

FLORIDA PUBLIC SERVICE COMMISSION

INVESTOR-OWNED NATURAL GAS UTILITY  
EARNINGS SURVEILLANCE REPORT



**SEBRING GAS SYSTEM, INC.**  
**AVERAGE RATE OF RETURN**  
**RATE BASE**  
**June 2023**

	(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	7,607,843	(3,564,012)	4,043,831	0	34,317	4,078,148	561,014	4,639,162
<u>FPSC ADJUSTMENTS:</u>								
TOTAL FPSC ADJUSTMENTS	0	0	0	0	0	0	0	0
FPSC ADJUSTED	7,607,843	(3,564,012)	4,043,831	0	34,317	4,078,148	561,014	4,639,162
<u>FLEX RATE REVENUES</u>								
ADJUSTED FOR FLEX RATE REVENUES	7,607,843	(3,564,012)	4,043,831	0	34,317	4,078,148	561,014	4,639,162
<u>PRO FORMA REVENUE INCREASE AND ANNUALIZATION ADJUSTMENTS:</u>								
TOTAL PRO FORMA ADJUSTME	0	0	0	0	0	0	0	0
PRO FORMA ADJUSTED	7,607,843	(3,564,012)	4,043,831	0	34,317	4,078,148	561,014	4,639,162

**SEBRING GAS SYSTEM, INC.**  
**AVERAGE RATE OF RETURN**  
**INCOME STATEMENT**  
**June 2023**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	OPERATING REVENUES	O & M GAS EXPENSE	O & M OTHER	DEPRECIATION & AMORTIZATION	TAXES & OTHER THAN INCOME	INCOME TAXES CURRENT	DEFERRED INCOME TAXES (NET)	INVESTMENT TAX CREDIT (NET)	GAIN/LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME
	1,326,788	0	614,579	250,529	37,949	104,559	14,938	0	0	1,022,554	304,234

PER BOOKS, as adjusted  
January through December 22

FPSC ADJUSTMENTS:

Disallowed lobbying expenses

(575)

(575)

575

TOTAL FPSC ADJUSTMENTS

FPSC ADJUSTED

FLEX RATE REVENUES  
ADJUSTED FOR

FLEX RATE REVENUES

PRO FORMA REVENUE INCREASE  
AND ANNUALIZATION  
ADJUSTMENTS:

	0	0	(575)	0	0	0	0	0	0	(575)	575
	1,326,788	0	614,004	250,529	37,949	104,559	14,938	0	0	1,021,979	304,809
	0	0	0	0	0	0	0	0	0	0	0
	1,326,788	0	614,004	250,529	37,949	104,559	14,938	0	0	1,021,979	304,809

TOTAL PRO FORMA ADJUSTMENTS

PRO FORMA ADJUSTED

	0	0	0	0	0	0	0	0	0	0	0
	1,326,788	0	614,004	250,529	37,949	104,559	14,938	0	0	1,021,979	304,809

PER BOOKS  
CURRENT MONTH AMOUNT

99,181

57,627

20,916

2,878

8,713

1,245

0

91,379

7,802

Sebring Gas System, Inc.  
Schedule 2 Worksheet - Average Rate of Return  
June-23

