

FLORIDA PUBLIC SERVICE COMMISSION

INVESTOR-OWNED NATURAL GAS UTILITY
EARNINGS SURVEILLANCE REPORT

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FLORIDA PUBLIC SERVICE
COMMISSION
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DIVISION OF
ACCOUNTING & FINANCE

SEBRING GAS SYSTEM, INC.
AVERAGE RATE OF RETURN
RATE BASE
December 2012

SCHEDULE 2
PAGE 1 OF 2

	(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)
	PLANT IN SERVICE	ACCUMULATED DEPRECIATION & AMORTIZATION	NET PLANT IN SERVICE	PROPERTY HELD FOR FUTURE USE	CONSTRUCTION WORK IN PROGRESS	NET UTILITY PLANT	WORKING CAPITAL	TOTAL RATE BASE
PER BOOKS	3,215,809	(1,657,669)	1,558,140	0	0	1,558,140	73,425	1,631,565
<u>FPSC ADJUSTMENTS:</u>								
TOTAL FPSC ADJUSTMENTS	0	0	0	0	0	0	0	0
FPSC ADJUSTED	3,215,809	(1,657,669)	1,558,140	0	0	1,558,140	73,425	1,631,565
<u>FLEX RATE REVENUES</u>								
ADJUSTED FOR								
FLEX RATE REVENUES	3,215,809	(1,657,669)	1,558,140	0	0	1,558,140	73,425	1,631,565
<u>PRO FORMA REVENUE INCREASE AND</u>								
<u>ANNUALIZATION ADJUSTMENTS:</u>								
TOTAL PRO FORMA ADJUSTME	0	0	0	0	0	0	0	0
PRO FORMA ADJUSTED	3,215,809	(1,657,669)	1,558,140	0	0	1,558,140	73,425	1,631,565

**SEBRING GAS SYSTEM, INC.
AVERAGE RATE OF RETURN
INCOME STATEMENT
December 2012**

SCHEDULE 2
PAGE 2 OF 2

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	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	OPERATING REVENUES	O & M GAS EXPENSE	O & M OTHER	DEPRECIATION & TAXES AMORTIZATION	OTHER THAN INCOME	INCOME TAXES CURRENT	DEFERRED INCOME TAXES (NET)	INVESTMENT TAX CREDIT (NET)	GAIN/LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME
PER BOOKS, as adjusted January 2012 through December 2012	624,258	0	385,825	105,174	17,016	0	0	0	0	508,015	116,243
FPSC ADJUSTMENTS:											
Disallowed lobbying expenses			(222)							(222)	222
TOTAL FPSC ADJUSTMENTS	<u>0</u>	<u>0</u>	<u>(222)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(222)</u>	<u>222</u>
FPSC ADJUSTED	<u>624,258</u>	<u>0</u>	<u>385,603</u>	<u>105,174</u>	<u>17,016</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>507,793</u>	<u>116,465</u>
FLEX RATE REVENUES ADJUSTED FOR FLEX RATE REVENUES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
PER BOOKS CURRENT MONTH AMOUNT	<u>51,187</u>	<u>0</u>	<u>31,064</u>	<u>9,173</u>	<u>1,365</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>41,602</u>	<u>9,585</u>

