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SEBRING GAS SYSTEM, INC.
SEBRING, FLORIDA
ANNUAL REPORT OF NATURAL GAS UTILITIES
FORM PSC/AFA 20
DECEMBER 31, 2004

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Practice Section

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Public Accountants

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Florida Institute
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Public Accountants

To the Board of Directors
Sebring Gas System, Inc.
Sebring, Florida

We have compiled the comparative balance sheet of Sebring Gas System, Inc. as of December 31, 2004, and the related statement of income, retained earnings, and cash flows for the year then ended included in the accompanying prescribed form in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

Our compilation was limited to presenting in the form by the Florida Public Service Commission information that is the representation of management. We have not audited or reviewed the financial statements referred to above and, accordingly, do not express an opinion or any other form of assurance on them.

The requirement of the Florida Public Service Commission for presenting information in the prescribed form differs from generally accepted accounting principles. Accordingly, these financial statements are not designed for those who are not informed about such differences.

BRIMMER, BUREK & KEELAN LLP

Brimmer, Burek & Keelan LLP

Certified Public Accountants

October 17, 2005

**ANNUAL REPORT OF
NATURAL GAS UTILITIES**

SEBRING GAS SYSTEMS, INC.

(EXACT NAME OF RESPONDENT)

Sebring, Florida

(ADDRESS OF RESPONDENT)

TO THE

FLORIDA PUBLIC SERVICE COMMISSION

FOR THE

YEAR ENDED December 31, 2004

Officer or other person to whom correspondence should be addressed concerning this report:

Name: Jerry H. Melendy, Jr.

Title: Vice President

Address: 3515 U.S. Highway 27 South

City: Sebring State: Florida

Telephone No.: (941)385-0194

PSC/AFA 20 (4/96)

**INSTRUCTIONS FOR FILING THE
ANNUAL REPORT OF NATURAL GAS UTILITIES**

GENERAL INSTRUCTIONS

- I. Prepare this report in conformity with the Uniform System of Accounts (18 CFR 201) (U.S. of A.). Interpret all accounting words and phrases in accordance with the U.S. of A.
- II. Enter in whole numbers (dollars or Mcf) only, except where otherwise noted. (Enter cents for averages and figures per unit where cents are important.) The truncating of cents is allowed except on the four basic financial statements where rounding to dollars is required. The amounts shown on all supporting pages must agree with the amounts entered on the statements that they support. When applying thresholds to determine significance for reporting purposes, use for balance sheet accounts the balances at the end of the current reporting year, and use for statement of income accounts the current year's amounts.
- III. Complete each question fully and accurately, even if it has been answered in a previous annual report. Enter the word "None" where it truly and completely states the fact.
- IV. For any page that is not applicable to the respondent, enter the words "Not Applicable" on the particular page.
- V. Provide a supplemental statement further explaining accounts or pages as necessary. Attach the supplemental statement to the page being supplemented on 8 1/2 by 11 inch paper. Provide the appropriate identification information on the supplemental page, including the title of the page and the page number. Do not change the page numbers.
- VI. Do not make references to reports of previous years or to other reports in lieu of required entries, except as specifically authorized.
- VII. Wherever schedule pages refer to figures from a previous year, the figures reported must be based upon those shown by the annual report of the previous year, or an appropriate explanation given as to why different figures were used.
- VIII. Report all gas volumes on a pressure base of 14.73 psia and a temperature base of 60° F.

DEFINITIONS

- I. Btu per cubic foot. The total heating value expressed in Btu, produced by the combustion, at constant pressure, of the amount of the gas which would occupy a volume of 1 cubic foot at a temperature of 60° F if saturated with water vapor and under a pressure equivalent to that of 30 inches of mercury at 32° F, and under standard gravitational force (980.665 cm per sec. ²) with air of the same temperature and pressure as the gas, when the products of combustion are cooled to the initial temperature of gas and air when the water formed by combustion is condensed to the liquid state. (Sometimes called gross heating value or total heating value.)
- II. Respondent - The person, corporation, licensee, agency, authority, or other legal entity or instrumentality in whose behalf the report is made.

ANNUAL REPORT OF NATURAL GAS UTILITIES

IDENTIFICATION

01 Exact Legal Name of Respondent Sebring Gas System, Inc.	02 Year of Report 12/31/04
03 Previous Name and Date of Change (if name changed during year) N/A	
04 Address of Principal Office at End of Year (Street, City, State, Zip Code) 3515 U.S. Highway 27 South, Sebring, Florida 33870-5452	
05 Name of Contact Person Jerry H. Melendy, Jr.	06 Title of Contact Person Vice President
07 Address of Contact Person (Street, City, State, Zip Code) 3515 U. S. Highway 27 South, Sebring, Florida 33870-5452	
08 Telephone of Contact Person, Including Area Code (863)385-0194	09 Date of Report (Mo, Da, Yr) #####

ATTESTATION

I certify that I am the responsible accounting officer of

Sebring Gas System, Inc.

that I have examined the following report; that to the best of my knowledge, information, and belief, all statements of fact contained in the said report are true and the said report is a correct statement of the business and affairs of the above-named respondent in respect to each and every matter set forth therein during the period from January 1, 2001 to December 31, 2001, inclusive.

I also certify that all affiliated transfer prices and affiliated cost allocations were determined consistent with the methods reported to this Commission on the appropriate forms included in this report.

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 and S. 775.083.

10/19/2005
Date


Signature

Jerry H. Melendy, Jr.
Name

Vice President
Title

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GENERAL INFORMATION

1. Provide name and title of officer having custody of the general corporate books of account and address of office where the general corporate books are kept, and address of office where any other corporate books of account are kept, if different from that where the general corporate books are kept.

Jerry H. Melendy, Jr., Vice President

3515 U.S. Highway 27 South, Sebring, FL 33870-5452

2. Provide the name of the State under the laws of which respondent is incorporated, and date of incorporation. If incorporated under a special law, give reference to such law. If not incorporated, state that fact and give the type of organization and the date organized.

Florida, December 24, 1991

3. If at any time during the year the property of respondent was held by a receiver or trustee, give (a) name of receiver or trustee, (b) date such receiver or trustee took possession, (c) the authority by which the receivership or trusteeship was created, and (d) date when possession by receiver or trustee ceased.

Not Applicable

4. State the type of utility and nonutility services furnished by respondent during the year in each State in which the respondent operated.

Natural Gas Utility - State of Florida

5. Have you engaged as the principal accountant to audit your financial statements an accountant who is not the principal accountant for your previous year's certified financial statements?

(1) YES ...Enter the date when such independent accountant was initially engaged: _____

(2) NO

Management does not issue audited financial statements. The accountant is the same as last year.

CONTROL OVER RESPONDENT

1. If any corporation, business trust, or similar organization or combination of such organizations jointly held control over the respondent at end of year, state name of controlling corporation or organization, manner in which control was held, and extent of control. If control was in a holding company organization, show the chain of ownership or control to the main parent company or organization. If control was held by a trustee (s), state name of

trustee (s), name of beneficiary or beneficiaries for whom trust was maintained, and purpose of the trust.

2. If the above required information is available from the SEC 10K Report Form filing, a specific reference to the report form (i.e. year and company title) may be listed provided the fiscal years for both the 10-K report and this report are compatible.

Not Applicable

CORPORATIONS CONTROLLED BY RESPONDENT

1. Report below the names of all corporations, business trusts, and similar organizations, controlled directly or indirectly by respondent at any time during the year. If control ceased prior to end of year, give particulars (details) in a footnote.
 2. If control was by other means than a direct holding of voting rights, state in a footnote the manner in which control was held, naming any intermediaries involved.