	(1) Plant in Service	(2) Accumulated Depreciation Amortization	(3) Net Plant in Service	(4) Property Held for Future Use	(5) Construction Work in Progress	(6) Net Utility Plant	(7) Working Capital	(8) Total Rate Base
13 Month Average								
Jun-22	7,446,802	(3,450,641)	3,996,161	0	34,317	4,030,478	488,703	4,519,181
Jul-22	7,484,600	(3,471,348)	4,013,252	0	34,317	4,047,569	595,429	4,642,998
Aug-22	7,501,211	(3,492,149)	4,009,062	0	34,317	4,043,379	635,858	4,679,237
Sep-22	7,517,008	(3,512,994)	4,004,014	0	34,317	4,038,331	643,570	4,681,901
Oct-22	7,548,000	(3,533,899)	4,014,101	0	34,317	4,048,418	527,749	4,576,167
Nov-22	7,581,586	(3,554,733)	4,026,853	0	34,317	4,061,170	596,835	4,658,005
Dec-22	7,612,680	(3,575,969)	4,036,711	0	34,317	4,071,028	543,616	4,614,644
Jan-23	7,642,639	(3,579,317)	4,063,322	0	34,317	4,097,639	564,643	4,662,282
Feb-23	7,657,017	(3,600,536)	4,056,481	0	34,317	4,090,798	597,012	4,687,810
Mar-23	7,684,839	(3,621,808)	4,063,030	0	34,317	4,097,347	518,737	4,616,085
Apr-23	7,716,495	(3,643,156)	4,073,340	0	34,317	4,107,657	535,812	4,643,469
May-23	7,740,974	(3,638,427)	4,102,548	0	34,317	4,136,865	532,835	4,669,700
Jun-23	7,768,105	(3,657,181)	4,110,924	0	34,317	4,145,241	512,387	4,657,629
Thirteen month totals	98,901,956	(46,332,157)	52,569,799	0	446,121	53,015,920	7,293,187	60,309,107
Thirteen month averages	7,607,843	(3,564,012)	4,043,831	0	34,317	4,078,148	561,014	4,639,162

**SEBRING GAS SYSTEM, INC.**  
**YEAR END RATE BASE**  
**June 2023**

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	7,768,105	(3,657,181)	4,110,924	0	34,317	4,145,241	512,387	4,657,629
TOTAL FPSC ADJUSTMENTS	0	0	0	0	0	0	0	0
FPSC ADJUSTED	7,768,105	(3,657,181)	4,110,924	0	34,317	4,145,241	512,387	4,657,629

FPSC ADJUSTMENTS:

**SEBRING GAS SYSTEM, INC.**  
**CAPITAL STRUCTURE**  
**FPSC ADJUSTED BASIS**  
**June 2023**

	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 (%)
AVERAGE LONG TERM DEBT	449,192		(20,682)	428,510	9.2368%	5.7237%	0.5287%	5.7237%	0.5287%	5.7237%	0.5287%
SHORT TERM DEBT	891,006		(41,024)	849,982	18.3219%	7.7279%	1.4159%	7.7279%	1.4159%	7.7279%	1.4159%
PREFERRED STOCK	0	0	0	0	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
CUSTOMER DEPOSITS	199,738		(9,196)	190,542	4.1072%	2.8769%	0.1182%	2.8769%	0.1182%	2.8769%	0.1182%
COMMON EQUITY	2,944,771	0	(135,585)	2,809,186	60.5537%	10.5000%	6.3581%	11.5000%	6.9637%	12.5000%	7.5692%
DEFERRED INCOME TAXES	378,363		(17,421)	360,942	7.7803%	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%
<b>TOTAL</b>	<b>4,863,070</b>	<b>0</b>	<b>(223,908)</b>	<b>4,639,162</b>	<b>100.0000%</b>	<b>5.9736%</b>	<b>8.4209%</b>	<b>5.9736%</b>	<b>9.0264%</b>	<b>5.9736%</b>	<b>9.6320%</b>

	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 (%)
YEAR END LONG TERM DEBT	0		0	0	0.0000%	5.9736%	0.0000%	5.9736%	0.0000%	5.9736%	0.0000%
SHORT TERM DEBT	1,239,733		(342,184)	897,549	19.2705%	5.9736%	1.1512%	5.9736%	1.1512%	5.9736%	1.1512%
PREFERRED STOCK	0		0	0	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
CUSTOMER DEPOSITS	200,719		(55,401)	145,318	3.1200%	2.8769%	0.0898%	2.8769%	0.0898%	2.8769%	0.0898%
COMMON EQUITY	4,615,741		(1,274,010)	3,341,730	71.7475%	10.5000%	7.5335%	11.5000%	8.2510%	12.5000%	8.9684%
DEFERRED INCOME TAXES	377,123		(104,091)	273,032	5.8620%	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%
<b>TOTAL</b>	<b>6,433,316</b>	<b>0</b>	<b>(1,775,687)</b>	<b>4,657,629</b>	<b>100.0000%</b>	<b>5.9736%</b>	<b>8.7444%</b>	<b>5.9736%</b>	<b>9.4919%</b>	<b>5.9736%</b>	<b>10.2093%</b>

