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ANNUAL REPORT OF
NATURAL GAS UTILITIES

ST JOE NATURAL GAS COMPANY, INC
(EXACT NAME OF RESPONDENT)

301 LONG AVENUE, PORT ST JOE
(ADDRESS OF RESPONDENT)

TO THE

FLORIDA PUBLIC SERVICE COMMISSION

FOR THE

YEAR ENDED DECEMBER 31, 2003

RECEIVED
FLORIDA PUBLIC SERVICE
COMMISSION
04 JUN 28 AM 10:40
DIVISION OF
ECONOMIC REGULATION

Officer or other person to whom correspondence should be addressed concerning this report:

Name: **STUART SHOAF**

Title: **PRESIDENT**

Address: **301 LONG AVENUE**

City: **PORT ST JOE**

State: **FL**

Telephone No.: **850-229-8216**

PSC/ECR 020-G (10/03)



ROBERSON & FRIEDMAN, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

PORT ST. JOE, FL - APALACHICOLA, FL

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INDEPENDENT AUDITORS' REPORT

Board of Directors
St. Joe Natural Gas Company, Inc.
Port St. Joe, Florida

We have audited the accompanying balance sheets of St. Joe Natural Gas Company, Inc. as of December 31, 2003 and 2002, and the related statements of income, stockholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of St. Joe Natural Gas Company, Inc. as of December 31, 2003 and 2002, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Roberson & Friedman, P.A.

Roberson & Friedman P.A.

May 26, 2004

**INSTRUCTIONS FOR FILING THE
ANNUAL REPORT OF NATURAL GAS UTILITIES**

GENERAL INSTRUCTIONS

- I. Prepare this report in conformity with the Uniform System of Accounts (18 CFR 201) (U.S. of A.). Interpret all accounting words and phrases in accordance with the U.S. of A.
- II. Enter in whole numbers (dollars or Mcf) only, except where otherwise noted. (Enter cents for averages and figures per unit where cents are important.) The truncating of cents is allowed except on the four basic financial statements where rounding to dollars is required. The amounts shown on all supporting pages must agree with the amounts entered on the statements that they support. When applying thresholds to determine significance for reporting purposes, use for balance sheet accounts the balances at the end of the current reporting year, and use for statement of income accounts the current year's amounts.
- III. Complete each question fully and accurately, even if it has been answered in a previous annual report. Enter the word "None" where it truly and completely states the fact.
- IV. For any page that is not applicable to the respondent, enter the words "Not Applicable" on the particular page.
- V. Provide a supplemental statement further explaining accounts or pages as necessary. Attach the supplemental statement to the page being supplemented on 8 1/2 by 11 inch paper. Provide the appropriate identification information on the supplemental page, including the title of the page and the page number. Do not change the page numbers.
- VI. Do not make references to reports of previous years or to other reports in lieu of required entries, except as specifically authorized.
- VII. Wherever schedule pages refer to figures from a previous year, the figures reported must be based upon those shown by the annual report of the previous year, or an appropriate explanation given as to why different figures were used.
- VIII. Report all gas volumes on a pressure base of 14.73 psia and a temperature base of 60° F.

DEFINITIONS

- I. Btu per cubic foot - The total heating value expressed in Btu, produced by the combustion, at constant pressure, of the amount of the gas which would occupy a volume of 1 cubic foot at a temperature of 60° F if saturated with water vapor and under a pressure equivalent to that of 30 inches of mercury at 32° F, and under standard gravitational force (980.665 cm per sec. ²) with air of the same temperature and pressure as the gas, when the products of combustion are cooled to the initial temperature of gas and air when the water formed by combustion is condensed to the liquid state. (Sometimes called gross heating value or total heating value.)
- II. Respondent - The person, corporation, licensee, agency, authority, or other legal entity or instrumentality in whose behalf the report is made.

ANNUAL REPORT OF NATURAL GAS UTILITIES

IDENTIFICATION

01 Exact Legal Name of Respondent St Joe Natural Gas Company, Inc.	02 Year of Report December 31, 2003
03 Previous Name and Date of Change (if name changed during year)	
04 Address of Principal Office at End of Year (Street, City, State, Zip Code) 301 Long Avenue, Port St Joe, Fl 32456	
05 Name of Contact Person Debbie Stitt	06 Title of Contact Person Bookkeeper
07 Address of Contact Person (Street, City, State, Zip Code) 301 Long Avenue, Port St Joe, Fl 32456	
08 Telephone of Contact Person, Including Area Code 850-229-8216 Ext 12	09 Date of Report (Mo., Day, Yr) June 14, 2004

ATTESTATION

I certify that I am the responsible accounting officer of

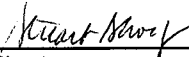
ST JOE NATURAL GAS COMPANY, INC.

that I have examined the following report; that to the best of my knowledge, information, and belief, all statements of fact contained in the said report are true and the said report is a correct statement of the business and affairs of the above-named respondent in respect to each and every matter set forth therein during the period from January 1, 2003 to December 31, 2003, inclusive.

I also certify that all affiliated transfer prices and affiliated cost allocations were determined consistent with the methods reported to this Commission on the appropriate forms included in this report.

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 or her official duty shall be guilty of a misdemeanor of the second degree, punishable as provided in S. 775.082 and S. 775.083.



 Signature

6-24-04

 Date

STUART SHOAF

 Name

PRESIDENT

 Title

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Name of Respondent ST JOE NATURAL GAS COMPANY, INC.	For the Year Ended Dec. 31, 2003
CONTROL OVER RESPONDENT	
<p>1. If any corporation, business trust, or similar organization or combination of such organizations jointly held control over the respondent at end of year, state name of controlling corporation or organization, manner in which control was held, and extent of control. If control was in a holding company organization, show the chain of ownership or control to the main parent company or organization. If control was held by a trustee(s), state name of trustee(s).</p> <p>2. If the above required information is available from the SEC 10-K Report Form filing, a specific reference to the report form (i.e. year and company title) may be listed provided the fiscal years for both the 10-K report and this report are compatible.</p>	
NONE	

CORPORATIONS CONTROLLED BY RESPONDENT			
<p>1. Report below the names of all corporations, business trusts, and similar organizations, controlled directly or indirectly by respondent at any time during the year. If control ceased prior to end of year, give particulars (details) in a footnote.</p> <p>2. If control was by other means than a direct holding of voting rights, state in a footnote the manner in which control was held, naming any intermediaries involved.</p> <p>3. If control was held jointly with one or more other interests, state the fact in a footnote and name the other interests.</p> <p>4. If the above required information is available from the SEC 10-K Report Form filing, a specific reference to the report form (i.e. year and company title) may be listed in column (a) provided the fiscal years for both the 10-K report and this report are compatible.</p>			
DEFINITIONS			
<p>1. See the Uniform System of Accounts for a definition of control.</p> <p>2. Direct control is that which is exercised without interposition of an intermediary.</p> <p>3. Indirect control is that which is exercised by the interposition of an intermediary which exercises direct control.</p> <p>4. Joint control is that in which neither interest can effectively control or direct action without the consent of the other, as where the voting control is equally divided between two holders, or each party holds a veto power over the other. Joint control may exist by mutual agreement or understanding between two or more parties who together have control within the meaning of the definition of control in the Uniform System of Accounts, regardless of the relative voting rights of each party.</p>			
Name of Company Controlled (a)	Kind of Business (b)	Percent Voting Stock Owned (c)	Footnote Ref. (d)

Name of Respondent	For the Year Ended
ST JOE NATURAL GAS COMPANY, INC.	Dec. 31, 2003

OFFICERS

1. Report below the name, title and salary for each executive officer whose salary is \$50,000 or more. An "executive officer" of a respondent includes its president, secretary, treasurer, and vice president in charge of a principal business unit, division or function (such as sales, administration or finance), and any other person who performs similar policymaking functions.
 2. If a change was made during the year in the incumbent of any position, show name and total remuneration of the previous incumbent, and date the change in incumbency was made.

Title (a)	Name of Officer (b)	Salary for Year (c)
PRESIDENT	STUART SHOAF	\$104,820

DIRECTORS

1. Report below the information called for concerning each director of the respondent who held office at any time during the year. Include in column (a) abbreviated titles of the directors who are officers of the respondent.
 2. Designate members of the Executive Committee by an asterisk and the Chairman of the Executive Committee by a double asterisk.

Name (and Title) of Director (a)	Principal Business Address (b)	No. of Directors Meetings During Yr. (c)	Fees During Year (d)
STUART SHOAF, PRESIDENT	301 LONG AVENUE, PSJ	12	0
RENEE SHOAF, DIRECTOR	301 LONG AVENUE, PSJ	12	9,000
CHARLES COSTIN, VICE PRESIDENT	301 LONG AVENUE, PSJ	12	9,000
MARGARET COSTIN, DIRECTOR	301 LONG AVENUE, PSJ	12	9,300

SECURITY HOLDERS AND VOTING POWERS

1. Give the names and addresses of the 10 security holders of the respondents who, at the date of the latest closing of the stock book or compilation of the list of stockholders of the respondent, prior to the end of the year, had the highest voting powers in the respondent, and state the number of votes which each would have had the right to cast on that date if a meeting were in order. If any such holder held in trust, give in a footnote the known particulars of the trust (whether voting trust, etc.) duration of the trust, and principal holders of beneficiary interests in the trust. If the stock book was not closed or a list of stockholders was not compiled within one year prior to the end of the year, or if since the previous compilation of a list of stockholders, some other class of security has become vested with voting rights, then show such 10 security holders as of the close of the year. Arrange the names of the security holders in the order of voting power, commencing with the highest. Show in column (a) the titles of officers and directors included in such list of 10 security holders.

2. If any security other than stock carries voting rights, explain in a supplemental statement of circumstances whereby such security became vested with voting rights and give others important particulars (details) concerning the voting rights of such security. State whether voting rights are actual or contingent if contingent, describe the contingency.

3. If any class or issue of security has any special privileges in the election of directors, trustees or managers, or in the determination of corporate action by any method, explain briefly in a footnote.

4. Furnish particulars (details) concerning any options, warrants, or rights outstanding at the end of the year for others to purchase securities of the respondent or any securities or other assets owned by the respondent, including prices, expiration dates, and other material information relating to exercise of the options, warrants, or rights. Specify the amount of such securities or assets so entitled to be purchased by any officer, director, associated company, or any of the ten largest security holders.

Name (Title) and Address of Security Holder (a)	VOTING SECURITIES			
	Number of votes as of (date):			
	Total Votes (b)	Common Stock (c)	Preferred Stock (d)	Other (e)
TOTAL votes of all voting securities	667	667		
TOTAL number of security holders	4	4		
TOTAL votes of security holders listed below	667	667		
MARGARET COSTIN	7	7		
CHARLES COSTIN	325	325		
RENEE SHOAF	325	325		
STUART SHOAF	10	10		

IMPORTANT CHANGES DURING THE YEAR

Give particulars (details) concerning the matters indicated below. Make the statements explicit and precise, and number them in accordance with the inquiries. Each inquiry should be answered. Enter "none" "not applicable," or "NA" where applicable. If information which answers an inquiry is given elsewhere in the report, make a reference to the schedule in which it appears.

1. Acquisition of ownership in other companies by reorganization, merger, or consolidation with other companies: Give name of companies involved, particulars concerning the transactions.

2. Purchase or sale of an operating unit or system: Give brief description of the property, and of the transactions relating thereto, and reference to Commission authorization, if any was required.

