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04 JUL 28 PM 3:25

COMMISSION  
CLERK

July 28, 2004

**BY HAND DELIVERY**

Ms. Blanca Bayó, Director  
Commission Clerk and Administrative Services  
Room 110, Easley Building  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, Florida 32399-0850

Re: Docket No. 040270-GU

Dear Ms. Bayó:

Enclosed for inclusion in the file is a copy of the Synopsis of the Rate Case.

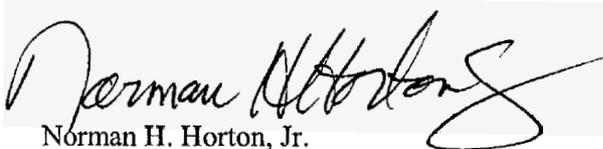
Also enclosed is a copy of the service list for the Synopsis.

This document was reviewed and approved by staff prior to distribution.

Please acknowledge receipt of these documents by stamping the extra copy of this letter "filed" and returning the same to me.

Thank you for your assistance with this filing.

Sincerely yours,



Norman H. Horton, Jr.

- CMP \_\_\_\_\_
- COM \_\_\_\_\_
- CTR \_\_\_\_\_
- ECR \_\_\_\_\_
- GCL \_\_\_\_\_
- OPC \_\_\_\_\_
- MMS \_\_\_\_\_
- RCA \_\_\_\_\_
- SCR \_\_\_\_\_
- SEC 1
- OTH kim P.

NHH/amb

Enclosures

cc: Ralph Jaeger, Esq.

Mr. Jerry Melendy

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FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE

08205 JUL 28 04

**CERTIFICATE OF SERVICE**

RECEIVED-PPSC

I HEREBY CERTIFY that true and correct copy of the Synopsis of the Rate Case has been served upon the following parties by U.S. Mail this 28<sup>th</sup> day of July, 2004.

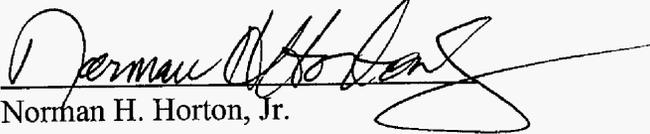
JUL 28 PM 3:25

COMMISSION  
CLERK

Chairman  
Highland County Board of County Commissioners  
600 South Commerce Avenue  
P.O. Box 1926  
Sebring, FL 33872-1926

Chief Executive Officer  
City of Sebring  
368 S. Commerce Ave.  
Sebring, Florida 33870

Sebring Public Library  
319 West Center Avenue  
Sebring, FL 33870

  
Norman H. Horton, Jr.

SEBRING GAS SYSTEM, INC.

RATE CASE SYNOPSIS

DOCKET NO. 040270-GU

Sebring Gas System, Inc. (the "Company") is a natural gas utility providing natural gas service and gas transportation service to customers in and around Sebring, Florida. The Company is headquartered in Sebring.

On June 30, 2004 the Company completed filing its request for a rate increase with the Florida Public Service Commission ("Commission") seeking both a permanent and interim increase in rates. Under Florida law, the Commission regulates the rates, charges and service provided by natural gas utilities in the state and will review the request filed by the Company.

This request is needed because the Company's present rates do not produce revenues which are sufficient to cover operating expenses, allow for expansion and upgrading of equipment and provide a fair rate of return. Expenses continue to rise and further erode the Company's revenues. In order to continue to provide sufficient, efficient service to its customers, the Company requires additional revenues that can be used for operating expenses, capital additions and for a fair rate of return.