3. If control was held jointly with one or more other interests, state the fact in a footnote and name the other interests.
 4. If the above required information is available from the SEC 10-K Report Form filing, a specific reference to the report form (i.e. year and company title) may be listed in column (a) provided the fiscal years for both the 10-K report and this report are compatible.

DEFINITIONS

1. See the Uniform System of Accounts for a definition of control.
 2. Direct control is that which is exercised without interposition of an intermediary.
 3. Indirect control is that which is exercised by the interposition of an intermediary which exercises direct control.
 4. Joint control is that in which neither interest can effectively

control or direct action without the consent of the other, as where the voting control is equally divided between two holders, or each party holds a veto power over the other. Joint control may exist by mutual agreement or understanding between two or more parties who together have control within the meaning of the definition of control in the Uniform System of Accounts, regardless of the relative voting rights of each party.

Name of Company Controlled (a)	Kind of Business (b)	Percent Voting Stock Owned (c)	Footnote Ref. (d)
Not Applicable			

OFFICERS

1. Report below the name, title and salary for each executive officer whose salary is \$50,000 or more. An "executive officer" of a respondent includes its president, secretary, treasurer, and vice president in charge of a principal business unit, division or function (such as sales, administration or finance), and any other person who performs similar policymaking functions.

any position, show name and total remuneration of the previous incumbent, and date the change in incumbency was made.
 3. Utilities which are required to file the same data with the Securities and Exchange Commission, may substitute a copy of item 4 of Regulation S-K (identified as this page). The substituted page(s) should be the same size as this page.

2. If a change was made during the year in the incumbent of

Line No.	Title (a)	Name of Officer (b)	Salary for Year (c)
1	Not Applicable		
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DIRECTORS

1. Report below the information called for concerning each director of the respondent who held office at any time during the year. Include in column (a) abbreviated titles of the directors who are officers of the respondent.

2. Designate members of the Executive Committee by an asterisk and the Chairman of the Executive Committee by a double asterisk.

Name (and Title) of Director (a)	Principal Business Address (b)	No. of Directors Meetings During Yr. (c)	Fees During Year (d)
Jerry H. Melendy, Sr., President	231 West Main Street, Wauchula, Fl	1	0
Jerry H. Melendy, Jr., Vice President	3515 U.S. Highway 27 South, Sebring, Fl	1	0
Kathryn C. Melendy, Secretary/Treasurer	231 West Main Street, Wauchula, Fl	1	0

SECURITY HOLDERS AND VOTING POWERS

1. Give the names and addresses of the 10 security holders of the respondents who, at the date of the latest closing of the stock book or compilation of the list of stockholders of the respondent, prior to the end of the year, had the highest voting powers in the respondent, and state the number of votes which each would have had the right to cast on that date if a meeting were in order. If any such holder held in trust, give in a footnote the known particulars of the trust (whether voting trust, etc.) duration of the trust, and principal holders of beneficiary interests in the trust. If the stock book was not closed or a list of stockholders was not compiled within one year prior to the end of the year, or if since the previous compilation of a list of stockholders, some other class of security has become vested with voting rights, then show such 10 security holders as of the close of the year. Arrange the names of the security holders in the order of voting power, commencing with the highest. Show in column (a) the titles of officers and directors included in such list of 10 security holders.

2. If any security other than stock carries voting rights, explain in a supplemental statement of circumstances whereby such security became vested with voting rights and

give other important particulars (details) concerning the voting rights of such security. State whether voting rights are actual or contingent: if contingent, describe the contingency.

3. If any class or issue of security has any special privileges in the election of directors, trustees or managers, or in the determination of corporate action by any method, explain briefly in a footnote.

4. Furnish particulars (details) concerning any options, warrants, or rights outstanding at the end of the year for others to purchase securities of the respondent or any securities or other assets owned by the respondent, including prices, expiration dates, and other material information relating to exercise of the options, warrants, or rights. Specify the amount of such securities or assets so entitled to be purchased by any officer, director, associated company, or any of the ten largest security holders. This instruction is inapplicable to convertible securities or to any securities substantially all of which are outstanding in the hands of the general public where the options, warrants or rights were issued on a prorata basis.

1. Give date of the latest closing of the stock book prior to the end year, and state the purpose of such closing:
Not Applicable

2. State the total number of votes cast at the latest general meeting prior to the end of year for the election of directors of the respondents and number of such votes cast by proxy.

Total: Not Applicable
By Proxy: Not Applicable

3. Give the date and place of such meeting:
Not Applicable

VOTING SECURITIES
Number of votes as of (date):

Line No.	Name (Title) and Address of Security Holder (a)	Total Votes (b)	Common Stock (c)	Preferred Stock (d)	Other (e)
4	TOTAL votes of all voting securities	180	180		
5	TOTAL number of security holders	10	10		
6	TOTAL votes of security holders listed below	180	180		
7	J. H. Melendy (President), Wauchula, Florida	70	70		
8	K. C. Melendy (Sec/Treas), Wauchula, Florida	70	70		
9	J. H. Melendy, Jr. (Vice Pres), Sebring, Florida	13	13		
10	S. M. Judah, Wauchula, Florida	11	11		
11	L. M. Coleman, Wauchula, Florida	11	11		
12	M. S. Judah, Wauchula, Florida	1	1		
13	M. J. Melendy, Sebring, Florida	1	1		
14	C. M. Judah, Wauchula, Florida	1	1		
15	A. S. Judah, Wauchula, Florida	1	1		
16	R. A. Melendy, Sebring, Florida	1	1		
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IMPORTANT CHANGES DURING THE YEAR

Give particulars (details) concerning the matters indicated below. Make the statements explicit and precise, and number them in accordance with the inquires. Each inquiry should be answered. Enter "none" "not applicable," or "NA" where applicable. If information which answers an inquiry is given elsewhere in the report, make a reference to the schedule in which it appears.

- 1. Changes in and important information to franchise rights: Describe the actual consideration given therefore and state from whom the franchise rights were acquired. If acquired without the payment of consideration, state that fact.
- 2. Acquisition of ownership in other companies by reorganization, merger, or consolidation with other companies: Give name of companies involved, particulars concerning the transactions, name of the Commission authorizing the transaction, and reference to Commission authorization.
- 3. Purchase or sale of an operating unit or system: Give brief description of the property, and of the transactions relating thereto, and reference to Commission authorization, if any was required. Give date journal entries called for by the Uniform System of Accounts were submitted to the Commission.
- 4. Important leaseholds (other than leaseholds for natural gas lands) that have been acquired or given, assigned or surrendered: Give effective dates, lengths of terms, names of parties, rents, and other conditions. State name of Commission authorizing lease and give reference to such authorization.
- 5. Important extension or reduction of transmission or distribution system: State territory added or relinquished and date operations began or ceased give reference to Commission authorization, if any was required. State also the approximate number of customers added or lost and approximate annual revenues of each class of service. Each natural gas company must also state major new continuing sources of gas made available to it from purchases,

development, purchase contract or otherwise, giving location and approximate total gas volumes available, period of contracts, and other parties to any such arrangements etc.

- 6. Obligations incurred or assumed by respondent as guarantor for the performance by another of any agreement or obligation, including ordinary commercial paper maturing on demand or not later than one year after date of issue: State on behalf of whom the obligation was assumed and amount of the obligation. Give reference to Commission authorization if any was required.
- 7. Changes in articles of incorporation or amendments to charter: Explain the nature and purpose of such changes or amendments.
- 8. State the estimated annual effect and nature of any important wage scale changes during the year.
- 9. State briefly the status of any materially important legal proceedings pending at the end of the year, and the results of any such proceedings culminated during the year.
- 10. State briefly the status of any materially important transactions of the respondent not disclosed elsewhere in this report in which an officer, director, security holder reported on page 8, voting trustee, associated company or known associate of any of these persons was a party or in which any such person had a material interest.
- 11. Estimate increase or decrease in annual revenues due to important rate changes: State effective rate and approximate amount of increase or decrease from each revenue classification. State the number of customers affected.
- 12. If the important changes during the year relating to the respondent company appearing in the annual report to stockholders are applicable in every respect and furnish the data required by instruction 1 to 11 above, such notes may be attached to this page.