3. Important extension or reduction of transmission or distribution system: State territory added or relinquished and date operations began or ceased also the approximate number of customers added or lost and approximate annual revenues of each class of service.

4. State briefly the status of any materially important legal proceedings pending at the end of the year, and the results of any such proceedings culminated during the year.

5. State briefly the status of any materially important transactions of the respondent not disclosed elsewhere in this report in which an officer, director, security holder, voting trustee, associated company or known associate of any of these persons was a party or in which any such person had a material interest.

ST JOE NATURAL GAS COMPANY, INC.

Dec. 31, 2003

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
1	UTILITY PLANT			
2	Utility Plant (101-106, 114)	12	\$6,147,429	6,135,014
3	Construction Work in Progress (107)	12	15,104	9,740
4	TOTAL Utility Plant Total of lines 2 and 3)		6,162,533	6,144,754
5	(Less) Accum. Prov. for Depr., Amort., Depl. & Acq. Adj. (108, 111, 115)	12	2,571,323	2,667,326
6	Net Utility Plant (Total of line 4 less 5)		3,591,210	3,477,428
7	Utility Plant Adjustments (116)	11		
8	Gas Stored (117.1, 117.2, 117.3, 117.4)	-		
9	OTHER PROPERTY AND INVESTMENTS			
10	Nonutility Property (121)	-		278,973
11	(Less) Accum. Prov. for Depr. and Amort. (122)	-		675
12	Investments in Associated Companies (123)	-		
13	Investment in Subsidiary Companies (123.1)	-		
14	Other Investments (124)	-		
15	Special Funds (125, 126, 128)	-		
16	TOTAL Other Property and Investments (Total of lines 10 through 15)			278,298
17	CURRENT AND ACCRUED ASSETS			
18	Cash (131)	-	26,754	23,924
19	Special Deposits (132-134)	-		
20	Working Funds (135)	-		
21	Temporary Cash Investments (136)	-		
22	Notes Receivable (141)	-		15,501
23	Customer Accounts Receivable (142)	-	261,048	271,329
24	Other Accounts Receivable (143)	-	28,807	41,871
25	(Less) Accumulated Provision for Uncollectible Accounts-Credit (144)	-		
26	Notes Receivable from Associated Companies (145)	-		
27	Accounts Receivable from Associated Companies (146)	-		
28	Fuel Stock (151)	-		
29	Fuel Stock Expense Undistributed (152)	-		
30	Residuals (Electric) and Extracted Products (Gas) (153)	-		
31	Plant Material and Operating Supplies (154)	-	9,105	12,460
32	Merchandise (155)	-	25,558	146,800
33	Other Material and Supplies (156)	-	18,324	41,480
34	Stores Expenses Undistributed (163)	-		
35	Gas Stored Underground & LNG Stored (164.1-164.3)	-		
36	Prepayments (165)	18	27,218	26,600
37	Advances for Gas (166-167)	-		
38	Interest and Dividends Receivable (171)	-		
39	Rents Receivable (172)	-		
40	Accrued Utility Revenues (173)	-		
41	Miscellaneous Current and Accrued Assets (174)	-		
42	TOTAL Current and Accrued Assets (Total of lines 18 through 41)		396,814	579,966
43	DEFERRED DEBITS			
44	Unamortized Debt Expense (181)	-		
45	Extraordinary Property Losses (182.1)	18		
46	Unrecovered Plant and Regulatory Study Costs (182.2)	18		
47	Other Regulatory Assets (182.3)	19		
48	Preliminary Survey and Investigation Charges (Gas) (183.1, 183.2)	-		
49	Clearing Accounts (184)	-		
50	Temporary Facilities (185)	-		
51	Miscellaneous Deferred Debits (186)	19	232	(5,626)
52	Deferred Losses from Disposition of Utility Plant. (187)	-		
53	Research, Development and Demonstration Expenditures (188)	-		
54	Unamortized Loss on Reacquired Debt (189)	20		
55	Accumulated Deferred Income Taxes (190)	24		
56	Unrecovered Purchased Gas Costs (191)	-	31,283	(47,434)
57	TOTAL Deferred Debits (Total of lines 44 through 56)		31,515	(53,060)
58	TOTAL Assets and other Debits (Total of lines 6, 7, 8, 16, 42, 57)		4,019,539	4,282,632

Name of Respondent		For the Year Ended		
ST JOE NATURAL GAS COMPANY, INC		Dec. 31, 2003		
COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)				
Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
1	PROPRIETARY CAPITAL			
2	Common Stock (201, 202, 203, 205, 206, 207)	-	\$66,700	\$66,700
3	Preferred Stock Issued (204)	-		
4	Other Paid-In Capital (208-214)	-	234,694	234,694
5	Retained Earnings (215, 216)	10		
6	Unappropriated Undistributed Subsidiary Earnings (216.1)	10	1,708,761	1,786,024
7	(Less) Reacquired Capital Stock (217)	-		
8	TOTAL Proprietary Capital (Total of lines 2 through 7)		2,010,155	2,087,418
9	LONG-TERM DEBT			
10	Bonds (221)	21		
11	(Less) Reacquired Bonds (222)	21		
12	Advances from Associated Companies (223)	21		
13	Other Long-Term Debt (224)	21	177,036	392,483
14	Unamortized Premium on Long-Term Debt (225)	21		
15	(Less) Unamortized Discount on Long-Term Debt-Debit (226)	21		
16	TOTAL Long-Term Debt (Total of lines 10 through 15)		177,036	392,483
17	OTHER NONCURRENT LIABILITIES			
18	Obligations Under Capital Leases - Noncurrent (227)	-		
19	Accumulated Provision for Property Insurance (228.1)	-		
20	Accumulated Provision for Injuries and Damages (228.2)	-		
21	Accumulated Provision for Pensions and Benefits (228.3)	-		
22	Accumulated Miscellaneous Operating Provisions (228.4)	-		
23	Accumulated Provision for Rate Refunds (229)	-		
24	TOTAL Other Noncurrent Liabilities (Total of lines 18 through 23)			
25	CURRENT AND ACCRUED LIABILITIES			
26	Notes Payable (231)	-	150,000	150,000
27	Accounts Payable (232)	-	100,374	198,529
28	Notes Payable to Associated Companies (233)	-		
29	Accounts Payable to Associated Companies (234)	-		
30	Customer Deposits (235)	-	34,584	33,584
31	Taxes Accrued (236)	-	10,811	13,640
32	Interest Accrued (237)	-	7,996	21,284
33	Dividends Declared (238)	-		
34	Matured Long-Term Debt (239)	-		
35	Matured Interest (240)	-		
36	Tax Collections Payable (241)	-	11,756	13,649
37	Miscellaneous Current and Accrued Liabilities (242)	22		
38	Obligations Under Capital Leases-Current (243)	-		
39				
40	TOTAL Current and Accrued Liabilities (Total of lines 26 through 39)		\$315,520	\$430,685
41	DEFERRED CREDITS			
42	Customer Advances for Construction (252)	-		
43	Other Deferred Credits (253)	22	1,453,231	1,402,309
44	Other Regulatory Liabilities (254)	22		
45	Accumulated Deferred Investment Tax Credits (255)	23		
46	Deferred Gains from Disposition of Utility Plant (256)	-		
47	Unamortized Gain on Reacquired Debt (257)	20		
48	Accumulated Deferred Income Taxes (281-283)	24	63,597	(30,263)
49	TOTAL Deferred Credits (Total of lines 42 through 48)		1,516,828	1,372,046
50				
51	TOTAL Liabilities and Other Credits (Total of lines 8, 16, 24, 40 and 49)		\$4,019,539	\$4,282,632

ST JOE NATURAL GAS COMPANY, INC

Dec. 31, 2003

STATEMENT OF INCOME

1. Use page 11 for important notes regarding the statement of income or any account thereof.
2. Give concise explanations on page 11 concerning significant amounts of any refunds made or received during the year.
3. Enter on page 11 a concise explanation of only those changes in accounting methods made during the year
- which had an effect on net income, including the basis of allocations and apportionments from those used in the preceding year. Also give the approximate dollar effect of such changes.
4. Explain in a footnote if the previous year's figures are different from that reported in prior reports.

Line No.	Account (a)	Ref. Page No. (b)	Total Gas Utility Current Year (c)	Total Gas Utility Previous Year (d)
1	UTILITY OPERATING INCOME			
2	Operating Revenues (400)	26	\$2,140,742	\$2,108,182
3	Operating Expenses			
4	Operation Expenses (401)	27-29	1,567,369	1,514,678
5	Maintenance Expenses (402)	27-29		
6	Depreciation Expense (403)	15-16	232,995	240,345
7	Amortization & Depletion of Utility Plant (404-405)	-		
8	Amortization of Utility Plant Acquisition Adjustment (406)	-		
9	Amortization of Property Losses, Unrecovered Plant and Regulatory Study Costs (407.1)	-		
10	Amortization of Conversion Expenses (407.2)	-		
11	Regulatory Debits (407.3)	-		
12	(Less) Regulatory Credits (407.4)	-		
13	Taxes Other Than Income Taxes (408.1)	23	147,462	144,953
14	Income Taxes - Federal (409.1)	-	27,654	42,654
15	- Other (409.1)	-		
16	Provision for Deferred Income Taxes (410.1)	24		
17	(Less) Provision for Deferred Income Taxes - Cr.(411.1)	24		
18	Investment Tax Credit Adjustment - Net (411.4)	23		
19	(Less) Gains from Disposition of Utility Plant (411.6)	-		
20	Losses from Disposition of Utility Plant (411.7)	-		
21	Other Operating Income (412-414)	-		
22	TOTAL Utility Operating Expenses (Total of lines 4 -21)		1,975,480	1,942,631
23	Net Utility Operating Income (Total of line 2 less 22)			
24	(Carry forward to page 9, line 25)		\$165,263	\$165,552

STATEMENT OF INCOME (Continued)

