

# INDIANTOWN Gas company, inc.



CLEAN AND EFFICIENT NATURAL GAS AND PROPANE GAS FOR ALL YOUR ENERGY NEEDS

September 8, 2010

Mr. John Slemkewicz  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, FL 32399

RE: Earnings Surveillance Report for Indiantown Gas Company

Dear Mr. Slemkewicz:

Enclosed please find the period ending June 30, 2010 Earnings Surveillance Report for Indiantown Gas Company. I very much appreciate the filing deadline extension granted to us. If you should have any questions or concerns, please do not hesitate to contact me.

Sincerely,

Melissa M. Powers  
Chief Financial Officer  
Indiantown Gas Company

REGULATION

10 SEP -9 11:10:20

FLORIDA PUBLIC SERVICE

**INDIANTOWN GAS COMPANY**  
**EARNINGS SURVEILLANCE REPORT**  
**PERIOD ENDING: JUNE 30, 2010**

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INDIANTOWN GAS COMPANY  
 RATE OF RETURN REPORT SUMMARY  
 06/30/2010

SCHEDULE 1

	(1) ACTUAL PER BOOKS	(2) FPSC ADJUSTMENTS	(3) FPSC ADJUSTED	(4) PRO FORMA ADJUSTMENTS	(5) PRO FORMA ADJUSTED
<b>I. AVERAGE RATE OF RETURN (JURISDICTIONAL)</b>					
NET OPERATING INCOME	<u>-\$ 22,163</u>	<u>\$ 3,334</u>	<u>-\$ 18,829</u>	<u>\$ 0</u>	<u>-\$ 18,829</u>
AVERAGE RATE BASE	<u>\$ 201,445</u>	<u>\$ 413,513</u>	<u>\$ 614,958</u>	<u>\$ 0</u>	<u>\$ 614,958</u>
AVERAGE RATE OF RETURN	<u>-11.00%</u>		<u>-3.06%</u>		<u>-3.06%</u>
<b>II. YEAR-END RATE OF RETURN (JURISDICTIONAL)</b>					
NET OPERATING INCOME	<u>-\$ 22,163</u>	<u>\$ 3,335</u>	<u>-\$ 18,827</u>	<u>\$ 0</u>	<u>-\$ 18,827</u>
YEAR-END RATE BASE	<u>\$ 157,794</u>	<u>\$ 440,301</u>	<u>\$ 598,095</u>	<u>\$ 0</u>	<u>\$ 598,095</u>
YEAR-END RATE OF RETURN	<u>-14.05%</u>		<u>-3.15%</u>		<u>-3.15%</u>
<b>III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)</b>			<b>IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)</b>		
LOW	8.38%		A.	INCL COMP RATE ADJ REVENUES	-10.98%
MIDPOINT	8.92%		B.	EXCL COMP RATE ADJ REVENUES	-10.98%
HIGH	9.45%				

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.

Melissa Powers  
 Chief Financial Officer

Melissa M. Powers  
 Signature

9-8-10  
 Date

INDIANTOWN GAS COMPANY

AVERAGE RATE OF RETURN  
FOR THE THIRTEEN MONTHS ENDED 06/30/2010  
RATE BASE

	(1) PLANT IN SERVICE	(2) ACCUMULATED DEPRECIATION & AMORTIZATION	(3) PLANT IN SERVICE	(4) NET PROPERTY HELD FOR FUTURE USE	(5) CONSTRUCTION WORK IN PROGRESS	(6) NET UTILITY PLANT	(7) WORKING CAPITAL	(8) TOTAL RATE BASE
PER BOOKS	\$1,202,601	(\$625,429)	\$577,173	\$0	\$124	\$577,297	(\$375,852)	\$201,445
FPSC ADJUSTMENTS:								
ELIMINATIONS TO WORKING CAPITAL							\$413,513	\$413,513
COMMON PLANT - NON-UTILITY OPERATIONS	\$0	\$0	\$0	\$0				\$0
TOTAL FPSC ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$413,513	\$413,513
FPSC ADJUSTED	\$1,202,601	(\$625,429)	\$577,173	\$0	\$124	\$577,297	\$37,661	\$614,958
COMP RATE ADJ REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUE	\$1,202,601	(\$625,429)	\$577,173	\$0	\$124	\$577,297	\$37,661	\$614,958
PRO FORMA REVENUE INCREASE AND ANNUALIZATION ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$1,202,601	(\$625,429)	\$577,173	\$0	\$124	\$577,297	\$37,661	\$614,958