Not Applicable

December 31, 2004

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
1	UTILITY PLANT			
2	Utility Plant (101-106, 114) (Page 24)	20-21	\$ 2,070,599	\$ 2,088,805
3	Construction Work in Progress (107)	20-21		
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		2,070,599	2,088,805
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 111, 115)) (Page 27)	20-21	1,342,656	1,062,254
6	Net Utility Plant (Enter Total of line 4 less 5)		727,943	1,026,551
7	Utility Plant Adjustments (116)	19		
8	Gas Stored (117.1, 117.2, 117.3, 117.4)	-		
9	OTHER PROPERTY AND INVESTMENTS			
10	Nonutility Property (121)	-		
11	(Less) Accum. Prov. for Depr. and Amort. (122)	-		
12	Investments in Associated Companies (123)	-		
13	Investment in Subsidiary Companies (123.1)	-		
14	Other Investments (124)	-		
15	Special Funds (125-128)	-		
16	TOTAL Other Property and Investments (Total of lines 10 through 15)		-	-
17	CURRENT AND ACCRUED ASSETS			
18	Cash (131)	-	4,590	4,625
19	Special Deposits (132-134)	-		
20	Working Funds (135)	-		
21	Temporary Cash Investments (136)	-		
22	Notes Receivable (141)	-		
23	Customer Accounts Receivable (142)	-	84,755	101,413
24	Other Accounts Receivable (143)	-		
25	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)	-		
26	Notes Receivable from Associated Companies (145)	-		
27	Accounts Receivable from Assoc. Companies (146)	-		
28	Fuel Stock (151)	-		
29	Fuel Stock Expense Undistributed (152)	-		
30	Residuals (Elec) and Extracted Products (Gas) (153)	-		
31	Plant Material and Operating Supplies (154)	-	32,890	33,943
32	Merchandise (155)	-		
33	Other Material and Supplies (156)	-		
34	Stores Expenses Undistributed (163)	-		
35	Gas Stored Undgrd. & Liq. Nat. Gas Stored (164.1-164.3)	-		
36	Prepayments (165)	32		
37	Advances for Gas (166-167)	-		
38	Interest and Dividends Receivable (171)	-		
39	Rents Receivable (172)	-		
40	Accrued Utility Revenues (173)	-		
41	Miscellaneous Current and Accrued Assets (174)	-		
42	TOTAL Current and Accrued Assets (Enter Total of lines 18 through 41)		122,235	139,981
43	DEFERRED DEBITS			
44	Unamortized Debt Expense (181)	-		
45	Extraordinary Property Losses (182.1)	32		
46	Unrecovered Plant and Regulatory Study Costs (182.2)	32		
47	Other Regulatory Assets (182.3)	33		
48	Prelim. Survey and Investigation Charges (Gas) (183.1, 183.2)	-		
49	Clearing Accounts (184)	-	-	-
50	Temporary Facilities (185)	-		
51	Miscellaneous Deferred Debits (186)	34	-	68,743
52	Def. Losses from Disposition of Utility Plant. (187)	-		
53	Research, Devel. and Demonstration Expend. (188)	-		
54	Unamortized Loss on Reacquired Debt (189)	-		
55	Accumulated Deferred Income Taxes (190)	35		
56	Unrecovered Purchased Gas Costs (191)	-	58,894	-
57	TOTAL Deferred Debits (Enter Total of lines 44 through 56)		58,894	68,743
58	TOTAL Assets and other Debits (Enter Total of lines 6, 7, 8, 16, 42, 57)		\$ 909,072	\$ 1,235,275

Please read accountants' compilation report.

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
1	PROPRIETARY CAPITAL			
2	Common Stock (201, 202, 203, 205, 206, 207)	-	\$ 1,800	\$ 1,800
3	Preferred Stock Issued (204)	-		
4	Other Paid-In Capital (208-211) & Accounts 212, 213, 214	-	563,327	859,880
5	Retained Earnings (215, 215.1, 216)	15-16	(586,067)	(299,088)
6	Unappropriated Undistributed Subsidiary Earnings (216.1)	15-16		
7	(Less) Reacquired Capital Stock (217)	-		
8	TOTAL Proprietary Capital (Enter Total of lines 2 through 7)		(20,940)	562,592
9	LONG-TERM DEBT			
10	Bonds (221)	37		
11	(Less) Reacquired Bonds (222)	37		
12	Advances from Associated Companies (223)	37		
13	Other Long-Term Debt (224)	37	458,972	436,077
14	Unamortized Premium on Long-Term Debt (225)	38		
15	(Less) Unamortized Discount on Long-Term Debt-Dr. (226)	38		
16	TOTAL Long-Term Debt (Enter Total of lines 10 through 15)		458,972	436,077
17	OTHER NONCURRENT LIABILITIES			
18	Obligations Under Capital Leases - Noncurrent (227)	-		
19	Accumulated Provision for Property Insurance (228.1)	-		
20	Accumulated Provision for Injuries and Damages (228.2)	-		
21	Accumulated Provision for Pensions and Benefits (228.3)	-		
22	Accumulated Miscellaneous Operating Provisions (228.4)	-		
23	Accumulated Provision for Rate Refunds (229)	-		
24	TOTAL Other Noncurrent Liabilities (Enter Total of lines 18 through 23)		-	-
25	CURRENT AND ACCRUED LIABILITIES			
26	Notes Payable (231)	-	-	-
27	Accounts Payable (232)	-	85,753	137,852
28	Notes Payable to Associated Companies (233)	-		
29	Accounts Payable to Associated Companies (234)	-	296,553	0
30	Customer Deposits (235)	-	55,865	59,415
31	Taxes Accrued (236)	41	7,619	7,294
32	Interest Accrued (237)	-	3,264	3,809
33	Dividends Declared (238)	-		
34	Matured Long-Term Debt (239)	-		
35	Matured Interest (240)	-		
36	Tax Collections Payable (241)	-	5,730	12,623
37	Miscellaneous Current and Accrued Liabilities (242)	43	-	-
38	Obligations Under Capital Leases-Current (243)	-		
39				
40	TOTAL Current and Accrued Liabilities (Enter Total of lines 26 through 39)		454,784	220,993
41	DEFERRED CREDITS			
42	Customer Advances for Construction (252)	-	16,256	15,613
43	Other Deferred Credits (253)	43		
44	Other Regulatory Liabilities (254)	45		
45	Accumulated Deferred Investment Tax Credits (255)	42		
46	Deferred Gains from Disposition of Utility Plant (256)	-		
47	Unamortized Gain on Reacquired Debt (257)	39		
48	Accumulated Deferred Income Taxes (281-283)	44	-	-
49	TOTAL Deferred Credits (Enter Total of lines 42 through 48)		16,256	15,613
50				
51	TOTAL Liabilities and Other Credits (Enter Total of lines 8, 16, 24, 40 and 49)		\$ 909,072	\$ 1,235,275
52				

Please read accountants' compilation report.

December 31, 2004

STATEMENT OF INCOME

1. Report amounts for Accounts 412 and 413, Revenue and Expenses from Utility Plant Leased to Others, in another utility column (i,k,m,o) in a similar manner to a utility department.

Spread the amount (s) over lines 01 through 24 as appropriate. Include these amounts in columns (c) and (d) totals.