Line No.	Account (a)	Ref. Page No. (b)	TOTAL	
			Current Year (c)	Previous Year (d)
25	Net Utility Operating Income (Carried forward from page 8)		\$165,263	\$165,552
26	Other Income and Deductions			
27	Other Income			
28	Nonutility Operating Income			
29	Revenues From Merchandising, Jobbing and Contract Work (415)	-	230,691	120,938
30	(Less) Costs and Exp. of Merchandising, Job & Contract Work (416)	-	(288,809)	(159,590)
31	Revenues From Nonutility Operations (417)	-		
32	(Less) Expenses of Nonutility Operations (417.1)	-		
33	Nonoperating Rental Income (418)	-		
34	Equity in Earnings of Subsidiary Companies (418.1)	10		
35	Interest and Dividend Income (419)	-	1,160	2,626
36	Allowance for Other Funds Used During Construction (419.1)	-		
37	Miscellaneous Nonoperating Income (421)	-	5,530	4,077
38	Gain on Disposition of Property (421.1)	-		
39	TOTAL Other Income (Total of lines 29 through 38)		(51,428)	(31,949)
40	Other Income Deductions			
41	Loss on Disposition of Property (421.2)	-		
42	Miscellaneous Amortization (425)	33		
43	Miscellaneous Income Deductions (426.1-426.5)	33	(1,264)	(2,138)
44	TOTAL Other Income Deductions (Total of lines 41 through 43)		(1,264)	(2,138)
45	Taxes Applicable to Other Income and Deductions			
46	Taxes Other Than Income Taxes (408.2)	-		
47	Income Taxes - Federal (409.2)	-		
48	Income Taxes - Other (409.2)	-		
49	Provision for Deferred Income Taxes (410.2)	24		
50	(Less) Provision for Deferred Income Taxes - Credit (411.2)	24		
51	Investment Tax Credit Adjustment - Net (411.5)	-		
52	(Less) Investment Tax Credits (420)	-		
53	TOTAL Taxes on Other Inc. and Ded. (Total of 46 through 52)			
54	Net Other Income and Deductions (Total of lines 39,44,53)		(52,692)	(34,087)
55	Interest Charges			
56	Interest on Long-Term Debt (427)	-	(21,335)	(18,293)
57	Amortization of Debt Discount and Expense (428)	21		
58	Amortization of Loss on Reacquired Debt (428.1)	-		
59	(Less) Amortization of Premium on Debt - Credit (429)	21		
60	(Less) Amortization of Gain on Reacquired Debt - Credit (429.1)	-		
61	Interest on Debt to Associated Companies (430)	33		
62	Other Interest Expense (431)	33	(13,974)	(15,183)
63	(Less) Allowance for Borrowed Funds Used During Const.-Credit (432)	-		
64	Net Interest Charges (Total of lines 56 through 63)		(35,308)	(33,476)
65	Income Before Extraordinary Items (Total of lines 25, 54 and 64)		77,263	97,989
66	Extraordinary Items			
67	Extraordinary Income (434)	-		
68	(Less) Extraordinary Deductions (435)	-		
69	Net Extraordinary Items (Total of line 67 less line 68)			
70	Income Taxes - Federal and Other (409.3)	-		
71	Extraordinary Items After Taxes (Total of line 69 less line 70)			
72	Net Income (Total of lines 65 and 71)		\$77,263	\$97,989

STATEMENT OF RETAINED EARNINGS

- | | |
|--|---|
| <p>1. Report all changes in appropriated retained earnings, and unappropriated retained earnings for the year.</p> <p>2. Each credit and debit during the year should be identified as to the retained earnings account in which recorded (Accounts 433, 436-439 inclusive). Show the contra primary account affected in column (b).</p> <p>3. State the purpose and amount for each reservation or appropriation of retained earnings.</p> <p>4. List first Account 439, Adjustments to Retained Earnings, reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit items, in that order.</p> | <p>5. Show dividends for each class and series of capital stock.</p> <p>6. Show separately the state and federal income tax effect of items shown in account 439, Adjustments to Retained Earnings.</p> <p>7. Explain in a footnote the basis for determining the amount reserved or appropriated. If such reservations or appropriation is to be recurrent, state the number and annual amounts to be reserved or appropriated as well as the totals eventually to be accumulated.</p> <p>8. If any notes appearing in the report to stockholders are applicable to this statement attach them at page 11.</p> |
|--|---|

Line No.	Item (a)	Contra Primary Account Affected (b)	Amount (c)
	UNAPPROPRIATED RETAINED EARNINGS (Account 216)		
1	Balance - Beginning of Year		\$1,708,761
2	Changes (Identify by prescribed retained earnings accounts)		
3	Adjustments to Retained Earnings (Account 439):		
4	Credit:		
5	Credit:		
6	TOTAL Credits to Retained Earnings (Account 439) (Total of lines 4 and 5)		
7	Debit:		
8	Debit:		
9	TOTAL Debits to Retained Earnings (Account 439) (Total of lines 7 and 8)		
10	Balance Transferred from Income (Account 433 less Account 418.1)		77,263
11	Appropriations of Retained Earnings (Account 436) TOTAL		
12	Dividends Declared - Preferred Stock (Account 437) TOTAL		
13	Dividends Declared - Common Stock (Account 438) TOTAL		
14	Transfers from Acct. 216.1, Unappropriated Undistributed Subsidiary Earnings		
15	FAS 133 Other Comprehensive Income		
16	Balance - End of Year (Total of lines 01, 6, 9, 10, 11, 12, 13, 14 and 15)		1,786,024
	APPROPRIATED RETAINED EARNINGS (Account 215)		
	State balance and purpose of each appropriated retained earnings amount at end of year and give accounting entries for any applications of appropriated retained earnings during the year.		
17			
18			
19			
20			
21			
22			
23	TOTAL Appropriated Retained Earnings (Account 215)		
	TOTAL Retained Earnings (Account 215 and 216) (Total of lines 16 and 23)		

ST JOE NATURAL GAS COMPANY, INC

Dec. 31, 2003

NOTES TO THE FINANCIAL STATEMENTS ON A CONSOLIDATED BASIS

1. Use the space below for important notes regarding the Balance Sheet, Statement of Income for the year, Statement of Retained Earnings for the year, and Statement of Changes in Financial Position, or any account thereof. Classify the notes according to each basic statement, providing a subheading for each statement except where a note is applicable to more than one statement.

2. Furnish particulars (details) as to any significant contingent assets or liabilities existing at end of year, including a brief explanation of any action initiated by the Internal Revenue Service involving possible assessment of additional income taxes of material amount, or of a claim for refund of income taxes of a material amount initiated by the utility. Give also a brief explanation of any dividends in arrears on cumulative preferred stock.

3. For Account 116, Utility Plant Adjustments, explain the origin of such amount, debits and credits during the year, and

plan of disposition contemplated, giving references to Commission orders or other authorizations respecting classification of amounts as plant adjustments and requirements as to disposition thereof.

4. Where Accounts 189, Unamortized Loss on Reacquired Debt, and 257, Unamortized Gain on Reacquired Debt, are not used, give an explanation, providing the rate treatment given these items. See General Instruction 17 of the Uniform System of Accounts.

5. Give a concise explanation of any retained earnings restrictions and state the amount of retained earnings affected by such restrictions.

6. If the notes to financial statements relating to the respondent company appearing in the annual report to the stockholders are applicable and furnish the data required by instructions above and on pages 8-10, such notes may be attached hereto.

ST. JOE NATURAL GAS COMPANY, INC.
Notes to financial statement
For the years ended December 31, 2003 and 2002

Note 1 Summary of Significant Accounting Policies

Business Activity

The St. Joe Natural Gas Company, Inc. sells and delivers natural gas to residential and commercial customers in the Port St. Joe, Wewahitchka, and The Beaches areas under franchise agreements. The Company operates under the regulatory authority of the Florida Public Service Commission, which regulates certain operating procedures, gas rates, and return on capital. The Company is subject to rate and earnings reviews by the Commission. St. Joe Natural Gas Company also operates a retail appliance sales and service business serving the geographic area that is not under the regulatory authority of the Commission.

Property, plant, and equipment

The natural gas utility plant is recorded at cost, and includes an allocation of administrative and general costs, payroll costs, and construction-related costs. Maintenance and repairs of plant, and replacements considered to be minor, are charged direct to operating expenses.

Depreciation is computed in accordance with rates approved by the Florida Public Service Commission on a straight-line basis, with service lives ranging from 5 years to 40 years.

Accounts receivable

Receivables are stated at their gross value, the company did not use an allowance for doubtful accounts. Because of the company policy to require deposits, ordinarily bad debt amounts, if any, are not material and are written off as incurred.

Inventories

Inventories consisting of supplies, replacements parts, and merchandise for resale are stated at the lower of cost or market. Cost is determined using the first-in, first-out valuation method.

Income Taxes

Deferred income taxes are recognized in accordance with the provisions of SFAS 109, for the future tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to be recovered or settled. The effect on deferred taxes of a change in tax rate is recognized in income in the period that includes the enactment date.

ST. JOE NATURAL GAS COMPANY, INC.
Notes to financial statements
For the years ended December 31, 2003 and 2002

Note 1 Summary of Significant Accounting Policies, *continued*

Cash

For the purposes of cash flows, the Company considers all highly liquid debt instrument purchases with a maturity of ninety days or less to be cash equivalents. The carrying amount of these instruments approximates fair value because of their short maturity.

Use of estimates

Management of the Company has made estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with generally accepted accounting principles. Actual results could differ from those estimates.

Asset retirement obligations

The Financial Accounting Standards Board issued statement number – 143, Accounting for Asset Retirement Obligations, in June 2001. The Florida Public Service Commission adopted SFAS 143 under order number PSC-03-0906-FOF-PU issued August 7, 2003 and is effective for the year ending December 31, 2003.

SFAS and PSC rule requires utilities to determine if they have any assets meeting the criteria to recognize Asset Retirement Obligations.

A review of the SJNG assets including easements and right of way agreements does not indicate any legal obligation to remove, or a time frame or expiration of agreement requiring removal of plant or equipment.

Any future requirement to remove gas distribution systems cannot be determined as to the point in time that this would be required, nor can a cost of removal be reasonably determined, nor that substantial removal would be required.

Therefore SJNG is not recognizing any Asset Retirement Obligations under SFAS 143 for the year ending 2003.

ST. JOE NATURAL GAS COMPANY, INC.
Notes to financial statements
For the years ended December 31, 2003 and 2002

Note 2 Natural gas sales

Natural gas sales to large commercial customers have declined over the past five years due to changes in the local industrial economy. Sales to commercial and large commercial accounts are approximately 27% of total sales. The majority of natural gas sales are to the residential market.

	Gas Revenues
Residential	\$ 1,232,141
Commercial	121,445
Large Commercial	210,032
Interruptible	20,796
Total	\$ 1,584,414

Note 3 Inventories

Inventories consist of the following as of December 31:

	2003	2002
Plant materials and supplies	\$ 12,460	9,105
Merchandise for resale	146,800	25,558
Materials and supplies	41,480	18,324
Total	\$ 200,740	52,987

The Company has employed sales staff, constructed a new warehouse and sales facility, and increased marketing to expand appliance sales and service in an effort to increase non-utility revenue. Because of the increased emphasis on appliance sales and service, inventories increased significantly.

Note 4 Note Receivable

The note receivable consists of a promissory note due from Air Conditioning – Refrigeration – Heating. The note dated July 23, 2003 in the amount of \$20,000 bears interest at an annual percentage rate of 7.5%. The note was due on October 31, 2003. The current note balance of \$15,501 is not considered at risk.

ST. JOE NATURAL GAS COMPANY, INC.
Notes to financial statements
For the years ended December 31, 2003 and 2002

Note 5 Notes Payable

Long-term obligations at December 31, 2003 and 2002 consist of the following notes payable:

	<u>2003</u>	<u>2002</u>
Note payable to The Bank dated August 1, 2001 and maturing on July 31, 2005 at a fixed rate of 7.75% with principal and interest payments monthly. Secured by a 2002 model truck.	\$ 22,700	29,986
Note payable to The Bank dated January 18, 2001 and maturing on December 30, 2005 at a fixed rate of 8.75% with interest only payable monthly. A line of credit loan with a maximum credit limit of \$400,000 secured by the assets of St. Joe Natural Gas Company, Inc.	369,783	147,049
Note payable to M. Costin, a shareholder of record, with interest only payable semi-annually at a fixed rate of 8.0%. This note may be called by the note holder, and is classified as short term.	<u>150,000</u>	<u>150,000</u>
	542,483	327,035
Less: Current portion	<u>153,158</u>	<u>197,952</u>
Notes payable, net of current portion	\$ <u>389,325</u>	<u>129,083</u>

Note 6 Deferred Credits

The deferred credit consists of prepaid gas accounts for Florida Coast Paper Company, LLC and Gulf Correctional Institute. Because of the closure and bankruptcy of Florida Coast Paper Company, LLC, and in accordance with the terms of the agreement dated September 8, 1997, the prepaid gas account is no longer accessible by Florida Coast Paper Company, LLC. The resulting balance of the prepaid gas account reverts to income to St. Joe Natural Gas Company, Inc. Under Florida Public Service Commission order PSC-01-1274-PAA-GU, the deferred income amount will be included in income equitably over the next 31 years. In accordance with SFAS71, income will be recognized for financial statement presentation the same as for regulatory purposes. The income amount recognized for 2003 was \$50,922.

