----------------|---------------|----------------------------|------------|------------|----------------------------|------------------|-----------------------------|-----------------------|---------------|-------------------|-----------------------------|-----------------|----------------|----------------------------|
| 5,420,397 | 322,400 | 9,890 | 534,694 | 666,328 | 2,993,075 | 76,608 | 27,402 | 0 | /90,000 | PER BOOKS | | 5,120,879 | 74,400 | 10,059 | 560,155 | 635,065 | 2,986,991 | 59,884 | 27,402 | 0 | 766,923 | PER BOOKS |
| -2,397,929 | | | | | -1,859,526 | -47,595 | | 0 | -490,808 | ADJUSTMENTS NON-UTILITY | | -2,141,322 | | | | | -1,677,097 | -33,623 | | 0 | -430,602 | ADJUSTMENTS NON-UTILITY |
| -108,596 | | | | | -84,213 | -2,155 | | 0 | -22,227 | PRO RATA | | -129,540 | | | | | -101,457 | -2,034 | | 0 | -26,049 | PRO RATA |
| 2,913,872 | 322,400 | 9,890 | 534,694 | 666,328 | 1,049,336 | 26,858 | 27,402 | 0 | 276,964 | ADJUSTED | | 2,850,017 | 74,400 | 10,059 | 560,155 | 635,065 | 1,208,437 | 24,227 | 27,402 | 0 | 310,272 | ADJUSTED |
| 100.00% | 11.06% | 0.34% | 18.35% | 22.87% | 36.01% | 0.92% | 0.94% | 0.00% | 9.51% | RATIO (%) | | 100.00% | 2.61% | 0.35% | 19.65% | 22.28% | 42.40% | 0.85% | 0.96% | 0.00% | 89% | RATIO |
| | 0.00 | 0.00 | 0.00 | 0.00 | 10.00 | 2.00 | 0.00 | 8.00 | 6.50 | COST RATE (%) | LOW POINT | | 0.00 | 0.00 | 0.00 | 0.00 | 10.00 | 2.00 | 0.00 | 8.00 | 6.50 | LOW POINT COST RATE (%) |
| 4.24 | 0.00 | 0.00 | 0.00 | | 3.60 | 0.02 | | 0.00 | 0.62 | WEIGHTED COST (%) | | 4.96 | 0.00 | 0.00 | 0.00 | | 4.24 | 0.02 | | 0.00 | 0.71 | WEIGHTED COST |
| | 0.00 | 0.00 | 0.00 | 0.00 | 11.00 | 2.00 | 0.00 | 8.00 | 6.50 | COST RATE (%) | MIDPOINT | | 0.00 | 0.00 | 0.00 | 0.00 | 11.00 | 2.00 | 0.00 | 8.00 | 6.50 | MIDPOINT COST RATE |
| 4.60 | 0.00 | 0.00 | 0.00 | | 3.96 | 0.02 | | 0.00 | 0.62 | WEIGHTED COST (%) | | 5.39 | 0.00 | 0.00 | 0.00 | | 4.66 | 0.02 | | 0.00 | 0.71 | WEIGHTED COST |
| | 0.00 | 0.00 | 0.00 | 0.00 | 12.00 | 2.00 | 0.00 | 8.00 | 6.50 | COST RATE (%) | HIGH POINT | | 0.00 | 0.00 | 0.00 | 0.00 | 12.00 | 2.00 | 0.00 | 8.00 | 6.50 | |
| 4.96 | 0.00 | 0.00 | 0.00 | | 4.32 | 0.02 | | 0.00 | 0.62 | WEIGHTED COST (%) | | 5.81 | 0.00 | 0.00 | 0.00 | | 5.09 | 0.02 | | 0.00 | 0.71 | WE |

ST. JOE NATURAL GAS COMPANY, INC. EARNED RETURN ON COMMON EQUITY FPSC ADJUSTED BASIS June 30, 2020

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

| FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR: SHORT TERM DEBT LONG TERM DEBT CUSTOMER DEPOSITS OTHER DEFERRED CREDITS SUBTOTAL | -0.11 0.00 -0.77 -0.02 0.00 -0.72 |) % 1 % 2 %) % |
|---|--|--------------------------|
| TOTAL | -0.83 | 3 % |
| DIVIDED BY RECONCILED COMMON EQUITY RATIO | 43.60 | <u>)</u> % |
| JURISDICTIONAL RETURN ON COMMON EQUITY | -1.91% | = |
| 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 | | % |