2. Report amounts in Account 414, Other Utility Operating Income, in the same manner as Accounts 412 and 413 above.

3. Report data for lines 7,9,10 for Natural Gas companies using accounts 404.1, 404.2, 404.3, 407.1 and 407.2.

4. Use page 19 for important notes regarding the statement of income or any account thereof.

5. Give concise explanations on page 19 concerning

unsettled rate proceedings where a contingency exists such that refunds of a material amount may need to be made to the utility's customers or which may result in a material refund to the utility with respect to power or gas purchases. State for each year affected the gross revenues or costs to which the contingency relates and the tax effects together with an explanation of the major factors which affect the rights of the utility to retain such revenues or recover amounts paid with respect to power and gas purchases.

6. Give concise explanations on page 19 concerning significant amounts of any refunds made or received during the year resulting from settlement of any rate proceeding affecting

Line No.	Account (a)	Ref. Page No. (b)	Total Current Year (c)	Total Previous Year (d)
1	UTILITY OPERATING INCOME			
2	Operating Revenues (400)	46-47	\$ 578,257	\$ 663,875
3	Operating Expenses			
4	Operation Expenses (401)	49-51	519,592	597,267
5	Maintenance Expenses (402)	49-51	42,499	45,948
6	Depreciation Expense (403)	55	54,078	54,018
7	Amort. & Depl. of Utility Plant (404-405)	55	4,400	4,800
8	Amort. of Utility Plant Acq. Adj. (406)	59		
9	Amort. of Property Losses, Unrecovered Plant and Regulatory Study Costs (407.1)	-		
10	Amort. of Conversion Expenses (407.2)	-		
11	Regulatory Debits (407.3)	-		
12	(Less) Regulatory Credits (407.4)	-		
13	Taxes Other Than Income Taxes (408.1)	41	9,547	8,410
14	Income Taxes - Federal (409.1)	41	-	-
15	- Other (409.1)	41	-	-
16	Provision for Deferred Inc. Taxes (410.1)	35, 44	-	-
17	(Less) Provision for Deferred Income Taxes - Cr.(411.1)	35, 44	-	-
18	Investment Tax Credit Adj. - Net (411.4)	42	-	-
19	(Less) Gains from Disp. of Utility Plant (411.6)	-		
20	Losses from Disp. of Utility Plant (411.7)	-		
21	(Less) Gains from Disposition of Allowances (411.8)	-		
22	Losses from Disposition of Allowances (411.9)	-		
23	TOTAL Utility Operating Expenses (Total of lines 4 -22)		630,116	710,443
24	Net Utility Operating Income (Total of line 2 less 23) (Carry forward to page 14, line 25)		\$ (51,859)	\$ (46,568)

Please read accountants' compilation report.

STATEMENT OF INCOME (Continued)

revenues received or costs incurred for power or gas purchases, and a summary of the adjustments made to balance sheet, income, and expense accounts.

7. If any notes appearing in the report to stockholders are applicable to this Statement of Income, such notes may be attached at page 19.

8. Enter on page 19 a concise explanation of only those changes in accounting methods made during the year which had an effect on net income, including the basis of

allocations and apportionments from those used in the preceding year. Also give the approximate dollar effect of such changes.

9. Explain in a footnote if the previous year's figures are different from that reported in prior reports.

10. If the columns are insufficient for reporting additional utility departments, supply the appropriate account titles, lines 2 to 22, and report the information in the blank space on page 19 or in a supplemental statement.

ELECTRIC UTILITY		GAS UTILITY		OTHER UTILITY - WATER		Line No.
Current Year (e)	Previous Year (f)	Current Year (g)	Previous Year (h)	Current Year (i)	Previous Year (j)	
		\$578,257	\$663,875			1
						2
		519,592	597,267			3
		42,499	45,948			4
		54,078	54,018			5
		4,400	4,800			6
						7
						8
						9
						10
						11
						12
		9,547	8,410			13
						14
		-	-			15
						16
						17
						18
						19
						20
						21
						22
		630,116	710,443			23
		(\$51,859)	(\$46,568)			24

Please read accountants' compilation report.

December 31, 2004

STATEMENT OF INCOME (Continued)

Line No.	Account (a)	Ref. Page No. (b)	TOTAL	
			Current Year (c)	Previous Year (d)
25	Net Utility Operating Income (Carried forward from page 12)		(\$51,859)	(\$46,568)
26	Other Income and Deductions			
27	Other Income			
28	Nonutility Operating Income			
29	Revenues From Merchandising, Jobbing and Contract Work (415)	-	10,992	14,495
	(Less) Costs and Exp. of Merchandising, Job & Contract Work (416)	-	(1,955)	(1,843)
31	Revenues From Nonutility Operations (417)	-		
32	(Less) Expenses of Nonutility Operations (417.1)	-		
33	Nonoperating Rental Income (418)	-		
34	Equity in Earnings of Subsidiary Companies (418.1)	15-16		
35	Interest and Dividend Income (419)	-		
36	Allowance for Other Funds Used During Construction (419.1)	-		
37	Miscellaneous Nonoperating Income (421)	-	6,710	5,772
38	Gain on Disposition of Property (421.1)	-	-	-
39	TOTAL Other Income (Enter Total of lines 29 through 38)		15,747	18,424
40	Other Income Deductions			
41	Loss on Disposition of Property (421.2)	-	0	0
42	Miscellaneous Amortization (425)	60		
43	Miscellaneous Income Deductions (426.1-426.5)	60	(35)	(23)
44	TOTAL Other Income Deductions (Total of lines 41 through 43)		(35)	(23)
45	Taxes Applic. to Other Income and Deductions			
46	Taxes Other Than Income Taxes (408.2)	41		
47	Income Taxes - Federal (409.2)	41		
48	Income Taxes - Other (409.2)	41		
49	Provision for Deferred Income Taxes (410.2)	35, 44		
50	(Less) Provision for Deferred Income Taxes - Cr. (411.2)	35, 44		
51	Investment Tax Credit Adj.- Net (411.5)	-		
52	(Less) Investment Tax Credits (420)	-		
53	TOTAL Taxes on Other Inc. and Ded. (Enter Total of 46 through 52)		-	-
54	Net Other Income and Deductions (Enter Total of lines 39,44,53)		15,712	18,401
55	Interest Charges			
56	Interest on Long-Term Debt (427)	-	(24,446)	(24,904)
57	Amortization of Debt Disc. and Expense (428)	38		
58	Amortization of Loss on Reacquired Debt (428.1)	-		
59	(Less) Amort. of Premium on Debt - Credit (429)	38		
60	(Less) Amortization of Gain on Reacquired Debt - Credit (429.1)	-		
61	Interest on Debt to Assoc. Companies (430)	60		
62	Other Interest Expense (431)	60	(4,081)	(3,269)
63	(Less) Allow. for Borrowed Funds Used During Const. - Cr. (432)	-		
64	Net Interest Charges (Total of lines 56 through 63)		(28,527)	(28,173)
65	Income Before Extraordinary Items (Enter Total of lines 25, 54 and 64)		(64,674)	(56,340)
66	Extraordinary Items			
67	Extraordinary Income (434)	-		
68	(Less) Extraordinary Deductions (435)	-		
69	Net Extraordinary Items (Enter Total of line 67 less line 68)		-	-
70	Income Taxes - Federal and Other (409.3)	41		
71	Extraordinary Items After Taxes (Enter Total of line 69 less line 70)		-	-
72	Net Income (Enter Total of lines 65 and 71)		(\$64,674)	(\$56,340)

Please read accountants' compilation report.

December 31, 2004

STATEMENT OF RETAINED EARNINGS

1. Report all changes in appropriate retained earnings, unappropriated retained earnings, and unappropriated undistributed subsidiary earnings for the year.

2. Each credit and debit during the year should be identified as to the retained earnings account in which recorded (Accounts 433, 436-439 inclusive). Show the contra primary account affected in column (b).