INDIANTOWN GAS COMPANY  
AVERAGE RATE OF RETURN  
FOR THE THIRTEEN MONTHS ENDED 06/30/2010  
INCOME STATEMENT

	(1) OPERATING REVENUES	(2) O & M GAS EXPENSE	(3) O & M OTHER	(4) DEPREC & AMORTIZATION	(5) TAXES OTHER THAN INCOME	(6) INCOME TAXES CURRENT	(7) D.I.T. (NET)	(8) I.T.C. (NET)	(9) GAIN/LOSS ON DISPOSITION	(10) TOTAL OPERATING EXPENSES	(11) NET OPERATING INCOME
PER BOOKS	\$565,613	\$0	\$522,308	\$55,845	\$17,010	(\$7,368)	\$0	\$0	\$0	\$587,775	(\$22,163)
PPSC ADJUSTMENTS:											
1) Cleaning Expenses		\$0	\$0			\$0				\$0	\$0
2) Employee Uniforms		\$0	\$0			\$0				\$0	\$0
3) CEO Car Repairs		\$0	\$0			\$0				\$0	\$0
4) Non-Utility Common Expense Allocations		\$0	\$0			\$0				\$0	\$0
5) Indirect A&G Salaries		\$0	\$0			\$0				\$0	\$0
6) AAA & YMCA Membership Dues		\$0	\$0			\$0				\$0	\$0
7) Unallocated CFO Salary		\$0	\$0			\$0				\$0	\$0
8) Employee Activities		\$0	\$0			\$0				\$0	\$0
9) Eliminate Entertainment Expenses		\$0	\$0			\$0				\$0	\$0
10) Eliminate Life Insurance Expense		\$0	\$0			\$0				\$0	\$0
11) AGA Dues		\$0	\$0			\$0				\$0	\$0
12) Advertising Expense		\$0	\$0			\$0				\$0	\$0
13) Eliminate Charitable Contributions		\$0	\$0			\$0				\$0	\$0
14) Non-utility Property Taxes		\$0	\$0			\$0				\$0	\$0
15) Interest Synchroization		\$0	\$0			\$0				\$0	\$0
16) Depreciation Expense - Common Plant		\$0	\$0	\$0	\$0	(\$3,334)			(\$3,334)	\$0	\$0
17) Depreciation Expense - pre-1970 Plant		\$0	\$0	\$0	\$0	\$0			\$0	\$0	\$0
18) Depreciation Expense - New Hope Subdivision		\$0	\$0	\$0	\$0	\$0			\$0	\$0	\$0
TOTAL PPSC ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	(\$3,334)	\$0	\$0	(\$3,334)	\$0	\$3,334
PPSC ADJUSTED	\$565,613	\$0	\$522,308	\$55,845	\$17,010	(\$10,721)	\$0	\$0	\$584,441	(\$18,829)	
COMP RATE ADJ REVENUES - DEFICIT/(SURPLUS)	\$0					\$0			\$0		\$0
ADJUSTED FOR COMP RATE ADJ REVENUES	\$565,613	\$0	\$522,308	\$55,845	\$17,010	(\$10,721)	\$0	\$0	\$584,441	(\$18,829)	
PRO FORMA REVENUE INCREASE & ANNUALIZATION ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$565,613	\$0	\$522,308	\$55,845	\$17,010	(\$10,721)	\$0	\$0	\$584,441	(\$18,829)	