In order to produce the needed additional revenue, the Company is proposing to increase its rates and charges and is also proposing to restructure the current rate structure. Sebring is proposing a rate structure that will be based on annual therm usage rather than type of use. Under this structure, usage will be the basis and there will be no distinction as to whether the customer is residential, commercial or other classification. Detailed information on the Company's request is contained in the minimum filing requirements and prefiled testimony, which can be viewed during normal business hours (8:00 a.m. to 5:00 p.m., Monday – Friday) at the following Company office:

Sebring Gas System, Inc.  
3515 U.S. Highway 27, South  
Sebring, FL 33870-5452  
(863)385-0194

In setting the appropriate rates for a utility, the Commission utilizes a test year to evaluate the request. In this request, Florida Public Utilities Company has presented its case for increased rates on a projected test year for the calendar year 2005, based on an historical test year of 2003. The Company is entitled by law to be given the opportunity to earn a reasonable return on its property used and useful in the public service. The anticipated major issues in this rate case are the Company's rate base, operating expenses, cost of capital, capital structure, and the appropriate rates and rate structure.

The Company's existing rates and charges are inadequate to provide fair and reasonable compensation for the services it provides to the public. In the absence of any rate relief, the Company's overall rate of return is projected to drop to a negative 11.87% for the year ending December 31, 2005. The existing return denies the Company the financial strength and integrity necessary to maintain and improve the Company's quality of service and to extend that service to more customers.

The Company has filed a detailed set of financial and accounting schedules, called Minimum Filing Requirements or MFRs, with the Commission. As shown on those supporting documents, the Company is seeking approval of rates that would generate additional base revenues of \$234,641 annually. The requested permanent revenue increase would give the Company the opportunity to earn a fair and reasonable rate of return of 8.65%, including a return on equity of 11.50%, plus or minus 100 basis points, on a projected 2005 average rate base of \$1,132,523.

The Company has also requested that the Commission approve interim rates that would generate additional base revenues of \$110,957 annually, during the pendency of the rate case. The Commission is required to act on this interim rate request within 60 days of the Company's filing. The Commission staff will review the request for interim relief and prepare a recommendation for the Commission to consider at a regular agenda. The Commission is currently scheduled to vote on the request on August 17, 2004. Any interim rate increase authorized by the Commission will be subject to refund, with interest, to the extent ultimately found by the Commission not to be justified.

To produce the requested permanent revenue, the Company has submitted revised tariff schedules which include increases in the different rate schedules. A cost of service study was conducted by the Company and that served as a general guide for setting the levels of each schedule.

A comparison of present and proposed rates is attached. Also attached is a copy of the Executive Summary filed as part of the Company's rate application.

Pursuant to Florida law, the Company has chosen to have the request for a permanent rate increase processed under the Commission's Proposed Agency Action procedures. Under this procedure, the staff of the Commission will conduct a detailed review and investigation of the Company's request for permanent rate relief and will perform an audit of the Company's books. They may also request additional data from the Company. In addition, the Commission will conduct a customer meeting in Sebring to take comments from customers on the Company's quality of service and on other matters pertaining to the Company's rate request. Following completion of this investigation and the customer meeting, the Commission staff will make a recommendation to the Commission on what rate relief, if any, should be granted. The Commission will act on its staff's recommendation at another Agenda Conference in Tallahassee within five months after the Company's petition was filed. The Commission is currently scheduled to consider the permanent rate request on November 30, 2004.

After the Commission votes on the Company's rate request, it will issue an Order on Proposed Agency Action containing its findings and conclusions. Substantially affected persons have 21 days after the written order is issued to decide whether to accept the Commission's decision or to request a formal hearing. If no party protests the order, the Commission's decision becomes final, the new rates go into effect, and the case is closed. If there is a protest, the case will proceed to a formal hearing process, which must be completed within eight months after the date the protest was filed.

After November 30, 2004, if the Commission has not taken action or if a protest is filed by a party other than the Company, the Company has the right to place its requested permanent rates in effect, subject to refund, until the case is concluded.

A Customer meeting has been scheduled in Sebring as follows:

August 23, 2004, 6:00 p.m.  
Sebring Civic Center (behind the Public Library)  
355 W. Center Avenue  
Sebring, Florida 33870-3109

Customers are urged to be present at the beginning of the meeting, since customer meetings may be adjourned once all customers present have been allowed to speak. One or more Commissioners may be present at the customer meetings.

The following is the current rate case schedule established by the Commission that contains all the critical events and dates. This schedule is subject to change by the Commission.