3. State the purpose and amount for each reservation or appropriation of retained earnings.

4. List first Account 439, Adjustments to Retained Earnings, reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit items, in that order.

5. Show dividends for each class and series of capital stock.

6. Show separately the state and federal income tax effect of items shown in account 439, Adjustments to Retained Earnings.

7. Explain in a footnote the basis for determining the amount reserved or appropriated. If such reservations or appropriation is to be recurrent, state the number and annual amounts to be reserved or appropriated as well as the totals eventually to be accumulated.

8. If any notes appearing in the report to stockholders are applicable to this statement attach them at page 19.

Line No.	Item (a)	Contra Primary Account Affected (b)	Amount (c)
UNAPPROPRIATED RETAINED EARNINGS (Account 216)			
1	Balance - Beginning of Year		\$ (586,067)
2	Changes (Identify by prescribed retained earnings accounts)		
3	Adjustments to Retained Earnings (Account 439):		
4	Credit: Prior Year adjustment		14
5	Credit: Rounding		1
6	Credit: Public Service Commission		27,905
7	Credit: Public Service Commission		313,996
8	Credit: Public Service Commission		19,525
9	TOTAL Credits to Retained Earnings (Account 439) (Enter Total of lines 4 through 8)		361,441
10	Debit: Public Service Commission		(9,788)
11	Debit:		
12	Debit:		
13	Debit:		
14	Debit:		
15	TOTAL Debits to Retained Earnings (Account 439) (Enter Total of lines 10 through 14)		(9,788)
16	Balance Transferred from Income (Account 433 less Account 418.1)		(\$64,674)
17	Appropriations of Retained Earnings (Account 436)		
18			
19			
20			
21	TOTAL Appropriations of Retained Earnings (Account 436)		
22	(Enter Total of lines 18 through 20)		-
23	Dividends Declared - Preferred Stock (Account 437)		
24			
25			
26			
27			
28	TOTAL Dividends Declared - Preferred Stock (Account 437)		
29	(Enter Total of lines 24 through 27)		-
30	Dividends Declared - Common Stock (Account 438)		
31			
32			
33			
34			
35	TOTAL Dividends Declared - Common Stock (Account 438)		-
36	(Enter Total of lines 31 through 34)		
37	Transfers from Acct. 216.1, Unappropriated Undistributed Subsidiary Earnings		
38	Balance - End of Year (Enter Total of lines 01, 09, 15, 16, 22, 29, 36 and 37)		\$ (299,088)

Please read accountants' compilation report.

STATEMENT OF RETAINED EARNINGS (Continued)

Line No.	Item (a)	Amount (b)
	<p>APPROPRIATED RETAINED EARNINGS (Account 215)</p> <p>State balance and purpose of each appropriated retained earnings amount at end of year and give accounting entries for any applications of appropriated retained earnings during the year.</p>	
39		
40		
41		
42		
43		
44		
45	TOTAL Appropriated Retained Earnings (Account 215)	-
	<p>APPROPRIATED RETAINED EARNINGS - Amortization , Reserve, Federal (Account 215.1)</p> <p>State below the total amount set aside through appropriations of retained earnings, as of the end of the year, in compliance with the provisions of Federally granted hydroelectric project licenses held by the respondent. If any reductions or changes other than the normal annual credits hereto have been made during the year, explain such items in a footnote.</p>	
46	TOTAL Appropriated Retained Earnings - Amortization Reserve, Federal (Account 215.1)	
47	TOTAL Appropriated Retained Earnings (Accounts 215, 215.1)(Enter Total of lines 45 & 46)	-
48	TOTAL Retained Earnings (Account 215, 215.1, 216)(Enter Total of lines 38 and 47)	\$ (299,088)
	<p>UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS (Account 216.1)</p>	
49	Balance - Beginning of Year (Debit or Credit)	-
50	Equity in Earnings for Year (Credit) (Account 418.1)	
51	(Less) Dividends Received (Debit)	
52	Other Changes (Explain)	
53	Balance - End of year	-

December 31, 2004

STATEMENT OF CASH FLOWS

1. If the notes to the cash flow statement in the respondent's annual stockholders report are applicable to this statement, such notes should be attached to page 19. Information about noncash investing and financing activities should be provided on page 19. Provide also on page 19 a reconciliation between "Cash and Cash Equivalents at end of Year" with related amounts on the balance sheet.

3. Operating Activities - Other: include gains and losses pertaining to operating activities only. Gains and losses pertaining to investing and financing activities should be reported in those activities. Show on page 19 the amounts of interest paid (net of amounts capitalized) and income taxes paid.

2. Under "Other" specify significant amounts and group others.

Line No.	DESCRIPTION (See Instructions for Explanation of Codes) (a)	Amounts (b)
1	Net Cash Flow From Operating Activities:	
2	Net Income (Line 72(c) on page 14)	(\$64,674)
3	Non-Cash Charges (Credits) to Income:	
4	Depreciation and Depletion	54,078
5	Amortization of (Specify)	4,400
6		
7		
8	Deferred Income Taxes (Net)	-
9	Investment Tax Credit Adjustments (Net)	
10	Net (Increase) Decreases in Receivables	(16,658)
11	Net (Increase) Decreases in Inventory	(1,053)
12	Net (Increase) Decreases in Allowances Inventory	
13	Net (Decrease) Increase in Payables and Accrued Expenses	62,132
14	Net (Increase) Decreases in Other Regulatory Assets	(9,849)
15	Net (Decrease) Increase in Other Regulatory Liabilities	
16	(Less) Allowance for Other Funds Used During Construction	
17	(Less) Undistributed Earnings from Subsidiary Companies	
18	Other:	
19	Net (Increase) Decrease in Prepaid Expenses	-
20	(Gain) Loss on Disposal of Property	-
21	Net Cash Provided by (Used in) Operating Activities (Total of lines 2 through 20)	28,376
22		
23	Cash Flows from Investment Activities:	
24	Construction and Acquisition of Plant(including land):	
25	Gross Additions to Utility Plant	(5,446)
26	Gross Additions to Common Utility Plant	
27	Gross Additions to Nonutility Plant	
28	(Less) Allowance for Other Funds Used During Construction	
29	Other:	
30	Removals of property	
31		
32		
33	Cash Outflows for Plant (Total of lines 24 through 32)	(5,446)
34		
35	Acquisition of Other Noncurrent Assets (d)	
36	Proceeds from Disposal of Fixed Assets (d)	-
37	Investment in and Advances to Assoc. and Subsidiary Companies	
38	Contributions and Advances from Assoc. and Subsidiary Companies	
39	Disposition of Investments in (and Advances to)	
40	Associated and Subsidiary Companies	
41	Purchases of Investment Securities (a)	
42	Proceeds from Sales of Investment Securities (a)	

Please read accountants' compilation report.

December 31, 2004

STATEMENT OF CASH FLOWS (Continued)

4. Investing Activities

Include at other (line 31) net cash outflows to acquire other companies. Provide a reconciliation of assets acquired with liabilities assumed on page 19.

Do not include on this statement the dollar amount of leases capitalized per USofA General instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost on page 19.

5. Codes used:

- (a) Net proceeds or payments
 (b) Bonds, debentures and other long-term debt.
 (c) Include commercial paper
 (d) Identify separately such items as investments, fixed assets, intangibles, etc.