Sebring Gas System, Inc.  
Schedule 4 Worksheet - Capital Structure  
06/30/23

13 Month Average	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Average Per Books
Long-term Debt	873,500	861,000	848,500	823,500	823,500	811,000	798,500	0	0	0	0	0	0	449,192
Short-term Debt	564,703	541,828	531,828	533,703	483,703	493,703	488,141	1,378,002	1,350,502	1,369,270	1,355,733	1,252,233	1,239,733	891,006
Preferred Stock	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Customer Deposits	196,269	198,569	198,869	198,519	198,619	198,969	199,219	202,169	202,019	200,569	200,919	201,169	200,719	199,738
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	654,880	654,880	654,880	654,880	654,880	654,880	654,880	654,880	654,880	654,880	654,880	654,880	654,880	654,880
Current Year Profit (Loss)	145,934	177,518	233,104	259,281	198,276	288,573	252,945	50,212	104,559	106,368	151,105	188,060	1,849,008	308,071
Retained Earnings (Deficit)	1,868,563	1,868,563	1,868,563	1,868,563	1,868,563	1,868,563	1,868,563	2,110,053	2,110,053	2,110,053	2,110,053	2,110,053	2,110,053	1,980,020
Common Equity	2,671,177	2,702,761	2,759,347	2,784,504	2,723,519	2,813,816	2,778,188	2,816,945	2,871,292	2,873,100	2,917,838	2,954,792	4,615,741	2,944,771
Deferred Income Taxes	376,280	376,280	376,280	376,280	376,280	376,280	376,280	381,526	381,526	381,526	381,526	381,526	377,123	376,363
Tax Crs-zero Cst	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	4,681,929	4,680,440	4,713,824	4,716,506	4,605,621	4,693,768	4,640,328	4,778,641	4,805,338	4,824,465	4,856,016	4,789,720	6,433,316	4,863,070

Sebring Gas System, Inc.  
 Schedule 4 Worksheet - Average Interest Rates  
 06/30/23