Staff Recommendation on Interim Rates	August 5, 2004
Agenda Conference on Interim Rates	August 17, 2004
Customer meeting, Sebring	August 23, 2004
Standard Order on Interim Rates	September 7, 2004
Audit Report Due	October 4, 2004
Staff Recommendation on Final Rates	November 18, 2004
Agenda Conference on Final Rates	November 30, 2004
Proposed Agency Action Order on Final Rates	December 20, 2004

Any customer comments regarding the Company's service or the proposed rate increase should refer to Docket No. 040270-GU, which is the docket number for this case and be addressed to:

Director, Division of the Commission Clerk and Administrative Services  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

Sebring Gas System, Inc.  
Rate Case Synopsis  
Page 4

For your information, we are also providing the address and telephone number of the Florida Public Service Commission's Division of Regulatory Compliance and Consumer Assistance:

Division of Regulatory Compliance and Consumer Assistance  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

1-800-342-3552 (Toll Free Number)

Company personnel may be contacted to answer questions concerning the rate request at the address shown on your gas service bill, or by calling one of the company offices listed above.

**APPENDIX A  
SEBRING GAS SYSTEM, INC.  
COMPARISON OF PRESENT AND PROPOSED RATES**

**PRESENT RATES**

**Residential**

Customer Charge	\$7.00 per customer per month
Transportation Charge	\$.35500/therm

**Commercial**

Customer Charge	\$17.00 per customer per month
Transportation Charge	\$.26500/therm

**Third Party Supplier Charge**      \$2.00

**PROPOSED RATES – All Classifications**

**TS-1 (0-200 Annual Therms)**

Customer Charge	\$10.00 per customer per month
Transportation Charge	\$.60536/ therm

**TS-2 (201-1,000 Annual Therms)**

Customer Charge	\$15.00 per customer per month
Transportation Charge	\$.50020/therm

**TS-3 (1,001-10,000 Annual Therms)**

Customer Charge	\$80.00 per customer per month
Transportation Charge	\$.45647/therm

**TS-4 (10,001-50,000 Annual Therms)**

Customer Charge	\$250.00 per customer per month
Transportation Charge	\$.34955/therm

**TS-5 (Over 50,000 Annual Therms)**

Customer Charge	\$1,350.00 per customer per month
Transportation Charge	\$.34375/therm

**Third Party Supplier Charge**      \$3.00

SEBRING GAS SYSTEM, INC.  
DOCKET NO: 040270-GU  
MINIMUM FILING REQUIREMENTS  
INDEX

EXECUTIVE SUMMARY

<u>SCHEDULE NO.</u>	<u>TITLE</u>	<u>PAGE</u>
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A-2	EXECUTIVE SUMMARY - ANALYSIS OF PERMANENT RATE INCREASE REQUESTED	3
A-3	EXECUTIVE SUMMARY - ANALYSIS OF JURISDICTIONAL RATE BASE	4
A-4	EXECUTIVE SUMMARY - ANALYSIS OF JURISDICTIONAL N. O. I.	5
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FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: PROVIDE A SCHEDULE SHOWING THE MAGNITUDE OF CHANGE - PRESENT vs PRIOR RATE CASE.

TYPE OF DATA SHOWN:

HISTORIC TY LAST CASE: 12/31/92

PROJECTED TY LAST CASE: 12/31/93

PROJECTED TY CURRENT CASE: 12/31/05

COMPANY: SEBRING GAS SYSTEM, INC.