ST. JOE NATURAL GAS COMPANY, INC.
Notes to financial statements
For the years ended December 31, 2003 and 2002

Note 6 *Deferred Credits, continued*

<u>Prepaid gas amounts</u>	<u>2003</u>	<u>2002</u>
Florida Coast Paper Company, LLC.	\$ 1,374,907	1,425,829
Gulf Correctional Institute	-	27,402
Total	<u>\$ 1,374,907</u>	<u>1,453,231</u>

Note 7 **Provision for Income Taxes**

The provision for income taxes for the year ended December 31, 2003 and 2002 consist of the following:

	<u>2003</u>	<u>2002</u>
Current payable (receivable)	\$ (36,587)	(1,703)
Federal	(6,297)	437
State	(42,884)	(1,266)
Deferred taxes		
Federal	(81,670)	(105,132)
State	(12,190)	(16,269)
	(93,860)	(121,401)
Estimated taxes paid		
Federal	140,400	142,028
State	24,000	23,293
	164,400	165,321
Provision for income taxes		
Federal	22,143	35,193
State	5,511	7,461
Total provision for income taxes	<u>\$ 27,654</u>	<u>42,654</u>

ST. JOE NATURAL GAS COMPANY, INC.
Notes to financial statements
For the years ended December 31, 2003 and 2002

Note 7 Provision for Income Taxes, *continued*

The tax effects of temporary differences that account for significant portions of the deferred tax assets and the deferred tax liabilities at December 31, 2003 and 2002 are presented below.

	2003	2002
Deferred tax assets:		
Deferred income, partially due to differences in recognition allowed by Public Service Commission regulation and income tax reporting purposes under Internal Revenue code section 481(a)	\$ 556,775	(414,361)
Deferred tax liabilities:		
Property and equipment, principally due to differences in depreciation for income tax reporting purposes	<u>(526,512)</u>	<u>477,958</u>
Net deferred tax liability	<u>\$ 30,263</u>	<u>63,597</u>

There is no valuation for deferred tax assets. The Company expects that the results of future operations will generate sufficient taxable income to allow for the utilization of deferred tax assets.

Note 8 Retirement Plan

The Company adopted a defined contribution plan based on 15% of salaries and bonuses effective January 1, 1988. All employees 21 years of age and older and have completed six months of service are eligible to participate in the plan. The Company elected not to make contributions to the plan for 2003 and 2002.

ST. JOE NATURAL GAS COMPANY, INC.
Notes to financial statements
For the years ended December 31, 2003 and 2002

Note 9 Purchased Gas Costs Adjustments

The Florida Public Service Commission (FPSC) requires that the sale of gas be revenue neutral. The Company is allowed to recover the costs of purchased gas through customer billings. Rates are set annually based on the projected cost of gas. The over or under recovery of gas costs must be recorded, and rates adjusted accordingly in the subsequent year. The over and under recovery does not generate deferred tax assets or liabilities. The purchased gas cost adjustments are reported the same for financial and income tax reporting purposes. As of December 31, 2003 and 2002 the Company had purchased gas cost adjustment amounts of \$47,434 and \$31,283 respectively.

Note 10 Related Party Transactions

As disclosed in note 4, a director of the Company holds a short-term promissory note in the amount of \$150,000 secured by 660 shares of the company's stock. The note has an interest rate of 8.0% compounded annually. Accrued interest on the note as of December 31, 2003 was \$18,730. The Florida Public Service Commission, under Proposed Agency Action proceedings limited the allowed interest rate on this loan to 8.0% compounded annually for rate making purposes.

Note 11 Florida Public Service Commission Regulatory Action

The Company filed a petition for a permanent rate increase under the procedures for Proposed Agency Action (PAA), with the FPSC on December 15, 2000. A permanent rate increase was approved on June 8, 2001. As part of PAA order, for rate base purposes, the equity of the Company is limited to 60% regardless of the actual equity amount in the company. The FPSC order approved an 11.5% rate of return on the imputed equity amount. There was no further action with the FPSC regarding the rate case during 2003 and 2002.

Note 12 Dividends

The Company declared dividends as follows for the year ending December 31, 2003 and 2002:

	<u>2003</u>	<u>2002</u>
Dividend Paid	\$ 0	20,010

Name of Respondent

For the Year Ended

ST JOE NATURAL GAS COMPANY, INC

Dec. 31, 2003

**SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS
FOR DEPRECIATION, AMORTIZATION AND DEPLETION**

Line No.	Item (a)	Total (b)	Gas (c)
1	UTILITY PLANT		
2	In Service		
3	101 Plant in Service (Classified)	6,135,014	6,135,014
4	101.1 Property Under Capital Leases		
5	102 Plant Purchased or Sold		
6	106 Completed Construction not Classified		
7	103 Experimental Plant Unclassified		
8	104 Leased to Others		
9	105 Held for Future Use		
10	114 Acquisition Adjustments		
11	TOTAL Utility Plant (Total of lines 3 through 10)	6,135,014	6,135,014
12	107 Construction Work in Progress	9,740	9,740
13	Accum. Provision for Depreciation, Amortization, & Depletion	2,667,326	2,667,326
14	Net Utility Plant (Total of lines 11 plus 12 less line 13)	3,477,428	3,477,428
15	DETAIL OF ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION		
16	In Service:		
17	108 Depreciation	2,667,326	2,667,326
18	111 Amort. and Depl. of Producing Nat. Gas Land & Land Rights		
19	111 Amort. of Underground Storage Land and Land Rights		
20	119 Amortization of Other Utility Plant		
21	TOTAL in Service (Total of lines 17 through 20)	2,667,326	2,667,326
22	Leased to Others		
23	108 Depreciation		
24	111 Amortization and Depletion		
25	TOTAL Leased to Others (Total of lines 23 and 24)		
26	Held for Future Use		
27	108 Depreciation		
28	111 Amortization		
29	TOTAL Held for Future Use (Enter. Tot. of lines 27 and 28)		
30	111 Abandonment of Leases (Natural Gas)		
31	115 Amortization of Plant Acquisition Adjustment		
32	TOTAL Accum. Provisions (Should agree with line 13 above) (Total of lines 21, 25, 29, 30, and 31)	2,667,326	2,667,326

**Annual Status Report
Analysis of Plant in Service Accounts**

Company: **ST JOE NATURAL GAS COMPANY, INC**
For the Year Ended December 31, 2003

Page 1 of 2

Acct. No.	Account Description	Depr. Rate	Beginning Balance*	Additons	Retirements	Reclass.	Adjustments	Transfers	Ending Balance*
374	Land-Distribution		22,517.70						22,517.70
389	Land-General		28,220.00						28,220.00
301-303	INTANGIBLE PLANT		13,149.10						13,149.10
Amortizable General Plant Assets:									
Depreciable Assets: This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC.									
375	BUILDING & IMPROVEMENTS		21,394.10						21,394.10
376	MAINS - PLASTIC		734,912.69	16,254.09					751,166.78
376	MAINS - STEEL		2,892,797.20						2,892,797.20
378	M & R EQUIPMENT (DISTRIBUTION)		104,830.20						104,830.20
379	M & R EQUIPMENT (CITY GATE)		452,422.60	10,907.08					463,329.68
380	SERVICES - PLASTIC		540,955.68	18,765.58	9,781.20				549,940.06
380	SERVICES - STEEL		149,252.43		1,308.27				147,944.16
381	METERS		271,861.63	3,175.99	857.59				274,180.03
382	METER INSTALLATION		76,164.43	779.35	1,445.84				78,490.62
383	REGULATORS		125,275.92	2,033.28	95.58				127,414.78
384	REGULATOR INSTALLATION		29,053.33	657.04	426.42				29,883.95
385	INDUSTRIAL M & R EQUIPMENT		20,867.63						20,867.63
387	CHTER EQUIPMENT		55,337.42						55,337.42
390	STRUCTURES & IMPROVEMENTS		121,284.52	13,047.56				17,719.05	152,051.13
391	OFFICE EQUIPMENT - FURNITURE		41,919.05		22,308.99			(17,719.05)	49,508.99
391	OFFICE EQUIPMENT - DEVICES		28,643.76		26.25				28,670.01
391	OFFICE EQUIPMENT - COMPUTERS		97,529.59	11,339.86	34,045.75	(1,221.69)			73,602.02
392	TRANSPORTATION		168,212.02	70,324.51	40,576.25	(24,269.92)			173,802.66
394	TOOLS, SHOP & GARAGE EQUIPMENT		16,440.80	2,572.35	7,730.02	(2,572.35)			8,710.78
396	POWER OPERATED EQUIPMENT		98,334.00		2,697.85				101,031.85
397	COMMUNICATION EQUIPMENT		36,032.94		12,907.92				48,940.86

**Annual Status Report
Analysis of Plant in Service Accounts**

Company: ST JOE NATURAL GAS COMPANY, INC

Page 2 of 2

For the Year Ended December 31, 2003

Acct. No.	Account Description	Depr. Rate	Beginning Balance*	Additions	Retirements	Reclass.	Adjustments	Transfers	Ending Balance*
(Continued)									
Capital Recovery Schedules:									
Total Account 101*			6,147,428.74	149,856.69	134,207.93	(28,063.95)	0.00	0.00	6,135,013.55
Amortizable Assets:									
114	Acquisition Adjustment								
118	Other Utility Plant								
	Other								
Total Utility Plant									
Note: * The total beginning and ending balances must agree to acct. 101, Plant in Service, Line 3, Page 12.									

