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November 2, 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

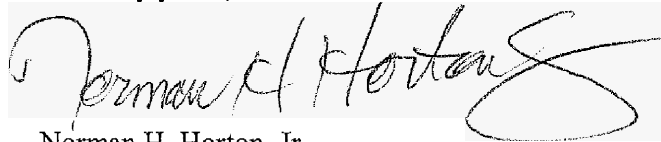
Dear Ms. Bayó:

Enclosed for filing on behalf of Sebring Gas System, Inc. is an original and fifteen copies of Sebring's Response to FPSC Staff's Auditor Report in the above referenced docket.

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.

NHH/amb
Enclosures

cc: Ralph Jaeger, Esq.
Mr. Jerry Melendy

DOCUMENT NUMBER-DATE

11805 NOV-2 3

Sebring Gas System, Inc.
Docket No. 040270-GU
Response to FPSC Staff Auditor's Report
October 29, 2004

Sebring Gas System, Inc. provides the following comments on the Commission's staff Audit Report (Control No. 04-215-3-1) dated October 4, 2004.

Audit Exception No. 1: The Company does not disagree with staff's recommendation.

Audit Exception No. 2: The Company does not disagree with staff's recommendation.

Audit Exception No. 3: The Company does not disagree with staff's recommendation. The rate case accounting expense (\$6,600) and rate case legal expense (\$3,611) should be adjusted out of 2003 expenses for trending purposes and incorporated into the Company's overall rate case expense.

Audit Exception No. 4: The Company does not disagree with staff's recommendation.

Audit Disclosure No. 1: The Company does not disagree with staff's disclosure.

Audit Disclosure No. 2: The Company does not take issue with the discussion in the Statement of Fact or with the numbers, which were taken from the books of the Company. The audit staff suggests that an adjustment may be warranted but there is no calculation or specific adjustment proposed. The Company would reserve the opportunity to address an adjustment if one is proposed.