6. Enter on page 19 clarifications and explanations.

Line No.	DESCRIPTION (See Instruction No. 5 for Explanation of Codes) (a)	Amounts (b)
46	Loans Made or Purchased	
47	Collections on Loans	
48		
49	Net (Increase) Decrease in Receivables	
50	Net (Increase) Decrease in Inventory	
51	Net (Increase) Decrease in	
52	Allowances Held for Speculation	
53	Net Increase (Decrease) in Payables and Accrued Expenses	
54	Other:	
55		
56	Net Cash Provided by (Used in) Investing Activities	
57	(Total of lines 33 through 55)	(5,446)
58		
59	Cash Flows From Financing Activities:	
60	Proceeds from Issuance of:	
61	Long-Term Debt (b)	0
62	Preferred Stock	
63	Common Stock	
64	Other	
65		
66	Net Increase in Short-term Debt (c)	
67	Other:	
68	Net borrowings from credit line	
69		
70	Cash provided by Outside Sources (Total of lines 61 through 69)	0
71		
72	Payments of Retirement of:	
73	Long-Term Debt (b)	(22,895)
74	Preferred Stock	
75	Common Stock	
76	Other:	
77		
78	Net Decrease in Short-Term Debt (c)	0
79		
80	Dividends on Preferred Stock	
81	Dividends on Common Stock	
82	Net Cash Provided by (Used in) Financing Activities	
83	(Total of lines 70 through 81)	(22,895)
84		
85	Net Increase (Decrease) in Cash and Cash Equivalents	
86	(Total of lines 21, 57, and 83)	35
87		
88	Cash and Cash Equivalents at Beginning of Year	4,590
89		
90	Cash and Cash Equivalents at End of Year	\$4,625

Please read accountants' compilation report.

NOTES TO THE FINANCIAL STATEMENTS ON A CONSOLIDATED BASIS

1. Use the space below for important notes regarding the Balance Sheet, Statement of Income for the year, Statement of Retained Earnings for the year, and Statement of Changes in Financial Position, or any account thereof. Classify the notes according to each basic statement, providing a subheading for each statement except where a note is applicable to more than one statement.

2. Furnish particulars (details) as to any significant contingent assets or liabilities existing at end of year, including a brief explanation of any action initiated by the Internal Revenue Service involving possible assessment of additional income taxes of material amount, or of a claim for refund of income taxes of a material amount initiated by the utility. Give also a brief explanation of any dividends in arrears on cumulative preferred stock.

3. For Account 116, Utility Plant Adjustments, explain the origin of such amount, debits and credits during the year, and

plan of disposition contemplated, giving references to Commission orders or other authorizations respecting classification of amounts as plant adjustments and requirements as to disposition thereof.

4. Where Accounts 189, Unamortized Loss on Reacquired Debt, and 257, Unamortized Gain on Reacquired Debt, are not used, give an explanation, providing the rate treatment given these items. See General Instruction 17 of the Uniform System of Accounts.

5. Give a concise explanation of any retained earnings restrictions and state the amount of retained earnings affected by such restrictions.

6. If the notes to financial statements relating to the respondent company appearing in the annual report to the stockholders are applicable and furnish the data required by instructions above and on pages 12-18, such notes may be attached hereto.

Statement of Cash Flows

Interest paid	\$28,527
Income taxes paid	\$0

During 2004, the Florida Public Service Commission ordered that the cost of certain asset groups be adjusted. The net increase to the asset costs was \$27,905.

During 2004, the Florida Public Service Commission ordered that the accumulated depreciation accounts be adjusted. The net decrease to accumulated depreciation was \$323,733.

Management has elected to omit substantially all of disclosures required by generally accepted accounting principles. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the company's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

December 31, 2004

SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS
FOR DEPRECIATION, AMORTIZATION AND DEPLETION

Line No.	Item (a)	Total (b)	Electric (c)
1	UTILITY PLANT		
2	In Service		
3	101 Plant in Service (Classified) (Page 24)	\$2,088,805	
4	101.1 Property Under Capital Leases	-	
5	102 Plant Purchased or Sold	-	
6	106 Completed Construction not Classified	-	
7	103 Experimental Plant Unclassified	-	
8	104 Leased to Others	-	
9	105 Held for Future Use	-	
10	114 Acquisition Adjustments	-	
11	TOTAL Utility Plant (Enter Total of lines 3 through 10)	2,088,805	
12	107 Construction Work in Progress	-	
13	Accum. Prov. for Depr., Amort., & Depl. (Page 27)	1,062,254	
14	Net Utility Plant (Enter total of lines 11 plus 12 less line 13)	1,026,551	
15	DETAIL OF ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION		
16	In Service:		
17	108 Depreciation (Page 27 less amortization)	1,020,850	
18	111 Amort. and Depl. of Producing Nat. Gas Land & Land Rights	-	
19	111 Amort. of Underground Storage Land and Land Rights	-	
20	119 Amort. of Other Utility Plant (Page 25)	41,404	
21	TOTAL in Service (Enter Total of lines 17 through 20)	1,062,254	
22	Leased to Others		
23	108 Depreciation	-	
24	111 Amortization and Depletion	-	
25	TOTAL Leased to Others (Enter Total of lines 23 and 24)	-	
26	Held for Future Use		
27	108 Depreciation	-	
28	111 Amortization	-	
29	TOTAL Held for Future Use (Enter. Tot. of lines 27 and 28)	-	
30	111 Abandonment of Leases (Natural Gas)	-	
31	115 Amort. of Plant Acquisition Adjustment	-	
32	TOTAL Acc. Provisions (Should agree with line 13 above) (Enter Total of lines 21, 25, 29, 30, and 31)	\$ 1,062,254	

SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS
FOR DEPRECIATION, AMORTIZATION AND DEPLETION (Continued)

Gas (d)	Water (e)	Other (Specify) (f)	Other (Specify) (g)	Common (h)	Line No.
					1
					2
\$2,088,805					3
					4
					5
					6
					7
					8
					9
					10
2,088,805					11
-					12
1,062,254					13
					14
1,026,551					15
					16
					17
1,020,850					18
					19
					20
41,404					21
1,062,254					22
					23
					24
					25
-					26
					27
					28
					29
-					30
					31
					32
\$1,062,254					33

Annual Status Report Analysis of Plant in Service Accounts

Company: Sebring Gas System, Inc.

For the Year Ended December 31, 2004

Page 1 of 3

Acct. No.	Account Description	Depr. Rate	Beginning Balance*	Additions	Retirements	Reclass.	Adjustments	Transfers	Ending Balance*
374	Land and Land Rights		\$ 9,400				6,225		\$ 15,625
Amortizable General Plant Assets:									
301	Organization Costs	0.033	143,996				(30,224)		113,772
Depreciable Assets: This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC.									
376	Mains - Steel	0.029	\$ 172,693	864	-		(29,870)		\$ 143,687
376	Mains - Plastic	0.030	742,604	1,129	-		28,006		771,739
378	M&R Station Equipment -General	0.011	10,627	-	-		(208)		10,419
379	M&R Station Equipment - Gate	0.026	63,703	-	-		(9,709)		53,994
380	Services - Steel	0.030	363,648	297	-		(8,096)		355,849
380	Services - Plastic	0.029	157,006	2,678	-		105,285		264,969
381	Meters	0.033	125,705	-	-		10,811		136,516
382	Meter Installations	0.021	52,461	278	-		(2,901)		49,838
383	Regulators	0.027	27,267	-	-		368		27,635
384	Regulator Installations	0.019	40,776	114	-		(435)		40,455
386	Customer Conversion Cost	0.047	69,168	86	-		(34,605)		34,649
387	Other Equipment	0.033	3,314	-	-		2,959		6,273
390	Leasehold Improvements			-	-		2,800		2,800
391	Office Furniture	0.057	482	-	-		482		482
392	Office Equipment	0.158	16,716	-	-		(1,209)		15,507
392	Transportation Equip - Light Trucks	0.097	63,288	-	(15,145)		(6,247)		41,896
392	Trans. Equipment - Other Vehicles	0.097	1,030	-	-		(1,030)		0
394	Tools/Shop/Garage Equipment	0.068	4,299	-	-		(4,015)		284
396	Power Operated Equipment	0.021	1,444	-	-		-		1,444
397	Communication Equipment	0.021	972	-	-		972		972