INDIANTOWN GAS COMPANY

YEAR END RATE OF RETURN  
FOR THE YEAR ENDED 06/30/2010  
RATE BASE

	(1) PLANT IN SERVICE	(2) ACCUMULATED DEPRECIATION & AMORTIZATION	(3) PLANT IN SERVICE	(4) NET PROPERTY HELD FOR FUTURE USE	(5) CONSTRUCTION WORK IN PROGRESS	(6) NET UTILITY PLANT	(7) WORKING CAPITAL	(8) TOTAL RATE BASE
PER BOOKS	\$1,190,037	(\$638,363)	\$551,674	\$0	\$0	\$551,674	(\$393,880)	\$157,794
FPSC ADJUSTMENTS:								
	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ELIMINATIONS TO WORKING CAPITAL								
COMMON PLANT - NON-UTILITY OPERATIONS	\$0	\$0	\$0	\$0	\$0	\$0	\$440,301	\$440,301
TOTAL FPSC ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$440,301	\$440,301
FPSC ADJUSTED	\$1,190,037	(\$638,363)	\$551,674	\$0	\$0	\$551,674	\$46,421	\$598,095
COMP RATE ADJ REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUE	\$1,190,037	(\$638,363)	\$551,674	\$0	\$0	\$551,674	\$46,421	\$598,095
PRO FORMA REVENUE INCREASE AND ANNUALIZATION ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$1,190,037	(\$638,363)	\$551,674	\$0	\$0	\$551,674	\$46,421	\$598,095

INDIANTOWN GAS COMPANY  
YEAR END RATE OF RETURN  
FOR THE YEAR ENDED 06/30/2010  
INCOME STATEMENT

	(1) OPERATING REVENUES	(2) O & M GAS EXPENSE	(3) O & M OTHER	(4) DEPREC. & AMORTIZATION	(5) TAXES OTHER THAN INCOME	(6) INCOME TAXES CURRENT	(7) D.I.T. (NET)	(8) I.T.C. (NET)	(9) GAIN/LOSS ON DISPOSITION	(10) TOTAL OPERATING EXPENSES	(11) NET OPERATING INCOME
PER BOOKS	\$65,613	\$0	\$22,308	\$55,845	\$17,010	(\$7,388)	\$0	\$0	\$0	\$68,775	(\$22,163)
FFSC ADJUSTMENTS:											
1) Cleaning Expense			\$0			\$0				\$0	\$0
2) Employee Uniforms			\$0			\$0				\$0	\$0
3) CEO Car Repairs			\$0			\$0				\$0	\$0
4) Non-Utility Common Expense Allocations			\$0			\$0				\$0	\$0
5) Indirect A&G Salaries			\$0			\$0				\$0	\$0
6) AAA & YMCA Membership Dues			\$0			\$0				\$0	\$0
7) Unallocated CFO Salary			\$0			\$0				\$0	\$0
8) Employee Activities			\$0			\$0				\$0	\$0
9) Eliminate Entertainment Expenses			\$0			\$0				\$0	\$0
10) Eliminate Life Insurance Expense			\$0			\$0				\$0	\$0
11) AGA Dues			\$0			\$0				\$0	\$0
12) Advertising Expense			\$0			\$0				\$0	\$0
13) Eliminate Charitable Contributions			\$0			\$0				\$0	\$0
14) Non-utility Property Taxes			\$0			\$0				\$0	\$0
15) Interest Synchronization			\$0			\$0				\$0	\$0
16) Depreciation Expense - Common Plant			\$0	\$0		(\$3,335)				\$0	\$3,335
17) Depreciation Expense - pre-1970 Plant						\$0				\$0	\$0
18) Depreciation Expense - New Hope Subdivision						\$0				\$0	\$0
TOTAL FFSC ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	(\$3,335)	\$0	\$0	\$0	(\$3,335)	\$3,335
FFSC ADJUSTED	\$65,613	\$0	\$22,308	\$55,845	\$17,010	(\$10,723)	\$0	\$0	\$0	\$65,440	(\$18,827)
COMP RATE ADJ REVENUES - DEFICIT/(SURPLUS)	\$0					\$0				\$0	\$0
ADJUSTED FOR COMP RATE ADJ REVENUES	\$65,613	\$0	\$22,308	\$55,845	\$17,010	(\$10,723)	\$0	\$0	\$0	\$65,440	(\$18,827)
PRO FORMA REVENUE INCREASE & ANNUALIZATION ADJUSTMENTS	\$0					\$0				\$0	\$0
TOTAL PRO FORMA ADJUSTMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRO FORMA ADJUSTED	\$65,613	\$0	\$22,308	\$55,845	\$17,010	(\$10,723)	\$0	\$0	\$0	\$65,440	(\$18,827)