Sebring Gas System, Inc.
 Schedule 2 Worksheet - Average Rate of Return
 Dec-12

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Plant in Service	Accumulated Depreciation Amortization	Net Plant in Service	Property Held for Future Use	Construction Work in Progress	Net Utility Plant	Working Capital	Total Rate Base
13 Month Average								
Dec-11	3,169,361	(1,605,825)	1,563,536	0	0	1,563,536	29,789	1,593,325
Jan-12	3,173,729	(1,614,417)	1,559,312	0	0	1,559,312	52,452	1,611,764
Feb-12	3,176,683	(1,623,019)	1,553,664	0	0	1,553,664	65,952	1,619,616
Mar-12	3,181,374	(1,631,633)	1,549,741	0	0	1,549,741	88,912	1,638,653
Apr-12	3,199,047	(1,640,262)	1,558,785	0	0	1,558,785	90,570	1,649,355
May-12	3,200,574	(1,648,903)	1,551,671	0	0	1,551,671	98,453	1,650,124
Jun-12	3,205,139	(1,657,568)	1,547,571	0	0	1,547,571	90,451	1,638,022
Jul-12	3,209,513	(1,666,137)	1,543,376	0	0	1,543,376	87,864	1,631,240
Aug-12	3,216,109	(1,674,514)	1,541,595	0	0	1,541,595	71,312	1,612,907
Sep-12	3,223,530	(1,683,314)	1,540,216	0	0	1,540,216	65,593	1,605,809
Oct-12	3,268,785	(1,692,242)	1,576,543	0	0	1,576,543	72,485	1,649,028
Nov-12	3,284,225	(1,701,378)	1,582,847	0	0	1,582,847	71,844	1,654,691
Dec-12	3,297,453	(1,710,491)	1,586,962	0	0	1,586,962	68,841	1,655,803
Thirteen month totals	<u>41,805,522</u>	<u>(21,549,703)</u>	<u>20,255,819</u>	<u>0</u>	<u>0</u>	<u>20,255,819</u>	<u>954,520</u>	<u>21,210,339</u>
Thirteen month averag	<u>3,215,809</u>	<u>(1,657,669)</u>	<u>1,558,140</u>	<u>0</u>	<u>0</u>	<u>1,558,140</u>	<u>73,425</u>	<u>1,631,565</u>

SEBRING GAS SYSTEM, INC.
YEAR END RATE BASE
December 2012

SCHEDULE 3

	(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)
	PLANT IN SERVICE	ACCUMULATED DEPRECIATION & AMORTIZATION	NET PLANT IN SERVICE	PROPERTY HELD FOR FUTURE USE	CONSTRUCTION WORK IN PROGRESS	NET UTILITY PLANT	WORKING CAPITAL	TOTAL RATE BASE
PER BOOKS	<u>3,297,453</u>	<u>(1,710,491)</u>	<u>1,586,962</u>	<u>0</u>	<u>0</u>	<u>1,586,962</u>	<u>68,841</u>	<u>1,655,803</u>
FPSC ADJUSTMENTS:								
TOTAL FPSC ADJUSTMENTS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FPSC ADJUSTED	<u><u>3,297,453</u></u>	<u><u>(1,710,491)</u></u>	<u><u>1,586,962</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>1,586,962</u></u>	<u><u>68,841</u></u>	<u><u>1,655,803</u></u>

SEBRING GAS SYSTEM, INC.
CAPITAL STRUCTURE
FPSC ADJUSTED BASIS
December 2012

SCHEDULE 4

AVERAGE	PER BOOKS	ADJUSTMENTS		ADJUSTED	RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
		SPECIFIC	PRO RATA			COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
LONG TERM DEBT	415,914		4,110	420,024	25.7436%	5.6925%	1.4655%	5.6925%	1.4655%	5.6925%	1.4655%
SHORT TERM DEBT	96,505		954	97,459	5.9734%	5.6867%	0.3397%	5.6867%	0.3397%	5.6867%	0.3397%
PREFERRED STOCK	0	0	0	0	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
CUSTOMER DEPOSITS	99,742		986	100,727	6.1737%	4.8394%	0.2988%	4.8394%	0.2988%	4.8394%	0.2988%
COMMON EQUITY	1,003,439	0	9,916	1,013,355	62.1094%	10.5000%	6.5215%	11.5000%	7.1426%	12.5000%	7.7637%
DEFERRED INCOME TAXES	0		0	0	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
TAX CREDITS - ZERO COST	0		0	0	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
TAX CREDITS - WEIGHTED COST	0		0	0	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
TOTAL	1,615,600	0	15,965	1,631,565	100.0000%		8.6254%		9.2465%		9.8676%