Annual Status Report Analysis of Plant in Service Accounts

Company: Sebring Gas System, Inc. December 31, 2004
 For the Year Ended

Page 2 of 3

Acct. Account No. Description (Continued)	Depr. Rate	Beginning Balance*	Additions	Retirements	Reclass.	Adjustments	Transfers	Ending Balance*

Annual Status Report Analysis of Entries in Accumulated Depreciation & Amortization

Company: Sebring Gas System, Inc.
For the Year Ended

December 31, 2004

Page 1 of 3

Acct. Account No. Description	Beginning Balance*	Accruals	Reclass.	Retirements	Gross Salvage	Cost of Removal	Adjustments	Transfers	Ending Balance*
Amortizable General Plant Assets:									
301 Organization Costs	\$ 57,568	\$ 4,400					\$ (20,564)		\$ 41,404
This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC.									
376 Mains - Steel	\$ 167,896	\$ 3,324		-			(58,147)		\$ 113,073
376 Mains - Plastic	329,152	19,022		-			(81,092)		267,082
378 M&R Station Equipment -General	9,598	32		-			(7,045)		2,585
379 M&R Station Equipment - Gate	35,211	1,451		-			(18,377)		18,285
380 Services - Steel	414,400	5,387		-			(93,558)		326,229
380 Services - Plastic	80,593	6,472		-			224		87,289
381 Meters	84,702	4,342		-			(19,243)		69,801
382 Meter Installations	32,027	1,169		-			(8,580)		24,616
383 Regulators	16,056	742		-			(5,011)		11,787
384 Regulator Installations	29,554	771		-			(8,972)		21,353
386 Customer Conversion Cost	36,946	2,334		-			(24,183)		15,097
387 Other Equipment	1,900	201		-			1,219		3,320
390 Leasehold Improvements	0	-		-			1,039		1,039
391 Office Furniture	(271)	(92)		-			547		184
391 Office Equipment	13,517	602		-			1,366		15,485
392 Transportation Equip - Light Trucks	28,805	7,975		(15,148)			9,929		31,561
392 Trans. Equipment - Other Vehicles	667	19		-			(506)		180
394 Tools/Shop/Garage Equipment	2,419	222		-			(2,350)		291
396 Power Operated Equipment	1,444	14		-			(217)		1,241
397 Communication Equipment	473	91		-			-		564
399 Prior year adjustment	0	0		-			9,788		9,788

Annual Status Report
Analysis of Entries in Accumulated Depreciation & Amortization

Company: Sebring Gas System, Inc.
 For the Year Ended: December 31, 2004

Acct. No.	Account Description	Beginning Balance*	Accruals	Reclass.	Retirements	Gross Salvage	Cost of Removal	Adjustments	Transfers	Ending Balance*	
(Continued)											
Capital Recovery Schedules:		This schedule should identify each approved capital recovery schedule.									
Subtotal		-	-	-	-	-	-	-	-	-	
List any other items necessary to reconcile the total depreciation and amortization accrual amount to Acct. 403, Depreciation Expense, shown on page 12.											
	376 Mains - Plastic (Donated)	-						-			
Subtotal		-									
Grand Total		\$ 1,342,657	\$ 58,478	\$ -	\$ (15,148)	\$ -	\$ -	\$ (323,733)	\$ -	\$ 1,062,254	

Note: * The grand total of beginning and ending balances must agree to Line 17, Page 20.

CONSTRUCTION WORK IN PROGRESS-GAS (Account 107)

1. Report below descriptions and balances at end of year of projects in process of construction (107).
 2. Show items relating to "research, development, and demonstration" projects last, under a caption Research, Development, and Demonstration (see Account 107 of the Uniform System of Accounts).
 3. Minor projects (less than \$500,000) may be grouped.

Line No.	Description of Project (a)	Construction Work in Progress-Gas (Account 107) (b)	Estimated Additional Cost of Project (c)	
1	Not Applicable			
2				
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39				
40				
41		TOTAL		

CONSTRUCTION OVERHEADS-GAS

1. List in column (a) the kinds of overheads according to the titles used by the respondent. Charges for outside professional services for engineering fees and management or supervision fees capitalized should be shown as separate items.
 2. On page 30 furnish information concerning construction overheads.
 3. A respondent should not report "none" to this page if no overhead apportionments are made, but rather should explain on page 30 the accounting procedures employed

and the amounts of engineering, supervision, and administrative costs, etc. which are directly charged to construction.
 4. Enter on this page engineering, supervision, administrative, and allowance for funds used during construction, etc. which are first assigned to a blanket work order and then prorated to construction jobs.

Line No.	Description of Overhead (a)	Total Amount Charged for the Year (b)	Total Cost of Construction to Which Overheads Were Charged (Exclusive of Overhead Charges) (c)
1	Labor allocation	\$ 3,153	\$ 2,289
2			
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36			
37			
38	TOTAL	\$ 3,153	\$ 2,289

GENERAL DESCRIPTION OF CONSTRUCTION OVERHEAD PROCEDURE

1. For each construction overhead explain: (a) the nature and extent of work, etc., the overhead charges are intended to cover, (b) the general procedure for determining the amount capitalized, (c) the method of distribution to construction jobs, (d) whether different rates are applied to different types of construction, (e) basis of differentiation in rates for different types of construction, and (f) whether the overhead is directly or indirectly assigned.

- (a) Labor hours spent for the betterment of plant assets are capitalized.
- (b) Allocation based on actual hours spent
- (c) Monthly allocation
- (d) Not applicable
- (e) Not applicable
- (f) Directly assigned

December 31, 2004

ACCUMULATED PROVISION FOR DEPRECIATION OF GAS UTILITY PLANT (Account 108)

1. Explain in a footnote any important adjustments during year.
 2. Explain in a footnote any difference between the amount for book cost of plant retired, line 11, column (c) and that reported for gas plant in service, pages 22 - 27, column (d), excluding retirements of non-depreciable property.
 3. The provisions of Account 108 in the Uniform System of Accounts require that retirements of depreciable plant be recorded when such plant is removed from service. If

the respondent has a significant amount of plant retired at year end which has not been recorded and/or classified to the various reserve functional classifications, make preliminary closing entries to tentatively functionalize the book cost of the plant retired. In addition, include all costs included in retirement work in progress at year end in the appropriate functional classifications.
 4. Show separately interest credits under a sinking fund or similar method of depreciation accounting.

Section A. Balances and Changes During Year

Line No.	Item (a)	Total (c+d+e) (b)	Gas Plant in Service (c)	Gas Plant Held for Future Use (d)	Gas Plant Leased to Others (e)
1	Balance Beginning of Year (Page 27)	\$ 1,342,657	\$ 1,342,657		
2	Depreciation Provisions for Year, Charged to				
3	(403) Depreciation Expense (Page 25)	54,078	54,078		
4	(413) Exp. of Gas Plant. Leas. to Others	-			
5	Transportation Expenses-Clearing	-			
6	Other Clearing Accounts	-			
7	Other Accounts (Specify):	-			
8	Amoritizaion (Line 25)	4,400	4,400		
9	TOTAL Deprec. Prov. for Year (Total of lines 3 through 8) (line 27)	58,478	58,478		
10	Net Charges for Plant Retired:	-			
11	Book Cost of Plant Retired	(15,148)	(15,148)		
12	Cost of Removal	-	-		
13	Salvage (Credit)	-	0		
14	TOTAL Net Charges. for Plant Ret. (Enter Total of lines 11 through 13)	(15,148)	(15,148)		
15	Other Debit or Credit Items (Describe) Rounding	(323,733)	\$ (323,733)		
16	Change to prior year deprecation	-	-		
17	Balance End of Year (Enter Total of lines 1, 9, 14, 15, and 16)	\$ 1,062,254	\$ 1,062,254		