Annual Status Report
Analysis of Entries in Accumulated Depreciation & Amortization

Company: ST JOE NATURAL GAS COMPANY, INC

For the Year Ended December 31, 2003

Page 1 of 2

Acct. No.	Account Description	Beginning Balance*	Accruals	Reclass.	Retirements	Gross Salvage	Cost of Removal	Adjustments	Transfers	Ending Balance*
Amortizable General Plant Assets:										
374	Land-Distribution									
389	Land-General									
301-303	NTANGIBLE PLANT	13,149.10								13,149.10
This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC.										
375	BUILDING & IMPROVEMENTS	11,025.82	513.46							11,539.08
376	MAINS - PLASTIC	309,065.54	24,542.79					(32,738.00)		300,870.33
376	MAINS - STEEL	1,120,289.91	95,462.31							1,215,752.22
378	M & R EQUIPMENT (DISTRIBUTION)	26,203.35	3,249.74							29,453.09
379	M & R EQUIPMENT (CITY GATE)	145,935.99	13,695.38							159,631.37
380	SERVICES - PLASTIC	164,507.61	19,084.96		9,781.20		1,787.64	11,000.00		183,023.73
380	SERVICES - STEEL	160,237.32	4,606.72		1,308.27		592.29	(11,000.00)		151,943.48
381	METERS	161,346.69	11,197.47		857.59			8,237.00		179,923.57
382	METER INSTALLATION	42,678.40	2,431.90		1,445.84		533.08			43,131.38
383	REGULATORS	45,255.82	4,316.71		95.58					49,476.95
384	REGULATOR INSTALLATION	9,707.65	1,110.79		426.42		533.08			9,858.94
385	INDUSTRIAL M & R EQUIPMENT	(16,167.32)	731.07					24,501.00		9,064.75
387	CHTR EQUIPMENT	38,553.53	4,648.34							43,201.87
390	STRUCTURES & IMPROVEMENTS	60,509.66	2,573.90					(4,153.00)	9,926.82	68,857.40
391	OFFICE EQUIPMENT - FURNITURE	25,936.06	1,771.05		22,308.99				(9,926.82)	(4,528.70)
391	OFFICE EQUIPMENT - DEVICES	14,104.68	2,921.55		26.25					16,998.98
391	OFFICE EQUIPMENT - COMPUTERS	56,258.13	13,445.13	(67.76)	34,046.75					35,589.75
392	TRANSPORTATION	94,455.16	16,877.83	(208.00)	40,576.25	1,000.00				71,548.74
394	TOOLS, SHOP & GARAGE EQUIPMENT	10,376.18	907.05	(62.16)	7,730.02					3,581.05
396	POWER OPERATED EQUIPMENT	54,782.34	6,580.85		2,897.85			4,153.00		62,818.34
397	COMMUNICATION EQUIPMENT	23,101.22	2,236.19		12,907.92					12,429.49

Annual Status Report
Analysis of Entries in Accumulated Depreciation & Amortization

Company: ST JOE NATURAL GAS COMPANY, INC

Page 2 of 2

For the Year Ended December 31, 2003

Acct. No.	Account Description	Beginning Balance*	Accruals	Reclass.	Retirements	Gross Salvage	Cost of Removal	Adjustments	Transfers	Ending Balance*
(Continued)										
Capital Recovery Schedules:										
Subtotal		2,571,322.66	232,995.19	(337.92)	134,207.93	1,000.00	3,446.09	0.00	0.00	2,667,325.91
List any other items necessary to reconcile the total depreciation and amortization accrual amount to Acct. 403, Depreciation Expense, shown on page 8.										
Subtotal										
Grand Total										
Note: * The grand total of beginning and ending balances must agree to Line 17, Page 12.										

CONSTRUCTION WORK IN PROGRESS-GAS (Account 107)

- | | |
|--|---|
| <p>1. Report below descriptions and balances at end of year of projects in process of construction (107).</p> <p>2. Show items relating to "research, development, and demonstration" projects last, under a caption Research,</p> | <p>Development, and Demonstration (see Account 107 of the Uniform System of Accounts).</p> <p>3. Minor projects (less than \$500,000) may be grouped.</p> |
|--|---|

Line No.	Description of Project (a)	Construction Work in Progress-Gas (Account 107) (b)	Estimated Additional Cost of Project (c)
1	MAINS & SERVICES MATERIAL	9,740.19	
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15	TOTAL		

CONSTRUCTION OVERHEADS-GAS

- | | |
|--|---|
| <p>1. List in column (a) the kinds of overheads according to the titles used by the respondent. Charges for outside professional services for engineering fees and management or supervision fees capitalized should be shown as separate items.</p> <p>2. A respondent should not report "none" to this page if no overhead apportionments are made, but rather should explain the accounting procedures employed</p> | <p>and the amounts of engineering, supervision, and administrative costs, etc. which are directly charged to construction.</p> <p>3. Enter on this page engineering, supervision, administrative, and allowance for funds used during construction, etc. which are first assigned to a blanket work order and then prorated to construction jobs.</p> |
|--|---|

Line No.	Description of Overhead (a)	Total Amount Charged for the Year (b)	Total Cost of Construction to Which Overheads Were Charged (Exclusive of Overhead Charges) (c)
1			
2	The method of distribution to construction jobs is actual costs. Also, the overhead is directly assigned		
3	to each job.		
4			
5			
6			
7			
8			
9			
10			
11			
12	TOTAL		

Name of Respondent		For the Year Ended
ST JOE NATURAL GAS COMPANY, INC		Dec. 31, 2003
PREPAYMENTS (Account 165)		
1. Report below the particulars (details) on each prepayment.		
Line No.	Nature of Prepayment (a)	Balance at End of Year (In Dollars) (b)
1	Prepaid Insurance	26,600
2	Prepaid Rents	
3	Prepaid Taxes	
4	Prepaid Interest	
5	Gas Prepayments	
6	Miscellaneous Prepayments: Pensions	
7		
8	TOTAL	26,600

EXTRAORDINARY PROPERTY LOSSES (Account 182.1)						
Line No.	Description of Extraordinary Loss [Include in the description the date of loss, the date of Commission authorization to use Account 182.1 and period of amortization (mo, yr, to mo, yr).] (a)	Total Amount of Loss (b)	Losses Recognized During Year (c)	WRITTEN OFF DURING YEAR		Balance at End of Year (f)
				Account Charged (d)	Amount (e)	
1						
2						
3						
4						
5						
6						
7						
8						
9						
10	TOTAL					

UNRECOVERED PLANT AND REGULATORY STUDY COSTS (182.2)						
Line No.	Description of Unrecovered Plant and Regulatory Study Costs [Include in the description of costs, the date of Commission authorization to use Account 182.2 and period of amortization (mo, yr, to mo, yr).] (a)	Total Amount of Charges (b)	Costs Recognized During Year (c)	WRITTEN OFF DURING YEAR		Balance at End of Year (f)
				Account Charged (d)	Amount (e)	
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13	TOTAL					

ST JOE NATURAL GAS COMPANY, INC

Dec. 31, 2003

OTHER REGULATORY ASSETS (Account 182.3)

1. Reporting below the particulars (details) called for concerning other regulatory assets which are created through the ratemaking actions of regulatory agencies (and not includible in other amounts).

2. For regulatory assets being amortized, show period of amortization in column (a).
3. Minor items (amounts less than \$25,000) may be grouped by classes.

Line No.	Description and Purpose of Other Regulatory Assets (a)	Balance Beginning of Year (b)	Debits (c)	Credits		Balance End of Year (f)
				Account Charged (d)	Amounts (e)	
1	N/A					
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17	TOTAL					

MISCELLANEOUS DEFERRED DEBITS (Account 186)

1. Report below the particulars (details) called for concerning miscellaneous deferred debits.
2. For any deferred debit being amortized, show period of amortization in column (a).

3. Minor items (amounts less than \$25,000) may be grouped by classes.

Line No.	Description of Miscellaneous Deferred Debit (a)	Balance Beginning of Year (b)	Debits (c)	Account Charged (d)	Amount (e)	Balance End of Year (f)
1	Conservation Clearing Acct	232	3,748	908	9,606	(5,626)
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17	Misc. Work in Progress					
18	Deferred Regulatory Comm. Expenses					
19	TOTAL	\$232				(\$5,626)

Name of Respondent

For the Year Ended

ST JOE NATURAL GAS COMPANY, INC

Dec. 31, 2003

**SECURITIES ISSUED AND
SECURITIES REFUNDED OR RETIRED DURING THE YEAR**

1. Furnish a supplemental statement giving a brief description of security financing and refinancing transactions during the year and the accounting for the securities, discounts, premiums, expenses, and related gains or losses.

2. Furnish particulars (details) showing fully the accounting for the total principal amount, par value, or stated value of each class and series of security issued, retired, or refunded and the accounting for premiums, discounts, expenses, and gains or losses relating to the securities. Set forth the facts of the accounting clearly with regard to redemption premiums, unamortized discounts, expenses, and gains or losses relating to securities retired or refunded.

and gains or losses relating to securities retired or refunded.

3. Included in the identification of each class and series of security, as appropriate, the interest or dividend rate, nominal date of issuance, maturity date, aggregate principal amount, par value or stated value, and number of shares.

4. Where the accounting for amounts relating to securities refunded or retired is other than that specified in General Instruction 17 of the Uniform System of Accounts, give references to the Commission authorization for the different accounting and state the accounting method.

N/A

UNAMORTIZED LOSS AND GAIN ON REACQUIRED DEBT (Accounts 189, 257)

1. Report under separate subheadings for Unamortized Loss and Unamortized Gain on Reacquired Debt, particulars (details) of gain and loss, including maturity date, on reacquisition applicable to each class and series of long-term debt. If gain or loss resulted from a refunding transaction, include also the maturity date of the new issue.

2. In column (c) show the principal amount of bonds or other long-term debt reacquired.

3. In column (d) show the net gain or net loss realized on each debt reacquisition as computed in accordance with

General Instruction 17 of the Uniform Systems of Accounts

4. Show loss amounts by enclosing the figures in parentheses.

5. Explain in a footnote any debits and credits other than amortization debited to Account 428.1, Amortization of Loss on Reacquired Debt, or credited to Account 429.1, Amortization of Gain on Reacquired Debit-Credit.

Line No.	Designation of Long-Term Debt (a)	Date Reacquired (b)	Principal of Debt Reacquired (c)	Net Gain or Net Loss (d)	Balance at Beginning of Year (e)	Balance at End of Year (f)
1	NONE					
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						

LONG-TERM DEBT (Accounts 221, 222, 223, and 224)

1. Report by balance sheet Account the particulars (details) concerning long-term debt included in Accounts 221, Bonds, 222, Reacquired Bonds, 223, Advances from Associated Companies, and 224, Other Long-Term Debt. If information to meet the stock exchange reporting requirement outlined in column (a) is available from the SEC 10-K Report Form Filing, a specific reference to the report form (i.e., year and company title) may be reported in column (a) provided the fiscal years for both the 10-K report and this report are compatible.

2. For advances from Associated Companies, report separately demands on notes and advances on open accounts. Designate demand notes as such. Include in column (a) names of associated companies from which advances were received.

3. If the respondent has any long-term securities which have been nominally issued and are nominally outstanding at end of year, describe such securities in a footnote.

4. If interest expense was incurred during the year on any obligations retired or reacquired before end of year, include such interest in column (f). Explain in a footnote any difference between the total of column (f) and the total of Account 427, Interest on Long-Term Debt and Account 430, Interest on Debt to Associated Companies.

Line No.	Class and Series of Obligation (a)	Nominal Date of Issue (b)	Date of Maturity (c)	Original Amount Issued (d)	Interest for Year		Total Amount Outstanding (g)
					Rate (in %) (e)	Amount (f)	
1	Business Line of Credit - Consumer Open-End Agreement	1/18/01	12/30/05	450,100	8.75	16,062.13	369,783.26
2							
3	Promissory Note & Security Agreement	8/01/01	7/31/05	44,060	7.75	2,132.33	22,699.60
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20	TOTAL			494,160		18,194	392,482.86

UNAMORTIZED DEBT EXPENSE, PREMIUM AND DISCOUNT ON LONG-TERM DEBT (Accounts 181, 225, 226)

1. Report under separate subheadings for Unamortized Debt Expense, Unamortized Premium on Long-Term Debt and Unamortized Discount on Long-Term Debt, particulars (details) of expense, premium or discount applicable to each class and series of long-term debt.

2. Show premium amounts by enclosing the figures in parentheses.

3. In column (b) show the principal amount of bonds or other long-term debt originally issued.

4. In column (c) show the expense, premium or discount with respect to the amount of bonds or other long-term debt originally issued.

5. Furnish in a footnote particulars (details) regarding the treatment of unamortized debt expense, premium or discount associated with issues redeemed during the year.