YEAR END	PER BOOKS	ADJUSTMENTS		ADJUSTED	RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
		SPECIFIC	PRO RATA			COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
LONG TERM DEBT	407,580		1,656	409,236	24.7153%	5.5098%	1.3618%	5.5098%	1.3618%	5.5098%	1.3618%
SHORT TERM DEBT	95,242		387	95,629	5.7754%	5.5098%	0.3182%	5.5098%	0.3182%	5.5098%	0.3182%
PREFERRED STOCK	0		0	0	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
CUSTOMER DEPOSITS	104,980		426	105,406	6.3659%	4.8394%	0.3081%	4.8394%	0.3081%	4.8394%	0.3081%
COMMON EQUITY	1,041,301		4,230	1,045,532	63.1435%	10.5000%	6.6301%	11.5000%	7.2615%	12.5000%	7.8929%
DEFERRED INCOME TAXES	0		0	0	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
TAX CREDITS - ZERO COST	0		0	0	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
TAX CREDITS - WEIGHTED COST	0		0	0	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
TOTAL	1,649,104	0	6,699	1,655,803	100.0000%		8.6181%		9.2496%		9.8810%

Sebring Gas System, Inc.
 Schedule 4 Worksheet - Capital Structure
 12/31/12

13 Month Average	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Average Per Books
Long-term Debt	440,344	435,164	429,749	424,352	418,917	413,485	408,017	407,360	396,870	391,365	419,922	413,755	407,580	415,914
Short-term Debt	103,288	103,288	103,474	103,657	98,168	94,029	94,220	89,598	89,791	89,980	94,813	95,024	95,242	96,505
Preferred Stock	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Customer Deposits	97,605	97,505	95,730	97,980	97,730	99,730	99,130	98,980	99,980	100,730	102,680	103,880	104,980	99,742
Common Stock	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800
Paid-in Capital	774,880	774,880	774,880	774,880	774,880	774,880	774,880	774,880	774,880	774,880	774,880	774,880	774,880	774,880
Current Year Profit (Loss)	43,536	21,243	34,999	55,722	75,671	83,115	80,647	78,153	73,491	74,963	90,241	98,183	104,801	70,366
Retained Earnings (Deficit)	115,256	159,821	159,821	159,821	159,821	159,821	159,821	159,821	159,821	159,821	159,821	159,821	159,821	156,393
Common Equity	935,472	957,744	971,500	992,223	1,012,172	1,019,616	1,017,148	1,014,654	1,009,992	1,011,464	1,026,741	1,034,683	1,041,301	1,003,439
Deferred Income Taxes	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Tax Crs-Zero Crs	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Tx Crs-Weighted Cst	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	1,576,709	1,593,703	1,600,453	1,618,212	1,626,987	1,626,860	1,618,515	1,610,592	1,596,634	1,593,538	1,644,156	1,647,342	1,649,104	1,615,600