SCHEDULE 4

INDIANTOWN GAS COMPANY  
 CAPITAL STRUCTURE  
 06/30/2010  
 FPSC ADJUSTED BASIS

PER BOOKS	ADJUSTMENTS		ADJUSTED	NON-UTILITY	BALANCE	RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
	PRO RATA	SPECIFIC					COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
\$ 427,060	-\$ 98,421		\$ 327,629	\$ 0	\$ 327,629	53.28%	10.50%	5.59%	11.50%	6.13%	12.50%	6.69%
\$ 355,110	-\$ 92,673		\$ 272,437	\$ 0	\$ 272,437	44.30%	6.28%	2.78%	6.28%	2.78%	6.28%	2.78%
\$ 0	\$ 0		\$ 0	\$ 0	\$ 0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
\$ 19,412	-\$ 4,519		\$ 14,893	\$ 14,893	\$ 14,893	2.42%	0.57%	0.01%	0.57%	0.01%	0.57%	0.01%
\$ 804,572	-\$ 198,614	\$ 0	\$ 614,958	\$ 0	\$ 614,958	100.00%	8.35%	8.35%	8.35%	8.35%	8.35%	8.35%

AVERAGE

COMMON EQUITY  
 LONG TERM DEBT  
 SHORT TERM DEBT  
 CUSTOMER DEPOSITS

TOTAL AVERAGE

PER BOOKS	ADJUSTMENTS		ADJUSTED	NON-UTILITY	BALANCE	RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
	PRO RATA	SPECIFIC					COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
\$ 438,312	-\$ 101,721		\$ 337,591	\$ 337,591	\$ 337,591	56.44%	10.50%	5.93%	11.50%	6.49%	12.50%	7.06%
\$ 338,104	-\$ 77,824		\$ 258,280	\$ 258,280	\$ 258,280	43.18%	6.63%	2.86%	6.63%	2.86%	6.63%	2.86%
\$ 0	\$ 0		\$ 0	\$ 0	\$ 0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
\$ 2,884	-\$ 670		\$ 2,224	\$ 2,224	\$ 2,224	0.37%	3.80%	0.01%	3.80%	0.01%	3.80%	0.01%
\$ 778,311	-\$ 180,215	\$ 0	\$ 598,095	\$ 0	\$ 598,095	100.00%	8.80%	8.80%	8.80%	8.80%	8.80%	8.80%

YEAR-END

COMMON EQUITY  
 LONG TERM DEBT  
 SHORT TERM DEBT  
 CUSTOMER DEPOSITS

TOTAL YEAR-END



EARNED RETURN ON COMMON EQUITY  
 FPSC ADJUSTED BASIS  
 06/30/2010

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

FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	-3.06%	(Schedule 1)
LESS: RECONCILED AVERAGE JURISDICTIONAL		
	WEIGHTED COST RATES FOR:	
	LONG TERM DEBT	2.78%
	SHORT TERM DEBT	0.00%
	CUSTOMER DEPOSITS	0.01%
		<hr/>
	SUBTOTAL	2.79%
TOTAL	-5.85%	
DIVIDED BY RECONCILED COMMON EQUITY RATIO	53.28%	
JURISDICTIONAL RETURN ON COMMON EQUITY	<u>-10.98%</u>	

B. FPSC ADJUSTED AVERAGE JURISDICTIONAL RETURN ON COMMON EQUITY  
 EXCLUDING CRA REVENUES

NET OPERATING INCOME EXCLUDING CRA REVENUES	(\$18,829)	(Schedule 2, p. 2 of 2)
RATE BASE EXCLUDING CRA REVENUES	<u>\$614,958</u>	(Schedule 2, p. 1 of 2)
FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	-3.06%	
LESS: RECONCILED AVERAGE JURISDICTIONAL		
	WEIGHTED COST RATES FOR:	
	LONG TERM DEBT	2.78%
	SHORT TERM DEBT	0.00%
	CUSTOMER DEPOSITS	0.01%
		<hr/>
	SUBTOTAL	2.79%
TOTAL	-5.85%	
DIVIDED BY RECONCILED COMMON EQUITY RATIO	53.28%	
JURISDICTIONAL RETURN ON COMMON EQUITY	<u>-10.98%</u>	