6. Identify separately indisposed amounts applicable to issues which were redeemed in prior years.

7. Explain any debits and credits other than amortization debited to Account 428, Amortization of Debt Discount and Expense, or credited to Account 429, Amortization of Premium on Debt - Credit.

Line No.	Designation of Long-Term Debt (a)	Principal Amount of Debt issued (b)	Total Expense Premium or Discount (c)	Amortization Period		Balance at beginning of Year (f)	Debits (Credits) During Year (g)	Balance at End of Year (h)
				Date From (d)	Date To (e)			
1	NOT APPLICABLE							
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
16								
17								
18								

Name of Respondent		For the Year Ended
ST JOE NATURAL GAS COMPANY, INC		Dec. 31, 2003
MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES (Account 242)		
1. Describe and report the amount of other current and accrued liabilities at the end of year.		2. Minor items (less than \$50,000) may be grouped under appropriate title.
Line No.	Item	Balance at End of Year
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13	TOTAL	

OTHER DEFERRED CREDITS (Account 253)						
1. Report below the particulars (details) called for concerning other deferred credits.						
2. For any deferred credit being amortized, show the period of amortization.						
3. Minor items (less than \$25,000) may be grouped by classes.						
Line No.	Description of Other Deferred Credit (a)	Balance Beginning of Year (b)	DEBITS		Credits (e)	Balance End of Year (f)
			Contra Account (c)	Amount (d)		
1	NET PROCEEDS - FCPC	1,425,829	495-1	50,922		1,374,907
2	NET PROCEEDS - GCI	27,402	495-2	0		27,402
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13	TOTAL	\$1,453,231		\$50,922		\$1,402,309

OTHER REGULATORY LIABILITIES (Account 254)						
1. Reporting below the particulars (details) called for concerning other regulatory liabilities which are created through the ratemaking actions of regulatory agencies (and not includable in other amounts).				2. For regulatory liabilities being amortized, show period of amortization in column (a).		
3. Minor items (5% of the Balance at End of Year for Account 254 or amounts less than \$50,000, whichever is less) may be grouped by classes.						
Line No.	Description and Purpose of Other Regulatory Liabilities (a)	Balance Beginning of Year (b)	Debits		Credits (d)	Balance End of Year (e)
			Contra Account (b)	Amount (c)		
1	NONE					
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13	TOTAL					

Name of Respondent										For the Year Ended	
										Dec. 31,	
TAXES OTHER THAN INCOME TAXES (Account 408.1)											
	Name of Taxing Authority	Real Property	Tangible Personal Property	Intangible Personal Property	FICA, SUTA, FUTA	Gross Receipts	Regulatory Assessment Fees	Environmental, Excise	Franchise	Other*	Total
1	U.S. Government				38,763.06						38,763.06
2	State of Florida		43,866.06	2,096.00		52,035.47	10,701.41				108,698.94
3											
4											
5											
6											
7											
8											
9											
10											
11											
12											
13											
14											
15	Less: Charged to Construction										
16	TOTAL Taxes Charged During Year (Lines 1-15) to Account 408.1										147,462.00

Note: *List separately each item in excess of \$500.

ACCUMULATED DEFERRED INVESTMENT TAX CREDITS (Account 255)								
Report below the information applicable to Account 255. Where appropriate, segregate the balances and transactions by utility and nonutility operations. Explain by footnote any correction adjustment to the account balance shown in column (f).								
Line No.	Account Subdivisions (a)	Balance Beginning of Year (b)	Amount Deferred for Year (c)	Allocations to Current Year's Income		Adjustments (f)	Balance End of Year (g)	Average Period of Allocation to Income (h)
				Acct. No. (d)	Amount (e)			
1	Gas Utility							
2	3%	NONE						
3	4%							
4	7%							
5	10%							
6								
7								
8								
9								
10	TOTAL							
Notes								

Name of Respondent											For the Year Ended
ST JOE NATURAL GAS COMPANY, INC											Dec. 31, 2003
ACCUMULATED DEFERRED INCOME TAXES (Account 190)											
1. All Other (Specify), include deferrals relating to other income and deductions.						2. In the space provided below, identify by amount and classification, significant items for which deferred taxes are being provided.					
Line No.	Balance at Beginning of Year	Changes During Year				Adjustments				Balance at End of Year	
		Amounts Debited to Account 410.1	Amounts Credited to Account 411.1	Amounts Debited to Account 410.2	Amounts Credited to Account 411.2	Account No.	Amount	Account No.	Amount		
1	GAS										
2											
3											
4											
5											
6											
7											
8											
9											
10											
11	TOTAL Gas (Lines 2 - 10)										
12	Other (Specify)										
13	TOTAL (Account 190) (Total of lines 11 and 12)										
Notes											

ACCUMULATED DEFERRED INCOME TAXES (Accounts 281, 282, 283)											
Line No.	Balance at Beginning of Year	Changes During Year				Adjustments				Balance at End of Year	
		Amounts Debited to Account 410.1	Amounts Credited to Account 411.1	Amounts Debited to Account 410.2	Amounts Credited to Account 411.2	Account No.	Amount	Account No.	Amount		
1	Account 281 - Accelerated Amortization Property										
2	Electric										
3	Gas										
4	Other										
5	TOTAL Account 281 (Lines 2 thru 4)										
6	Account 282 - Other Property										
7	Electric										
8	Gas										
9	Other										
10	TOTAL Account 282 (Lines 7 thru 9)										
11	Account 283 - Other										
12	Electric										
13	Gas										
14	Other										
15	TOTAL Account 283 - Other (Lines 12 thru 14)										
16	GAS										
17	Federal Income Tax	51,553.00				409-1	118,888.00	236-2	38,198.00	(30,087.00)	
18	State Income Tax	12,014.00				409-1	18,900.00	236-2	6,710.00	(176.00)	
19		63,567.00					135,788.00		41,908.00	(30,263.00)	
20	TOTAL Gas (Lines 17 thru 19)										
21	OTHER										
22	Federal Income Tax										
23	State Income Tax										
24	TOTAL Other (Lines 22 and 23)										
25	TOTAL (Total of lines 5, 10 and 15)										
Notes											

ST JOE NATURAL GAS COMPANY, INC

Dec. 31, 2003

**RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME
FOR FEDERAL INCOME TAXES**

Part I: Report the reconciliation of reported net income for the year with taxable income used in computing Federal income tax accruals and show computation of such tax accruals. Include in the reconciliation, as far as practicable, the same detail as furnished on Schedule M-1 of the tax return for the year. Submit a reconciliation even though there is no taxable income for the year. Indicate clearly the nature of each reconciling amount.

2. If the utility is a member of a group which files a consolidated Federal tax return, reconcile reported net income with taxable net income as if a separate return were to be filed, indicating, however, intercompany amounts to be eliminated in such a consolidated return. State names of group members, tax assigned to each group member, and basis of allocation, allocation, assignment, or sharing of the consolidated tax among the group members.

Line No.	Particulars (Details) (a)	Amount (b)
1	Net Income for the Year (Page 9)	\$104,917
2	Reconciling Items for the Year	
3		
4	Taxable Income Not Reported on Books	
5	Other Gas Revenue-FCPC Prepaid - IRS	402,796
6		
7		
8		
9	Deductions Recorded on Books Not Deducted for Return	
10	Tavel & Entertainment	76
11		
12		
13		
14		
15		
16		
17		
18	Income Recorded on Books Not Included in Return	
19	Other Gas Revenue-FCPC- PSC Ordered	(50,922)
20		
21		
22		
23		
24		
25		
26	Deductions on Return Not Charged Against Book Income	
27	Cost of Disposal	3,447
28	State Income Tax	17,701
29	Depreciation	126,580
30		
31	Adjustment to balance with rounding	4
32		
33		
34	Federal Tax Net Income	309,135
35	Show Computation of Tax:	
36		
37		
38		
39		
40		

ST JOE NATURAL GAS COMPANY, INC

December 31, 2003

GAS OPERATING REVENUES (Account 400)

1. Report below natural gas operating revenues for each prescribed account in total.
2. Report number of customers, columns (f) and (g), on the basis of meters, except that where separate meter readings are added for billing purposes, one customer should be counted for each group of meters added. The average number of customers means the average of twelve figures at the close of each month.
3. Report quantities of natural gas sold in therms (14.73 psia at 60 F).
4. Report gas service revenues and therms sold by rate schedule.
5. If increases or decreases from previous year (columns (c),(e), and (g)), are not derived from previously reported figures, explain any inconsistencies in a footnote.

Line No.	Title of Account (a)	Operating Revenues		Therms of Natural Gas Sold		Avg. No. of Natural Gas Customers Per Mo.	
		Amount for Year (b)	Amount for Previous Year (c)	Current Year (d)	Previous Year (e)	Current Year (f)	Previous Year (g)
1	Gas Service Revenues						
2	Firm Sales Service						
3	480	1,232,141	1,207,660	938,096	934,776	3,055	3,076
4	481	331,477	294,619	339,027	311,164	262	255
5	481						
6	481						
7	481						
8	481						
9	Interruptible Sales Service						
10	481	20795.95	36,684	28545	57054	1	1
11	481						
12	Firm Transportation Service						
13	489	391,199	407,971	407,592	417,944	3	3
14	489						
15	489						
16	Interruptible Transportation Serv.						
17	489			9,446,300	9,935,950		
18	489						
19	482 Other Sales to Public Authorities						
20	484 Flex Rate - Refund						
21	TOTAL Sales to Ultimate Consumers	1,975,613	1,946,933	11,159,560	11,656,888	3,321	3,335
22	483 Sales for Resale						
23	Off-System Sales						
24	TOTAL Nat. Gas Service Revenues	1,975,613	1,946,933				
25	TOTAL Gas Service Revenues	1,975,613	1,946,933				
26	Other Operating Revenues						
27	485 Intracompany Transfers						
28	487 Forfeited Discounts						
29	488 Misc. Service Revenues	21,362	21,882				
30	489 Rev. from Trans. of Gas of Others						
31	not included in above rate schedules)						
32	493 Rent from Gas Property						
33	494 Interdepartmental Rents						
34	495 Other Gas Revenues						
35	Initial Connection						
36	Other - Gas Revenue (Conservation)	24,029	32,076				
37	Other - GCI prepaid Credit	878	763				
38	Other - FCPC Deferred Credit	50,922	50,922				
39	Other - Late Fees & Franchise Fee	67,937	55,608				
40	495.1 Overrecoveries Purchased Gas						
41	TOTAL Other Operating Revenues	165,129	161,250				
42	TOTAL Gas Operating Revenues	2,140,742	2,108,183				
43	(Less) 496 Provision for Rate Refunds						
44	TOTAL Gas Operating Revenues Net of Provision for Refunds						
45	Sales for Resale						
46	Other Sales to Public Authority						
47	Interdepartmental Sales						
48	TOTAL	2,140,742	2,108,183				