13 Month Average	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Average Per Books
SBA Disaster Relief Loan	37,987	37,987	27,987	27,987	27,987	37,987	28,537	28,537	13,537	13,537	-	-	-	21,697.58
SBA Disaster Rate	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Book Interest	-	-	-	-	-	-	549	-	-	-	624.98	-	-	1,173.98
SBA PPP Loan	87,875	-	-	-	-	-	-	-	-	-	-	-	-	6,760.00
SBA PPP Loan Rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	-
Book Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-
HNB Credit Line	288,841	353,841	353,841	355,716	305,716	305,716	309,604	413,465	413,465	366,233	366,233	366,233	366,233	351,164
Interest Rate	5.00%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.75%	7.75%	8.00%	8.00%	8.00%	6.91%
Book Interest	-	1268	-	1875	-	1,980	3888	3,861.45	3,110	2,768	-	5,519	8,00%	24,268.90
Ford Credit 289 Balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ford Credit 289 Interest Rate	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	#DIV/0!
Book Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	0
Heartland National Balance#224.13	1,023,500	1,011,000	998,500	973,500	973,500	961,000	948,500	936,000	923,500	989,500	989,500	886,000	873,500	960,577
Heartland National #224.13 Interest R	5.00%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.75%	7.75%	8.00%	8.00%	8.00%	7.20%
Book Interest	4,447	4,480	5,007	5,146	5,460	5,649	6,287	6,569	6,434	5,743	6,273	5,979	6,087	69,124
Note Payable Ally 69841 Balance	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-	-	-	-	-	-	-
Ally 69841 Interest Rate	-	-	-	-	-	-	-	-	-	-	-	-	-	#DIV/0!
Book Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	0
Notes Payable Ally 65377	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ally 65377 Interest Rate	-	-	-	-	-	-	-	-	-	-	-	-	-	#DIV/0!
Book Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	0
Total Debt	1,438,203	1,402,828	1,380,328	1,357,203	1,307,203	1,304,703	1,286,641	1,378,002	1,350,502	1,369,270	1,355,733	1,252,233	1,239,733	1,340,199
	3.76%	3.77%	5.35%	6.29%	4.92%	7.11%	9.81%	8.91%	9.21%	7.32%	6.19%	10.81%	5.97%	7.06%
	4,447	4,490	6,275	7,021	5,460	7,629	10,724	10,430	9,544	8,511	6,898	11,498	6,087	94,567
Long-term Portion	873,500	861,000	848,500	823,500	823,500	811,000	798,500	0	0	0	0	0	0	449,192
	3.76%	3.77%	5.35%	6.29%	4.92%	7.11%	9.81%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	5.72%
	2,701	2,756	3,857	4,260	3,440	4,742	6,655	0	0	0	0	0	0	25,710
Short-term Portion	564,703	541,828	531,828	533,703	483,703	493,703	488,141	1,378,002	1,350,502	1,369,270	1,355,733	1,252,233	1,239,733	891,006
	3.76%	3.77%	5.35%	6.29%	4.92%	7.11%	9.81%	8.91%	9.21%	7.32%	6.19%	10.81%	5.97%	7.73%
	1,746	1,734	2,418	2,761	2,020	2,887	4,069	10,430	9,544	8,511	6,898	11,498	6,087	68,856
Customer Deposits	24,530	24,830	25,130	25,080	25,180	25,530	25,780	25,730	25,580	25,830	25,580	25,630	25,480	25,376
Residential	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.01%	2.01%
	37	41	42	42	42	43	43	43	43	43	43	43	42	509
Commercial	171,739	173,739	173,739	173,439	173,439	173,439	173,439	176,439	176,439	174,739	175,339	175,539	175,239	174,362
	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
	385	434	434	434	434	434	434	441	441	437	438	439	438	5,237
Total	196,269	198,569	198,869	198,519	198,619	198,969	199,219	202,169	202,019	200,569	200,919	201,169	200,719	199,738
	2.58%	2.87%	2.87%	2.87%	2.87%	2.87%	2.87%	2.87%	2.87%	2.87%	2.87%	2.87%	2.87%	2.88%
	421	476	476	475	476	476	477	484	484	480	481	482	481	5,746

**SEBRING GAS SYSTEM, INC.**  
**EARNED RETURN ON COMMON EQUITY**  
**FPSC ADJUSTED BASIS**  
**June 2023**

SCHEDULE 5

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

FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	6.57%	(Schedule 1)
LESS: RECONCILED AVERAGE JURISDICTIONAL		
WEIGHTED COST RATES FOR:		
LONG TERM DEBT	0.53%	
SHORT TERM DEBT	1.42%	
PREFERRED STOCK	0.00%	
CUSTOMER DEPOSITS	0.12%	
TAX CREDITS-WEIGHTED COST(MIDPOINT)	0.00%	
SUBTOTAL	2.06%	
 TOTAL	 4.51%	
 DIVIDED BY RECONCILED COMMON EQUITY RATIO	 60.55%	
 JURISDICTIONAL RETURN ON COMMON EQUITY	 7.44%	

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

NET OPERATING REVENUE EXCLUDING FLEX RATE REVENUES	\$ 304,809	(Schedule 2, p. 2 of 2)
 RATE BASE EXCLUDING FLEX RATE REVENUES	 \$ 4,639,162	 (Schedule 2, p. 1 of 2)
 FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	 6.5703%	
LESS: RECONCILED AVERAGE JURISDICTIONAL		
WEIGHTED COST RATES FOR:		
LONG TERM DEBT	0.53%	
SHORT TERM DEBT	1.42%	
PREFERRED STOCK	0.00%	
CUSTOMER DEPOSITS	0.12%	
TAX CREDITS-WEIGHTED COST(MIDPOINT)	0.00%	
SUBTOTAL	2.06%	
 TOTAL	 4.51%	
 DIVIDED BY RECONCILED COMMON EQUITY RATIO	 60.55%	
 JURISDICTIONAL RETURN ON COMMON EQUITY	 7.44%	