WITNESS: MELENDY

DOCKET NO: 040270-GU

LINE NO.	ITEM	LAST RATE CASE				CURRENT RATE CASE			(10)**	(11)**		
		REQUESTED		AUTHORIZED		REQUESTED						
		(1)*	(2)*	(3)*	(4)*	(5)*	(6)*	(7)*			(8)*	(9)
		HISTORICAL	ATTRITION	TOTAL	PROJECTED	HISTORICAL	ATTRITION	TOTAL	PROJECTED	PROJECTED	DOLLAR	PERCENTAGE
		12/31/92	N/A	N/A	TEST YEAR 12/31/93	12/31/92	N/A		TEST YEAR 12/31/93	TEST YEAR 12/31/04	DIFFERENCE	CHANGE
1	DOCKET NUMBER					910873-GU				040270-GU		
2	HISTORICAL DATA OR TEST YEAR					12/31/92				12/31/02		
3	PROJECTED TEST YEAR					12/31/93				12/31/04		
4	RATE INCREASE - PERMANENT	The rates approved by the Commission were the initial rates for Sebring Gas System, Inc.							525,886	234,641	(291,245)	-55.38%
5	RATE INCREASE - INTERIM								N/A	110,957	110,957	#DIV/0!
6	JURISDICTIONAL RATE BASE BEFORE RATE RELIEF								N/A	1,132,523	1,132,523	#DIV/0!
7	JURISDICTIONAL NET OPERATING INCOME BEFORE RATE RELIEF								N/A	(64,419)	(64,419)	#DIV/0!
8	RATE OF RETURN BEFORE RATE RELIEF								N/A	-5.69%	-5.69%	#DIV/0!
9	SYSTEM CAPITALIZATION								1,055,175	1,132,523	77,348	7.33%
10	OVERALL RATE OF RETURN								10.86%	8.65%	-2.21%	-20.35%
11	COST OF LONG-TERM DEBT								10.10%	5.43%	-4.67%	-46.28%
12	COST OF PREFERRED STOCK								N/A	N/A	N/A	N/A
13	COST OF SHORT-TERM DEBT								0.00%	0.00%	0.00%	#DIV/0!
14	COST OF CUSTOMER DEPOSITS								8.65%	6.23%	-2.42%	-28.01%
15	COST OF COMMON EQUITY								12.00%	11.50%	-0.50%	-4.17%
16	NUMBER OF CUSTOMERS - AVERAGE								1,243	553	(690)	-55.54%
17	DATE NEW PERMANENT RATES EFFECTIVE											

(A) AS DETERMINED BY THE "FILE AND SUSPEND" PROVISIONS OF SECTION 366.06 (4), FLORIDA STATUTES.

\* IF COMPANY'S LAST RATE CASE INCLUDED A HISTORIC AND ATTRITION YEAR, COMPLETE COLUMNS (1) - (3) AND COLUMNS (5) - (7) UNDER THE HEADING "LAST RATE CASE". IF THE COMPANY'S LAST RATE CASE WAS BASED ON A PROJECTED TEST YEAR, COMPLETE COLUMNS (4) AND (8) UNDER THE HEADING "LAST RATE CASE".

\*\* IF THE COMPANY'S LAST RATE CASE INCLUDED A HISTORIC AND ATTRITION YEAR, THIS CALCULATION WILL BE THE DIFFERENCE BETWEEN COLUMN (9) AND COLUMN (7). IF THE COMPANY'S LAST RATE CASE WAS BASED ON A PROJECTED TEST YEAR, THIS CALCULATION WILL BE THE DIFFERENCE BETWEEN COLUMN (9) AND COLUMN (8).

SCHEDULE A-2

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: SEBRING GAS SYSTEM, INC.

DOCKET NO: 040270-GU

EXECUTIVE SUMMARY

EXPLANATION: PROVIDE A SCHEDULE SHOWING AN ANALYSIS OF PERMANENT RATE INCREASE REQUESTED

PAGE 1 OF 1

TYPE OF DATA SHOWN  
PROJECTED TY LAST CASE: 12/31/93  
PROJECTED TY CURRENT CASE: 12/31/05

WITNESS: MELENDY

LINE NO.	DESCRIPTION	INCREASE IN GROSS REVENUE DOLLARS	% OF TOTAL
1	RESTORE ADJUSTED NET OPERATING INCOME TO PREVIOUSLY ALLOWED OVERALL RATE OF RETURN OF 10.86%	\$270,809	115.41%
2	REDUCTION IN REQUESTED OVERALL RATE OF RETURN OF 10.86% TO 8.65%	(\$36,168)	-15.41%
3	EFFECT OF PROJECTED TEST YEAR	\$0	0.00%
4	TOTAL PERMANENT RATE INCREASE REQUESTED	<u>\$234,641</u>	<u>100.00%</u>