Notes

Name of Respondent		For the Year Ended	
ST JOE NATURAL GAS COMPANY, INC		Dec. 31, 2003	
GAS OPERATION AND MAINTENANCE EXPENSES			
If the amount for previous year is not derived from previously reported figures, explain in footnotes.			
Line No.	Account	Amount for Current Year	Amount for Previous Year
1	1. Production Expenses		
2	A. TOTAL Manufactured Gas Production (Total of Accounts 700-742)		
3	B. TOTAL Natural Gas Prod. and Gathering (Total of Accts. 750 - 769)		
4	C. TOTAL Products Extraction (Total of Accounts 770 through 791)		
5	D. TOTAL Exploration and Development (Total of Accts. 795 through 798)		
6	E. Other Gas Supply Expenses		
7	Operation		
8	800 Natural Gas Well Head Purchases		
9	800.1 Natural Gas Well Head Purchases, Intracompany Transfers		
10	801 Natural Gas Field Line Purchases	603,551	591,037
11	802 Natural Gas Gasoline Plant Outlet Purchases		
12	803 Natural Gas Transmission Line Purchases		
13	804 Natural Gas City Gate Purchases	86,178	69,917
14	804.1 Liquefied Natural Gas Purchases		
15	805 Other Gas Purchases		
16	805.1 Purchased Gas Cost Adjustments - Debit/(Credit)	78,717	53,741
17	TOTAL Purchased Gas (Total of Lines 8 to 16)	768,446	714,695
18	806 Exchange Gas		
19	Purchased Gas Expenses		
20	807.1 Well Expenses--Purchased Gas		
21	807.2 Operation of Purchased Gas Measuring Stations		
22	807.3 Maintenance of Purchased Gas Measuring Stations		
23	807.4 Purchased Gas Calculations Expenses		
24	807.5 Other Purchased Gas Expenses	7,701	8,014
25	TOTAL Purchased Gas Expenses (Total of lines 20 through 24)	7,701	8,014
26	808.1 Gas Withdrawn from Storage--Debit		
27	(Less) 808.2 Gas Delivered to Storage--Credit		
28	809.1 Withdrawals of Liquefied Natural Gas for Processing--Debit		
29	(Less) 809.2 Deliveries of Natural Gas for Processing--Credit		
30	Gas Used in Utility Operations--Credit		
31	810 Gas Used for Compressor Station Fuel--Credit		
32	811 Gas Used for Products Extraction--Credit		
33	812 Gas Used for Other Utility Operations--Credit	(1,075)	(913)
34	TOTAL Gas Used in Utility Operations--Credit (Lines 31 through 33)	(1,075)	(913)
35	813 Other Gas Supply Expenses		
36	TOTAL Other Gas Supply Exp. (Total of Lines 17,18,25,26 through 29,34,35)	775,073	721,796
37	TOTAL Production Expenses (Total of Lines 2,3,4,5 and 36)	775,073	721,796
38	2. Natural Gas Storage, Terminals and Processing Expenses		
39	A. TOTAL Underground Storage Expenses (Total of Accounts 814 through 837)		
40	B. TOTAL Other Storage Expenses (Total of Accounts 840 through 843.9)		
41	C. TOTAL Liquefied Nat Gas Terminals & Processing Expenses (Total of Accounts 844.1 through 847.8)		
42	TOTAL Natural Gas Storage (Total of lines 39, 40, and 41)		
43	3. Transmission Expenses		
44	TOTAL Transmission Expenses (Total of Accounts 850 through 867)		
45			
46			

Name of Respondent		For the Year Ended	
		Dec. 31, 2003	
GAS OPERATION AND MAINTENANCE EXPENSES (Continued)			
Line No.	Account	Amount for Current Year	Amount for Previous Year
47	4. Distribution Expenses		
48	Operation		
49	870 Operation Supervision and Engineering	35,889	33,135
50	871 Distribution Load Dispatching	36,200	36,632
51	872 Compressor Station Labor and Expenses		
52	873 Compressor Station Fuel and Power		
53	874 Mains and Services Expenses	34,752	40,382
54	875 Measuring and Regulating Station Expenses--General	5,858	5,153
55	876 Measuring and Regulating Station Expenses--Industrial	1,780	2,081
56	877 Measuring and Regulating Station Expenses--City Gate Check Station	5,252	4,188
57	878 Meter and House Regulator Expenses	22,021	41,854
58	879 Customer Installations Expenses	86,774	87,101
59	880 Other Expenses	24,082	22,422
60	881 Rents		
61	TOTAL Operation (Total of lines 49 through 60)	252,608	272,948
62	Maintenance		
63	885 Maintenance Supervision and Engineering		
64	886 Maintenance of Structures and Improvements	26,716	13,787
65	887 Maintenance of Mains	8,614	11,205
66	888 Maintenance of Compressor Station Equipment		
67	889 Maintenance of Meas. and Reg. Sta. Equip.--General	2,523	7,329
68	890 Maintenance of Meas. and Reg. Sta. Equip.--Industrial	4,843	3,929
69	891 Maintenance of Meas. and Reg. Sta. Equip.--City Gate Check Station	3,096	4,227
70	892 Maintenance of Services	10,180	15,240
71	893 Maintenance of Meters and House Regulators		
72	894 Maintenance of Other Equipment	23,408	18,976
73	TOTAL Maintenance (Total of Lines 63 through 72)	79,379	74,695
74	TOTAL Distribution Expenses (Total of Lines 61 and 73)	331,987	347,643
75	5. Customer Accounts Expenses		
76	Operation		
77	901 Supervision		
78	902 Meter Reading Expenses	21,476	26,339
79	903 Customer Records and Collection Expenses	101,843	102,045
80	904 Uncollectible Accounts	12,338	10,101
81	905 Miscellaneous Customer Accounts Expenses		
82	TOTAL Customer Accounts Expenses (Total of Lines 77 through 81)	135,657	138,485
83	6. Customer Service and Informational Expenses		
84	Operation		
85	907 Supervision		
86	908 Customer Assistance Expenses	24,083	32,044
87	909 Informational and Instructional Expenses		
88	910 Miscellaneous Customer Service and Informational Expenses		
89	TOTAL Customer Service and Informational Expenses (Total of Lines 85 through 88)	24,083	32,044
90	7. Sales Expenses		
91	Operation		
92	911 Supervision		
93	912 Demonstrating and Selling Expenses		
94	913 Advertising Expenses	12,633	4,569
95	916 Miscellaneous Sales Expenses		
96	TOTAL Sales Expenses (Total of lines 92 through 95)	12,633	4,569
97			

Name of Respondent		For the Year Ended	
ST JOE NATURAL GAS COMPANY, INC		Dec. 31, 2003	
GAS OPERATION AND MAINTENANCE EXPENSES (Continued)			
Line No.	Account	Amount for Current Year	Amount for Previous Year
98	8. Administrative and General Expenses		
99	Operation		
100	920 Administrative and General Salaries	65,728	49,176
101	921 Office Supplies and Expenses	14,311	15,365
102	(Less) (922) Administrative Expenses Transferred--Credit		
103	923 Outside Services Employed	36,540	36,714
104	924 Property Insurance	60,526	49,115
105	925 Injuries and Damages		
106	926 Employee Pensions and Benefits	49,627	58,183
107	927 Franchise Requirements		
108	928 Regulatory Commission Expenses	19,859	19,987
109	(Less) (929) Duplicate Charges--Credit		
110	930.1 General Advertising Expenses		
111	930.2 Miscellaneous General Expenses	41,346	41,599
112	931 Rents		
113	TOTAL Operation (Total of lines 100 through 112)	287,936	270,139
114	Maintenance		
115	935 Maintenance of General Plant		
116	TOTAL Administrative and General Expense (Total of lines 113 and 115)	287,936	270,139
117			
118	TOTAL Gas O&M Expenses (Lines 37, 42, 44, 74, 82, 89, 96, and 116)	1,567,369	1,514,676
119			
120			

NUMBER OF GAS DEPARTMENT EMPLOYEES			
<p>1. The data on number of employees should be reported for payroll period ending nearest to October 31, or any payroll period ending 60 days before or after October 31.</p> <p>2. If the respondent's payroll for the reporting period includes any special construction personnel, include such employees on line 3, and show the number of such special construction employees in a footnote.</p> <p>3. The number of employees assignable to the gas department from joint functions of combination utilities may be determined by estimate, on the basis of employee equivalents. Show the estimated number of equivalent employees attributed to the gas department from joint functions.</p>			
1			
2	1. Payroll Period Ended (Date)	10/31/2003	10/31/2002
3	2. Total Regular Full-Time Employees	15	13
4	3. Total Part-Time and Temporary Employees		
5	4. Total Employees	15	13
6			
7			
8			
9			
10			
11			
12			
13			

ST JOE NATURAL GAS COMPANY, INC

Dec. 31, 2003

GAS PURCHASES (Accounts 800, 800.1, 801, 802, 803, 804, 804.1, 805, 805.1)

1. Provide totals for the following accounts:

The totals shown in columns (b) and (c) should agree with the books of account. Reconcile any differences in a footnote.

- 800 - Natural Gas Well Head Purchases
- 800.1- Natural Gas Well Head Purchases
Intracompany Transfers
- 801 - Natural Gas Field Line Purchases
- 802 - Natural Gas Gasoline Plant Outlet Purchases
- 803 - Natural Gas Transmission Line Purchases
- 804 - Natural Gas City Gate Purchases
- 804.1- Liquefied Natural Gas Purchases
- 805 - Other Gas Purchases
- 805.1- Purchases Gas Cost Adjustments

- 2. State in column (b) the volume of purchased gas as finally measured for the purpose of determining the amount payable for the gas. Include current year receipts of makeup gas that was paid for in prior years.
- 3. State in column (c) the dollar amount (omit cents) paid and previously paid for the volumes of gas shown in column (b).
- 4. State in column (d) the average cost per Therm to the nearest hundredth of a cent. (Average means column (c) divided by column (b) multiplied by 100.)

Line No.	Account Title (a)	Gas Purchased- Therms (14.73 psia 60 F) (b)	Cost of Gas (In dollars) (c)	Average Cost Per Therm (To nearest .01 of a cent) (d)
1	800 - Natural Gas Well Head Purchases			
2	800.1 - Natural Gas Well Head Purchases, Intracompany Transfers			
3	801 - Natural Gas Field Line Purchases	1,132,536	603,551	53.29
4	802 - Natural Gas Gasoline Plant Outlet Purchases			
5	803 - Natural Gas Transmission Line Purchases			
6	804 - Natural Gas City Gate Purchases	1,273,000	94,637	7.43
7	804.1 - Liquefied Natural Gas Purchases			
8	805 - Other Gas Purchases			
9	805.1 - Purchased Gas Cost Adjustments			
10	TOTAL (Total of lines 1 through 9)			

Notes to Gas Purchases

GAS USED IN UTILITY OPERATIONS - CREDIT (Accounts 812)

1. Report below particulars (details) of credits during the year to Accounts 810, 811 and 812 which offset charges to operating expenses or other accounts for the cost of gas from the respondent's own supply.

2. Natural gas means either natural gas unmixed, or any mixture of natural and manufactured gas.

3. If the reported Therms for any use is an estimated quantity, state such fact in a footnote.

4. If any natural gas was used by the respondent for which a change was not made to the appropriate operating expense or other account, list separately in column (c) the Therms of gas used, omitting entries in columns (d) and (e).

