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August 27, 2019

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

Deblie Still

Re: Earnings Surveillance Report Ending June 30, 2019

Please find enclosed the Earnings Surveillance Report for the twelve months ending June 30, 2019.

Sincerely,

**Debbie Stitt** 

**Regulatory Analyst** 

# ST. JOE NATURAL GAS COMPANY EARNINGS SURVEILLANCE REPORT SUMMARY June 30, 2019

		AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)	II. REQUIRED RATES OF RETURN	(JURISDICTIONAL)	I. YEAR END RATE BASE	AVERAGE RATE OF RETURN	NVERAGE RATE BASE	VET OPERATING INCOME	. AVERAGE RATE OF RETURN	
HIGH	MIDPOINT	200						ļ		
5.84 %	5.40 %	A 06 %		\$ 5,025,528 \$		-6.41%	\$ 5,150,166 \$	\$ -330,264 \$	PER BOOKS ADJI	(1) ACTUAL
FLEX RATE	B. EXCLUDING	(FPSC ADJUSTED BASIS)  A. INCLUDING  FI EX RATE REVENUES	IV. EARNED RETURN ON EQUITY	-2,123,768 \$ 2,901,760		-11.39%	-2,251,531 \$ 2,898,635 \$	\$ -330,264 \$	ADJUSTMENTS ADJUSTED /	(2) (3) FPSC FPSC
FLEX RATE REVENUES1.54%		TED BASIS)  REVENUES -1 54%	JRN ON EQUITY			%	<b>ч</b>	69	ADJUSTMENTS ADJUSTED	(4) (5) PRO FORMA PRO FORMA

Andy Shoaf, Vice-President
(Name and Title of Chief
Financial Officer) I am aware that Section 837.06, Florida Statutes, provides: Whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree punishable as provided in s. 775.082, s. 775.083, or s. 775.084. (Signature) (Date)

PSC/AFA13

## ST. JOE NATURAL GAS COMPANY, INC. AVERAGE RATE OF RETURN RATE BASE JUNE 30, 2019

FPSC ADJUSTMENTS:

PER BOOKS

PLANT IN SERVICE 9,623,247

ACCUMULATED
DEPRECIATION &
AMORTIZATION
5,918,954

(3)
NET
PLANT IN
SERVICE

PROPERTY HELD FOR FUTURE USE

(7)
NET
UTILITY PLANT
4,022,395

WORKING CAPITAL 1,127,771

TOTAL RATE BASE 5,150,166 8

(9)

4

(5)
CONSTRUCTION
WORK IN
PROGRESS
318,102

3,704,293

3

(2)

SCHEDULE 2 PAGE 1 OF 2

TOTAL PRO FORMA ADJUSTMENTS PRO FORMA ADJUSTED	PRO FORMA REVENUE INCREASE AND ANNUALIZATION ADJUSTMENTS:	FLEX RATE REVENUES ADJUSTED FOR FLEX RATE REVENUES	FPSC ADJUSTED	TOTAL FPSC ADJUSTMENTS	PRO RATA NON UTILITY
			7,716,667	-1,906,580	-1,906,580
			5,311,327	-607,627	-607,627
			2,405,340	-1,298,953	-1,298,953
			247,444	-70,658	-70,658
			2,652,784		-1,369,611
			245,851	-881,920	-45,588 -836,332
			2,898,635	-2,251,531	-45,588 -2,205,943

# ST. JOE NATURAL GAS COMPANY AVERAGE RATE OF RETURN INCOME STATEMENT JUNE 30, 2019

SCHEDULE 2 PAGE 2 OF 2

PER BOOKS CURRENT MONTH AMOUNT	TOTAL PRO FORMA ADJUSTMENTS PRO FORMA ADJUSTED	TOTAL FPSC ADJUSTMENTS  FPSC ADJUSTED  FLEX RATE REVENUES  ADJUSTED FOR  FLEX RATE REVENUES  ADJUSTED FOR FORMA REVENUE INCREASE AND  ANNUALIZATION ADJUSTMENTS:	PER BOOKS  FPSC ADJUSTMENTS:
		1,716,764	OPERATING REVENUES 1,716,764
		320,391	(2) O & M GAS EXPENSE 320,391
		1,354,371	(3) O & M OTHER 1,354,371
		234,814	DEPRECIATION & AMORTIZATION 234,814
		137,452	TAXES OTHER THAN INCOME 137,452
			(6) INCOME TAXES CURRENT
			(7) DEFERRED INCOME TAXES (NET)
			(8) INVESTMENT TAX CREDIT (NET)
			(9) GAIN/LOSS ON DISPOSITION
		2,047,028	(10) TOTAL OPERATING EXPENSES 2,047,028
		-330,264	(11) NET OPERATING INCOME -330,264

# ST. JOE NATURAL GAS COMPANY YEAR END RATE BASE

SCHEDULE 3

JUNE 30, 2019

3

2

3

4

(5)

3

(8)

(9)

FPSC ADJUSTED	TOTAL FPSC ADJUSTMENTS	PRO-RATA NON-UTILITY	FPSC ADJUSTMENTS:	PER BOOKS			
7,859,516	-1,962,014	-1,962,014		9,821,530	SERVICE	PLANT IN	
5,346,143	-665,797	-665,797		6,011,940	AMORTIZATION	DEPRECIATION &	ACCUMULATED
2,513,373	-1,296,217	-1,296,217		3,809,590	SERVICE	PLANT IN	NET
					FOR FUTURE USE	PROPERTY HELD	
185,376	-81,930	-81,930		267,306	PROGRESS	WORK IN	CONSTRUCTION
2,698,749	-1,378,147	-1,378,147		4,076,896	UTILITY PLANT	NET	
203,011	-745,622	-111,640 -633,982		948,633	CAPITAL	WORKING	
203,011 2,901,760	-2,123,769	-111,640 -2,012,129		5,025,529	RATE BASE	TOTAL	