SUPPORTING SCHEDULES: D-1 p.1, G-3 p.1, G-6

RECAP SCHEDULES:

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: PROVIDE A SCHEDULE SHOWING AN ANALYSIS  
OF JURISDICTIONAL RATE BASE

TYPE OF DATA SHOWN:  
HISTORIC TY LAST CASE: 12/31/92  
PROJECTED TY LAST CASE: 12/31/93  
PROJECTED TY CURRENT CASE: 12/31/05

COMPANY: SEBRING GAS SYSTEM, INC.

DOCKET NO: 040270-GU

WITNESS: MELENDY

LINE NO.	ITEM	RATE BASE DETERMINED BY COMMISSION IN LAST RATE CASE				RATE BASE REQUESTED BY COMPANY IN CURRENT RATE CASE		(6)** DOLLAR DIFFERENCE	(7)** PERCENT DIFFERENCE
		(1)* HISTORIC NA	(2)* ATTRITION NA	(3)* TOTAL	(4)* PROJECTED TEST YEAR N/A	(5) PROJECTED TEST YEAR 12/31/05	(6)**		
<u>UTILITY PLANT</u>									
1	PLANT IN SERVICE	\$0	\$0	\$0	\$1,731,915	\$2,202,495	\$470,580	27.17%	
2	CONSTRUCTION WORK IN PROGRESS	0	0	0	0	0	0	0.00%	
3	UTILITY PLANT ACQUISITION ADJUSTMENT	0	0	0	0	0	0	0.00%	
4	GROSS UTILITY PLANT	0	0	0	1,731,915	2,202,495	470,580	27.17%	
<u>DEDUCTIONS</u>									
5	ACCUMULATED DEPRECIATION	0	0	0	(710,874)	(1,070,838)	(359,964)	50.64%	
6	ACCUMULATED AMORTIZATION	0	0	0	0	0	0	0.00%	
7	LIMITED TERM UTILITY PLANT	0	0	0	0	0	0	0.00%	
8	ACQUISITION ADJUSTMENT	0	0	0	0	0	0	0.00%	
9	CUSTOMER ADVANCES FOR CONSTRUCTIC	0	0	0	0	(16,256)	(16,256)	#DIV/0!	
10	TOTAL DEDUCTIONS	0	0	0	(710,874)	(1,087,094)	(376,220)	52.92%	
11	NET UTILITY PLANT	0	0	0	1,021,041	1,115,401	94,360	9.24%	
12	ALLOWANCE FOR WORKING CAPITAL	0	0	0	34,134	17,122	(17,012)	-49.84%	
13	RATE BASE	\$0	\$0	\$0	\$1,055,175	\$1,132,523	\$77,348	7.33%	

\* IF THE COMPANY'S LAST RATE CASE INCLUDED A HISTORIC AND ATTRITION YEAR, COMPLETE COLUMNS (1) - (3).  
IF THE COMPANY'S LAST RATE CASE WAS BASED ON A PROJECTED TEST YEAR, COMPLETE COLUMN (4).

\*\* IF THE COMPANY'S LAST RATE CASE INCLUDED A HISTORIC AND ATTRITION YEAR, THIS CALCULATION WILL BE  
THE DIFFERENCE BETWEEN COLUMN (5) AND COLUMN (3). IF THE COMPANY'S LAST RATE CASE WAS BASED ON  
A PROJECTED TEST YEAR, THIS CALCULATION WILL BE THE DIFFERENCE BETWEEN COLUMN (5) AND COLUMN (4).

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: PROVIDE A SCHEDULE SHOWING AN ANALYSIS OF JURISDICTIONAL NET OPERATING INCOME

TYPE OF DATA SHOWN:  
 HISTORIC TY LAST CASE: 12/31/82  
 PROJECTED TY LAST CASE: 12/31/93  
 PROJECTED TY CURRENT CASE: 12/31/05

COMPANY: SEBRING GAS SYSTEM, INC.