Sebring Gas System, Inc.
Schedule 4 Worksheet - Average Interest Rates
12/31/12

13 Month Average	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Average Per Books
WSB #9516103 Balance	-	-	-	-	-	-	-	-	-	-	-	-	-	0
WSB #9516103 Rate	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	#DIV/0!
Book Interest	0	0	0	0	0	0	0	0	0	0	0	0	0	0
WSB #9216103 Balance	422,374	419,874	417,374	414,874	412,374	409,874	407,374	404,874	402,374	399,874	397,374	394,874	392,374	407,374
WSB #9216103 Rate	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.60%
Book Interest	2,008	2,001	1,856	1,975	1,899	1,950	1,874	1,925	1,914	1,845	1,892	1,819	1,871	22,822
BOA # 68211063021599 Balance	40,000	40,000	40,000	40,000	34,322	30,000	30,000	30,000	25,000	25,000	22,000	22,000	22,000	30,794
Interest Rate	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%	5.22%
Book Interest	161	178	166	178	172	167	144	133	133	123	111	103	0	1,607
WSB 1376306 Balance	81,258	78,578	75,849	73,135	70,389	67,640	64,863	62,084	59,287	56,470	53,647	50,796	47,945	64,765
WSB 1376306 Interest Rate	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.71%
Book Interest	464	458.19	409	425	392	390	361	359	342	321	315	287	287	4,344
Ford Credit 969 Balance	-	-	-	-	-	-	-	-	-	-	41,714	41,108	40,503	9,487
Ford Credit 969 Interest Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	5.69%	5.69%	5.69%	4.11%
Book Interest	0	0	0	0	0	0	0	0	0	0	0	195	195	390
Total Debt	543,632	538,452	533,223	528,009	517,085	507,514	502,237	496,958	486,662	481,344	514,735	508,779	502,822	587,071
	5.70%	5.77%	5.74%	5.75%	5.79%	5.82%	5.76%	5.73%	5.78%	5.79%	5.30%	5.75%	5.51%	4.97%
	2,633	2,637	2,431	2,578	2,462	2,507	2,379	2,417	2,389	2,289	2,318	2,404	2,353	29,164
Long-term Portion	440,344	435,164	429,749	424,352	418,917	413,485	408,017	407,360	396,870	391,365	419,922	413,755	407,580	415,914
	5.70%	5.77%	5.74%	5.75%	5.79%	5.82%	5.76%	5.73%	5.78%	5.79%	5.30%	5.75%	5.51%	5.69%
	2,133	2,131	1,960	2,072	1,995	2,042	1,933	1,981	1,948	1,861	1,891	1,955	1,907	23,676
Short-term Portion	103,288	103,288	103,474	103,657	98,168	94,029	94,220	89,598	89,791	89,980	94,813	95,024	95,242	96,505
	5.70%	5.77%	5.74%	5.75%	5.79%	5.82%	5.76%	5.73%	5.78%	5.79%	5.30%	5.75%	5.51%	5.69%
	500	506	472	506	467	464	446	436	441	428	427	449	446	5,488
<u>Customer Deposits</u>														
Residential	12,930	12,830	12,780	13,030	13,080	13,080	12,980	12,830	12,830	13,080	13,030	13,230	13,330	13,003
	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	3.99%
	65	64	64	65	65	65	65	21	21	22	22	22	22	519
Commercial	84,675	84,675	82,950	84,950	84,650	86,650	86,150	86,150	87,150	87,650	89,650	90,650	91,650	86,738
	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	4.97%
	494	494	484	496	494	505	503	215	218	219	224	227	229	4,307
Total	97,605	97,505	95,730	97,980	97,730	99,730	99,130	98,980	99,980	100,730	102,680	103,880	104,980	99,742
	6.87%	6.87%	6.87%	6.87%	6.87%	6.87%	6.87%	2.87%	2.87%	2.87%	2.87%	2.87%	2.87%	4.84%
	559	558	548	561	559	571	567	237	239	241	246	249	251	4,827

SEBRING GAS SYSTEM, INC.
EARNED RETURN ON COMMON EQUITY
FPSC ADJUSTED BASIS
December 2012

SCHEDULE 5

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

FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	7.14%	(Schedule 1)
LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:		
LONG TERM DEBT	1.47%	
SHORT TERM DEBT	0.34%	
PREFERRED STOCK	0.00%	
CUSTOMER DEPOSITS	0.30%	
TAX CREDITS-WEIGHTED COST(MIDPOINT)	0.00%	
SUBTOTAL	<u>2.10%</u>	
 TOTAL	 5.03%	
 DIVIDED BY RECONCILED COMMON EQUITY RATIO	 <u>62.11%</u>	
 JURISDICTIONAL RETURN ON COMMON EQUITY	 <u><u>8.11%</u></u>	

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

NET OPERATING REVENUE EXCLUDING FLEX RATE REVENUES	\$ 116,465	(Schedule 2, p. 2 of 2)
RATE BASE EXCLUDING FLEX RATE REVENUES	\$ <u>1,631,565</u>	(Schedule 2, p. 1 of 2)
FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	<u>7.1382%</u>	
LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:		
LONG TERM DEBT	1.47%	
SHORT TERM DEBT	0.34%	
PREFERRED STOCK	0.00%	
CUSTOMER DEPOSITS	0.30%	
TAX CREDITS-WEIGHTED COST(MIDPOINT)	0.00%	
SUBTOTAL	<u>2.10%</u>	
 TOTAL	 5.03%	
 DIVIDED BY RECONCILED COMMON EQUITY RATIO	 <u>62.11%</u>	
 JURISDICTIONAL RETURN ON COMMON EQUITY	 <u><u>8.11%</u></u>	