### ST. JOE NATURAL GAS COMPANY CAPITAL STRUCTURE FPSC ADJUSTED BASIS JUNE 30, 2019

TOTAL	CUSTOMER	PROPANE DEPOSITS	OTHER DE	DEFERRED	COMMON EQUITY	CUSTOMER	OTHER DE	SHORT TERM DEBT	LONG TERM DEBT			TOTAL	CUSTOMER	PROPANE DEPOSITS	OTHER DEF	DEFERRED	COMMON EQUITY	CUSTOMER	OTHER DEF	SHORT TERM DEBT	LONG TERM DEBT			
	CUSTOMER ADVANCES FOR CONSTRUCTION	DEPOSITS	OTHER DEFERRED CREDITS - FC	DEFERRED INCOME TAXES	EQUITY	CUSTOMER DEPOSITS	OTHER DEFERRED CREDITS - GC	RM DEBT	M DEBT	YEAR END			CUSTOMER ADVANCES FOR CONSTRUCTION	DEPOSITS	OTHER DEFERRED CREDITS - FC	DEFERRED INCOME TAXES	בְּמְטוּדְץ	CUSTOMER DEPOSITS	OTHER DEFERRED CREDITS - GC	RM DEBT	M DEBT	AVERAGE		
5,025,529	ION 0	10,641	585,616	598,592	3,026,819	56,459	27,402	0	720,000	PER BOOKS		5,150,166	ON 0	11,196	611,077	703,818	3,135,111	64,638	27,402	0	596,924	PER BOOKS		
-2,012,129					-1,601,342	-29,870		0	-380,917	ADJUSTMENTS		-2,205,943					-1,821,562	-37,556		0	-346,825	ADJUSTMENTS		
-111,640					-88,848	-1,657		0	-21,135	PRO RATA		-45,588					-37,644	-776		0	-7,167	PRO RATA		
2,901,760	0	10,641	585,616	598,592	1,336,628	24,932	27,402	0	317,948	ADJUSTED		2,898,635	0	11,196	611,077	703,818	1,275,904	26,306	27,402	0	242,932	ADJUSTED		
100.00%	0.00%	0.37%	20.18%	20.63%	46.06%	0.86%	0.94%	0,00%	10.96%	RATIO (%)		100.00%	0.00%	0.39%	21.08%	24.28%	44.02%	0.91%	0.95%	0.00%	8.38%	(%)		
	0.00	0.00	0.00	0.00	10.00	2.00	0.00	8.00	6.50	RATE (%)	COST		0.00	0.00	0,00	0.00	10.00	2.00	0.00	8.00	6.50	(%)   	COST	
5.34	0.00	0.00	0.00		4.61	0.02		0.00	0.71	COST (%)	WEIGHTED	4.96	0.00	0.00	0.00		4.40	0.02		0.00	0.54	(%)	WEIGHTED	
	0.00	0.00	0.00	0.00	11.00	2.00	0.00	8.00	6.50	RATE (%)	COST		0.00	0.00	0.00	0.00	11.00	2.00	0.00	8.00	6.50	(%)	MIDPOINT	
5.80	0.00	0.00	0.00		5.07	0.02		0.00	0.71	COST (%)	WEIGHTED	5.40	0.00	0.00	0.00		4,84	0.02		0.00	0.54	(%)	WEIGHTED	
	0.00	0.00	0.00	0.00	12.00	2.00	0.00	8.00	6.50	RATE (%)	COST		0.00	0.00	0.00	0.00	12.00	2.00	0.00	8.00	6.50	(%)	HIGH POINT COST	
6.26	0.00	0.00	0.00		5.53	0.02		0.00	0.71	COST (%)	WEIGHTED	5.84	0.00	0.00	0.00		5.28	0.02		0.00	0.54	(%)	WEIGHTED	

#### ST, JOE NATURAL GAS COMPANY, INC. EARNED RETURN ON COMMON EQUITY FPSC ADJUSTED BASIS June 30, 2019

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

FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR: SHORT TERM DEBT LONG TERM DEBT CUSTOMER DEPOSITS OTHER DEFERRED CREDITS SUBTOTAL	-( -(	0.11 (Schedule 1) 0.00 % 0.54 % 0.02 % 0.00 % 0.56 %
TOTAL	-(	0.68 %
DIVIDED BY RECONCILED COMMON EQUITY RATIO	4	4.02 %
JURISDICTIONAL RETURN ON COMMON EQUITY		54%
B. FPSC ADJUSTED AVERAGE JURISDICTIONAL RETURN ON COMMON EQUITY  EXCLUDING FLEX RATE REVENUES  SAME AS ABOVE  NET OPERATING REVENUE EXCLUDING FLEX RATE REVENUES	\$	(Schedule 2, p
NET OPERATING REVENUE EXCLUDING FLEX RATE REVENUES	\$	,
RATE BASE EXCLUDING FLEX RATE REVENUES	\$	(Schedule 2, p
FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN LESS: RECONCILED AVERAGE JURISDICTIONAL	-	%
WEIGHTED COST RATES FOR: LONG TERM DEBT SHORT TERM DEBT PREFERRED STOCK CUSTOMER DEPOSITS TAX CREDITS-WEIGHTED COST(MIDPOINT) SUBTOTAL	( ( (	) % ) % ) % ) % ) %
TOTAL		%
DIVIDED BY RECONCILED COMMON EQUITY RATIO	-	<b></b> %
JURISDICTIONAL RETURN ON COMMON EQUITY		%