DOCKET NO: 040270-GU

WITNESS: MELENDY

LINE NO.	ITEM	NET OPERATING INCOME AS DETERMINED BY COMMISSION IN LAST RATE CASE				NOI REQUESTED BY COMPANY IN CURRENT CASE	(6)**	(7)**
		(1)*	(2)*	(3)*	(4)*	(5)***		
		HISTORIC N/A	ATTRITION N/A	TOTAL	PROJECTED TEST YEAR N/A	PROJECTED TEST YEAR 4		
1	OPERATING REVENUES (A)	\$0	\$0	\$0	\$0	\$288,074	\$288,074	#DIV/0!
	<u>OPERATING REVENUE DEDUCTIONS:</u>							
2	COST OF GAS				0	0		
3	OPERATING & MAINTENANCE EXPENSE	0	0	0	273,072	321,779	48,707	17.84%
4	DEPRECIATION EXPENSE	0	0	0	51,310	64,755	13,445	26.20%
5	AMORTIZATION EXPENSE	0	0	0	3,990	0	(3,990)	-100.00%
6	TAXES OTHER THAN INCOME	0	0	0	11,811	7,117	(4,694)	-39.74%
7	INCOME TAXES (FEDERAL & STATE)	0	0	0	0	(41,158)	(41,158)	#DIV/0!
8	DEFERRED TAXES (FEDERAL & STATE)	0	0	0	0	0	0	#DIV/0!
9	INVESTMENT TAX CREDITS					0	0	N/A
10	TOTAL OPERATING REVENUE DEDUCTIONS	0	0	0	340,183	352,493	12,310	3.62%
11	NET OPERATING INCOME (B)	\$0	\$0	\$0	(\$340,183)	(\$64,419)	\$275,764	-81.06%

(A) EXCLUDES FUEL REVENUE  
 (B) BEFORE RATE RELIEF

\* IF THE COMPANY'S LAST RATE CASE INCLUDED A HISTORIC AND ATTRITION YEAR, COMPLETE COLUMNS (1) - (3). IF THE COMPANY'S LAST RATE CASE WAS BASED ON A PROJECTED TEST YEAR, COMPLETE COLUMN (4).

\*\* IF THE COMPANY'S LAST RATE CASE INCLUDED A HISTORIC AND ATTRITION YEAR, THIS CALCULATION WILL BE THE DIFFERENCE BETWEEN COLUMN (5) AND COLUMN (3). IF THE COMPANY'S LAST RATE CASE WAS BASED ON A PROJECTED TEST YEAR, THIS CALCULATION WILL BE THE DIFFERENCE BETWEEN COLUMN (5) AND COLUMN (4).

\*\*\* Excludes Fuel Revenues

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: PROVIDE A SCHEDULE SHOWING  
OVERALL RATE OF RETURN COMPARISON

TYPE OF DATA SHOWN:  
PROJECTED TY LAST CASE: 12/31/93  
PROJECTED TY CURRENT CASE: 12/31/05

COMPANY: SEBRING GAS SYSTEM, INC.

DOCKET NO: 040270-GU

WITNESS: MELENDY

PROJECTED TEST YEAR 12/31/04 (REQUESTED)