5. Report pressure base of measurement of gas volumes at 14.73 psia at 60 degrees F.

Line No.	Purpose for Which Gas Was Used (a)	Account Charged (b)	Therms of Gas Used (c)	Natural Gas Amount of Credit (d)
1	812 Gas used for Other Utility Operations Credit (Report separately for each principal uses. Group minor uses.)			
2	OFFICE BUILDING	812	1008	\$1,075
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18	TOTAL			

Name of Respondent						For the Year Ended		
ST JOE NATURAL GAS COMPANY, INC						Dec. 31, 2003		
REGULATORY COMMISSION EXPENSES (Account 928)								
1. Report particulars (details) of regulatory commission expenses incurred during the current year (or incurred in previous years if being amortized) relating to formal cases before a regulatory body, or cases in which such a body was a party.				3. The totals of columns (c), (f), (h), and (i) must agree with the totals shown at the bottom of page 19 for Account 186				
2. Show in column (h) any expenses incurred in prior years which are being amortized. List in column (a) the period of amortization.				4. List in Column (d) and (e) expenses incurred during year which were charged currently to income, plant, or other accounts.				
				5. Minor items (less than \$25,000) may be grouped.				
Line No.	Description (Name of regulatory commission, the docket number, and a description of the case.) (a)	Total Expenses to Date (b)	Deferred in Account 186 Beginning of Year (c)	Expenses Incurred During Year		Amortized During Year		Deferred in Account 186 End of Year (i)
				Charged Currently to Account No. (d)	Deferred to Account 186 (e)	Contra Account (f)	Amount (g)	
1	PGA, CONSERVATION FILINGS	19,859						none deferred
2	000003-GU, 000004-EG FILINGS							
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
16								
17	TOTAL							

MISCELLANEOUS GENERAL EXPENSES (Account 930.2) (Gas)		
Line No.	Description (a)	Amount (b)
1	Industry Association Dues	
2	Experimental and General Research Expenses: (a) Gas Research Institute (GRI) (b) Other	
3	Publishing and distributing information and reports to stockholders; trustee, registrar, and transfer agent fees and expenses, and other expenses of servicing outstanding securities of the Respondent.	
4	Other expenses (items of \$5,000 or more must be listed separately in this column showing the (1) purpose, (2) recipient and (3) amount of such items. Amounts of less than \$5,000 may be grouped by classes if the number of items so grouped is shown.)	
5	DIRECTOR FEES: RENEE SHOAF	9,000
6	DIRECTOR FEES: MARGARET COSTIN	9,000
7	DIRECTOR FEES: CHARLES COSTIN	9,000
8	VARIOUS: MISCELLANEOUS	14,193
9	MEALS & ENTERTAINMENT	153
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20	TOTAL	41,346

ST JOE NATURAL GAS COMPANY, INC

Dec. 31, 2003

DISTRIBUTION OF SALARIES AND WAGES

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals, and Other Accounts, and enter such amounts in the appropriate lines and columns provided. In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used.

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll Charged for Clearing Accounts (c)	Total (d)
1	Electric			
2	TOTAL Operation and Maintenance - Electric			
3	Gas			
4	Operation			
5	Production - Manufd. Gas & Nat Gas (inc. Expl. and Dev.); Other Gas Supply; Storage, LNG, Terminaling & Processing			
6	Transmission			
7	Distribution #807,870,871,874-879	174,024		
8	Customer Accounts #902, 903	105,390		
9	Customer Service and Informational			
10	Sales			
11	Administrative and General #920,926,928	63,993		
12	TOTAL Operation (Total of lines 5 through 11)	343,407		
13	Maintenance			
14	Production - Manufd. Gas & Nat Gas (inc. Expl. and Dev.); Other Gas Supply; Storage, LNG, Terminaling & Processing			
15	Transmission			
16	Distribution #880,886-895	43,668		
17	Administrative and General			
18	TOTAL Maintenance (Total of lines 14 through 17)	43,668		
19	Total Operation and Maintenance	387,076		
20	Production - Manufd. Gas & Nat Gas (inc. Expl. and Dev.); Other Gas Supply; Storage, LNG, Terminaling & Processing			
21	Transmission (Enter Total of lines 6 and 15)			
22	Distribution (Total of lines 7 and 16)	217,692		
23	Customer Accounts (Transcribe from line 8)	105,390		
24	Customer Service and Informational (Transcribe from line 9)			
25	Sales (Transcribe from line 10)			
26	Administrative and General (Total of lines 11 and 17)	63,993		
27	TOTAL Operation and Maint. (Total of lines 20 through 26)	387,076		
28	Other Utility Departments			
29	Operation and Maintenance			
30	TOTAL All Utility Dept. (Total of lines 2, 27, and 29)	387,076		
31	Utility Plant			
32	Construction (By Utility Departments)			
33	Electric Plant			
34	Gas Plant	31,440		31,440
35	Other			
36	TOTAL Construction (Total of lines 33 through 35)	31,440		31,440
37	Plant Removal (By Utility Department)			
38	Electric Plant			
39	Gas Plant			
40	Other			
41	TOTAL Plant Removal (Total of lines 38 through 40)			
42				
43	Other Accounts (Specify):			
44	Merchandising & Jobbing #416	113,595		113,595
45				
46				
47				
48				
49				
50				
51				
52				
53	TOTAL Other Accounts	113,595		113,595
54	TOTAL SALARIES AND WAGES	532,110		145,035

ST JOE NATURAL GAS COMPANY, INC

Dec. 31, 2003

CHARGES FOR OUTSIDE PROFESSIONAL AND OTHER CONSULTATIVE SERVICES

1. Report the information specified below for all charges made during the year included in any account (including plant accounts) for outside consultative and other professional services. (These services include rate, management, construction, engineering, research, financial, valuation, legal, accounting, purchasing, advertising, labor relations, and public relations, rendered the respondent under written or oral arrangement, for which aggregate payments were made during the year to any corporation, partnership, organization of any kind, or individual [other than for services as an employee or for payments made for medical and related services] amounting to more than \$25,000, including

payments for legislative services, except those which should be reported in Account 426.4 - Expenditures for Certain Civic, Political and Related Activities.

(a) Name of person or organization rendering services,

(b) description of services received,

(c) basis of charges,

(d) total charges for the year, detailing account charged.

2. For any services which are of a continuing nature, give the date and term of contract.

3. Designate with an asterisk associated companies.

	Description	Amount
1	NONE	
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PARTICULARS CONCERNING CERTAIN INCOME DEDUCTIONS AND INTEREST CHARGES ACCOUNTS

Report the information specified below in the order given for the respective income deduction and interest charges accounts. Provide a subheading for each account and total for the account. Additional columns may be added if deemed appropriate with respect to any account.

(a) Miscellaneous Amortization (Account 425) - Describe the nature of items included in this account, the contra account charges, the total of amortization charged for the year, and the period of amortization.

(b) Miscellaneous Income Deductions - Report the nature, payee, and amount of other income deductions for the year as required

by Accounts 426.1, Donations; 426.2 Life Insurance; 426.3 Penalties; 426.4, Expenditures for Certain Civic, Political and Related Activities;

and 426.5, Other Deductions, of the Uniform System of Accounts. Amounts of less than \$25,000 may be grouped by classes within the above accounts.

(c) Other Interest Expense (Account 431) - Report particulars (Details) including the amount and interest rate for each other interest charges incurred during the year.

	Item	Amount
1	#426-1 DONATIONS	\$1,035
2	#426-3 PENALTIES	\$229
3	#427 LONG TERM INTEREST - 8.75%	\$19,202
4	LONG TERM INTEREST - 7.75%	\$2,132
5	#431 INTEREST ON DEPOSITS - 6.00%	\$1,244
6	INTEREST ON NOTES PAYABLE - 8.00%	\$12,730
7		
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Reconciliation of Gross Operating Revenues

Annual Report versus Regulatory Assessment Fee Return

For the current year, reconcile the gross operating revenues as reported on Page 26 of this report with the gross operating revenues as reported on the utility's regulatory assessment fee return. Explain and justify any differences between the reported gross operating revenues in column (f).

	(a)	(b)	(c)	(d)	(e)	(f)
Line No.	Description	Gross Operating Revenues per Page 26	Interstate and Sales for Resale Adjustments	Adjusted Intrastate Gross Operating Revenues	Intrastate Gross Operating Revenues per RAF Return	Difference (d) - (e)
1	Total Sales to Ultimate Customers (480-482, 484)	\$1,584,414		\$1,584,414	\$1,584,350	\$64
2	Sales for Resale (483)					
3	Total Natural Gas Service Revenues					
4	Total Other Operating Revenues (485-495)	\$556,328		\$556,328	\$556,328	\$0
5	Total Gas Operating Revenues	\$2,140,742		\$2,140,742	\$2,140,678	\$64
6	Provision for Rate Refunds (496)					
7	Other (Specify)					
8						
9						
10	Total Gross Operating Revenues	\$2,140,742				

Notes:

The RAF for 2003 overstated Commercial sales by \$64 - a correction will be made on the 2004 RAF.

Name of Respondent

For the Year Ended

ST JOE NATURAL GAS COMPANY, INC

Dec. 31, 2003

CORPORATE STRUCTURE

Provide an updated organizational chart showing all affiliated companies, partnerships, etc.

Effective Date:

N/A

Name of Respondent

For the Year Ended

ST JOE NATURAL GAS COMPANY, INC

Dec. 31, 2003

SUMMARY OF AFFILIATED TRANSFERS AND COST ALLOCATIONS

Grouped by affiliate, list each contract, agreement, or other business transaction exceeding a cumulative amount of \$300 in any one year, entered into between the Respondent and an affiliated business or financial organization, firm, or partnership identifying parties, amounts, dates, and product, asset, or service involved.

- (a) Enter name of affiliate.
- (b) Give description of type of service, or name the product involved.
- (c) Enter contract or agreement effective dates.
- (d) Enter the letter "p" if the service or product is purchased by the Respondent: "s" if the service or product is sold by the Respondent.
- (e) Enter utility account number in which charges are recorded.
- (f) Enter total amount paid, received, or accrued during the year for each type of service or product listed in column (c). Do not net amounts when services are both received and provided.

Name of Affiliate (a)	Type of Service and/or Name of Product (b)	Relevant Contract or Agreement and Effective Date (c)	Total Charge for Year		
			"p" or "s" (d)	Account Number (e)	Dollar Amount (f)
NONE					

Name of Respondent
ST JOE NATURAL GAS COMPANY, INC

For the Year Ended
Dec. 31, 2003

NEW OR AMENDED CONTRACTS WITH AFFILIATED COMPANIES

Provide a synopsis of each new or amended contract, agreement, or arrangement with affiliated companies for the purchase, lease, or sale of land, goods, or services (excluding tariffed items). The synopsis shall include, at a minimum, the terms, price, quantity, amount, and duration of the contracts.

Name of Affiliate	Synopsis of Contract
NONE	

INDIVIDUAL AFFILIATED TRANSACTIONS IN EXCESS OF \$25,000

Provide information regarding individual affiliated transactions in excess of \$25,000. Recurring monthly affiliated transactions which exceed \$25,000 per month should be reported annually in the aggregate. However, each land or property sales transaction even though similar sales recur, should be reported as a "non-recurring" item for the period in which it occurs.

Name of Affiliate	Description of Transaction	Dollar Amount

ASSETS OR RIGHTS PURCHASED FROM OR SOLD TO AFFILIATES

Provide a summary of affiliated transactions involving asset transfers or the right to use assets.

Name of Affiliate	Description of Asset or Right	Cost/Orig. Cost	Accumulated Depreciation	Net Book Value	Fair Market Value	Purchase Price	Title Passed Yes/No
Purchases from Affiliates: NONE		\$	\$	\$	\$	\$	
Total						\$	
Sales to Affiliates:		\$	\$	\$	\$	Sales Price	
Total						\$	

EMPLOYEE TRANSFERS

List employees earning more than \$50,000 annually transferred to/from the utility to/from an affiliate company.

Company Transferred From	Company Transferred To	Old Job Assignment	New Job Assignment	Transfer Permanent or Temporary and Duration
NONE				