LINE NO.	ITEM	EMBEDDED WEIGHTED				EMBEDDED WEIGHTED			
		DOLLARS	RATIO	COST	COST	DOLLARS	RATIO	COST	COST
DOCKET NO. 910873-GU ORDER NO. PSC-92-0229-FOF-GU LAST RATE CASE (AUTHORIZED)									
1	LONG-TERM DEBT -FIXED	\$679,055	47.85%	10.10%	4.83%	\$484,645	42.79%	5.43%	2.32%
2	LONG-TERM DEBT - VARIABLE	\$0	0.00%	0.00%	0.00%	\$0	0.00%	0.00%	0.00%
3	FLEX RATE LIABILITY	\$0	0.00%	0.00%	0.00%	\$0	0.00%	0.00%	0.00%
4	SHORT-TERM DEBT	\$0	0.00%	0.00%	0.00%	\$0	0.00%	0.00%	0.00%
5	CUSTOMER DEPOSITS	\$99,477	7.01%	8.65%	0.61%	\$53,273	4.70%	6.23%	0.29%
6	COMMON EQUITY	\$640,508	45.14%	12.00%	5.42%	\$594,606	52.50%	11.50%	6.04%
7	TAX CREDITS	\$0	0.00%	0.00%	0.00%	\$0	0.00%	0.00%	0.00%
8	DEFERRED TAXES	\$0	0.00%	0.00%	0.00%	\$0	0.00%	0.00%	0.00%
9	TOTAL CAPITALIZATION	<u>\$1,419,040</u>	<u>100.00%</u>		<u>10.86%</u>	<u>\$1,132,523</u>	<u>100.00%</u>		<u>8.65%</u>

FLORIDA PUBLIC SERVICE COMMISSION  
 COMPANY: SEBRING GAS SYSTEM, INC.  
 DOCKET NO.: 040270-GU

EXPLANATION: PROVIDE A SUMMARY OF FINANCIAL INDICATORS AS SPECIFIED BELOW FOR THE HISTORIC DATA BASE YEAR OF THE LAST RATE CASE, HISTORIC DATA BASE YEAR FOR THIS CASE, AND THE YEAR IMMEDIATELY FOLLOWING THE PRESENT HISTORIC DATA BASE YEAR.

TYPE OF DATA SHOWN:  
 TY YR LAST CASE: 12/31/93  
 HIS. BASE YR DATA CURRENT: 12/31/03  
 BASE YR + 1 CURRENT CASE: 12/31/04  
 PROJECTED TY CURRENT CASE: 12/31/05  
 WITNESS: MELENDY

LINE NO	INDICATORS	(1) DATA FROM HISTORIC BASE YR OR TY RELATED TO COMPANY'S PRIOR CASE	(2) DATA FROM HISTORIC BASE YEAR RELATED TO COMPANY'S CURRENT CASE	(3) YEAR AFTER CURRENT HISTORIC BASE YEAR WITHOUT ANY RATE INCREASE	(4) PROJECTED TEST YEAR WITHOUT ANY RATE INCREASE	(5) PROJECTED TEST YEAR INCLUDING REQUESTED RATE INCREASE
<u>INTEREST COVERAGE RATIOS:</u>						
1	INCLUDING AFUDC IN INCOME BEFORE INTEREST CHARGES		N/A	N/A	N/A	N/A
2	EXCLUDING AFUDC FROM INCOME BEFORE INTEREST CHARGES		N/A	N/A	N/A	N/A
<u>OTHER FINANCIAL RATIOS:</u>						
3	AFUDC AS A PERCENT OF INCOME AVAILABLE FOR COMMON	0.00%	N/A	N/A	N/A	N/A
4	PERCENT OF CONSTRUCTION FUNDS GENERATED INTERNALLY	0.00%	N/A	N/A	N/A	N/A
<u>PREFERRED DIVIDEND COVERAGE:</u>						
5	INCLUDING AFUDC	N/A	N/A	N/A	N/A	N/A
6	EXCLUDING AFUDC	N/A	N/A	N/A	N/A	N/A
<u>RATIO OF EARNINGS TO FIXED CHARGES***</u>						
7	INCLUDING AFUDC	0.00%	N/A	N/A	N/A	N/A
8	EXCLUDING AFUDC	0.00%	N/A	N/A	N/A	N/A
*** ASSUMES DEPRECIATION & INTEREST IN CALCULATION						
<u>EARNINGS PER SHARE:</u>						
9	INCLUDING AFUDC	\$0.00	N/A	N/A	N/A	N/A
10	EXCLUDING AFUDC	\$0.00	N/A	N/A	N/A	N/A
11	DIVIDENDS PER SHARE	\$0.00	N/A	N/A	N/A	N/A