PREPAYMENTS (Account 165)

1. Report below the particulars (details) on each prepayment.
Not Applicable

Line No.	Nature of Prepayment (a)	Balance at End of Year (In Dollars) (b)
1	Prepaid Insurance	
2	Prepaid Rents	
3	Prepaid Taxes (page 41)	
4	Prepaid Interest	
5	Gas Prepayments	
6	Miscellaneous Prepayments: Pensions	
7	TOTAL	-

EXTRAORDINARY PROPERTY LOSSES (Account 182.1)

Line No.	Description of Extraordinary Loss [Include in the description the date of loss, the date of Commission authorization to use Account 182.1 and period of amortization (mo, yr, to mo, yr).] (a)	Total Amount of Loss (b)	Losses Recognized During Year (c)	WRITTEN OFF DURING YEAR		Balance at End of Year (f)
				Account Charged (d)	Amount (e)	
1	Not Applicable					
2						
3						
4						
5						
6						
7						
8						
9	TOTAL	-	-	-	-	-

UNRECOVERED PLANT AND REGULATORY STUDY COSTS (182.2)

Line No.	Description of Unrecovered Plant and Regulatory Study Costs [Include in the description of costs, the date of Commission authorization to use Account 182.2 and period of amortization (mo, yr, to mo, yr).] (a)	Total Amount of Charges (b)	Costs Recognized During Year (c)	WRITTEN OFF DURING YEAR		Balance at End of Year (f)
				Account Charged (d)	Amount (e)	
10	Not Applicable					
11						
12						
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20						
21	TOTAL	-	-	-	-	-

OTHER REGULATORY ASSETS (Account 182.3)

1. Reporting below the particulars (details) called for concerning other regulatory assets which are created through the ratemaking actions of regulatory agencies (and not includible in other amounts).

2. For regulatory assets being amortized, show period of amortization in column (a).

3. Minor items (amounts less than \$25,000) may be grouped by classes.

Line No.	Description and Purpose of Other Regulatory Assets (a)	Balance Beginning of Year (b)	Debits (c)	Credits		Balance End of Year (f)
				Account Charged (d)	Amounts (e)	
1	Not Applicable					
2						
3						
4						
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42						
43	TOTAL	-	-		-	-

MISCELLANEOUS DEFERRED DEBITS (Account 186)

1. Report below the particulars (details) called for concerning miscellaneous deferred debits.
 2. For any deferred debit being amortized, show period of amortization in column (a).

3. Minor items (amounts less than \$25,000) may be grouped by classes.

Line No.	Description of Miscellaneous Deferred Debit (a)	Balance at Beginning of Year (b)	Debits (c)	Account Charged (d)	Amount (e)	Balance End of Year (f)
1	Not Applicable					
2						
3						
4						
5						
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44						
45						
46						
47	Misc. Work in Progress					
48	Deferred Regulatory Comm.					
49	Exp. (See Pages 61 - 62)	-				-
50	TOTAL	<u>\$ -</u>	<u> </u>	<u> </u>	<u> </u>	<u>\$ -</u>

ACCUMULATED DEFERRED INCOME TAXES (Account 190)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes.
 2. At Other (Specify), include deferrals relating to other income and deductions.

3. If more space is needed, use separate pages as required.
 4. In the space provided below, identify by amount and classification, significant items for which deferred taxes are being provided. Indicate insignificant amounts listed under Other.

Line No.	Account Subdivisions (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR			ADJUSTMENTS			Balance at End of Year (k)
			Amounts Debited to Acct. 410.1 (c)	Amounts Credited to Acct. 411.1 (d)	Amounts Debited to Acct. 410.2 (e)	Amounts Credited to Acct. 411.2 (f)	DEBITS Amount (h)	CREDITS Amount (i)	
1	ELECTRIC								
2	Not Applicable								
3									
4									
5	TOTAL Electric (Lines 2 - 4)								
6	GAS								
7	Not Applicable								
8									
9									
10									
11									
12									
13									
14									
15									
16									
17									
18									
19	Other								
20	TOTAL Gas (Lines 7 - 19)								
21	Other (Specify)								
22	TOTAL (Account 190) (Enter Total of lines 5, 20 & 21)		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

NOTES

SECURITIES ISSUED OR ASSUMED AND
SECURITIES REFUNDED OR RETIRED DURING THE YEAR

1. Furnish a supplemental statement giving a brief description of security financing and refinancing transactions during the year and the accounting for the securities, discounts, premiums, expenses, and related gains or losses. Identify as to Commission authorization numbers and dates.

2. Furnish particulars (details) showing fully the accounting for the total principal amount, par value, or stated value of each class and series of security issued, assumed, retired, or refunded and the accounting for premiums, discounts, expenses, and gains or losses relating to the securities. Set forth the facts of the accounting clearly with regard to redemption premiums, unamortized discounts, expenses, and gains or losses relating to securities retired or refunded, including the accounting for such amounts carried in the respondent's accounts at the date of the refunding or refinancing transactions with respect to securities previously refunded or retired.

3. Included in the identification of each class and series of security, as appropriate, the interest or dividend rate,

nominal date of issuance, maturity date, aggregate principal amount, par value or stated value, and number of shares. Give also the issuance of redemption price and name of the principal underwriting firm through which the security transactions were consummated.

4. Where the accounting for amounts relating to securities refunded or retired is other than that specified in General Instruction 17 of the Uniform System of Accounts, give references to the Commission authorization for the different accounting and state the accounting method.

5. For securities assumed, give the name of the company for which the liability on the securities was assumed as well as particulars (details) of the transactions whereby the respondent undertook to pay obligations of another company. If any unamortized discount, premiums, expenses, and gains or losses were taken over onto the respondent's books, furnish details of these amounts with amounts relating to refunded securities clearly earmarked.

Not Applicable

December 31, 2004

LONG-TERM DEBT (Accounts 221, 222, 223, and 224)

1. Report by balance sheet Account the particulars (details) concerning long-term debt included in Accounts 221, Bonds, 222, Reacquired Bonds, 223, Advances from Associated Companies, and 224, Other Long-Term Debt. If information to meet the stock exchange reporting requirement outlined in column (a) is available from the SEC 10-K Report Form Filing, a specific reference to the report form (i.e. year and company title) may be reported in column (a) provided the fiscal years for both the 10-K report and this report are compatible.

2. For bonds assumed by the respondent, include in column (a) the name of the issuing company as well as a description of the bonds.

3. For advances from Associated Companies, report separately advances on notes and advances on open accounts. Designate demand notes as such. Include in column (a) names of associated companies from which advances were received.

4. For receiver's certificates, show in column (a) the name of the court and date of court order under which such certificates were issued.

5. In a supplemental statement, give explanatory particulars (details) for Accounts 223 and 224 of net changes

during the year. With respect to long-term advances, show for each company: (a) principal advanced during year, (b) interest added to principal amount, and (c) principal repaid during year. Give Commission authorization numbers and dates.

6. If the respondent has pledged any of its long-term debt securities, give particulars (details) in a footnote, including name of the pledgee and purpose of the pledge.

7. If the respondent has any long-term securities which have been nominally issued and are nominally outstanding at end of year, describe such securities in a footnote.

8. If interest expense was incurred during the year on any obligations retired or reacquired before end of year, include such interest in column (f). Explain in a footnote any difference between the total of column (f) and the total of Account 427, Interest on Long-Term Debt and Account 430, Interest on Debt to Associated Companies.

9. Give particulars (details) concerning any long-term debt authorized by a regulatory Commission but not yet issued.

Line No.	Class and Series of Obligation and Name of Stock Exchange (a)	Nominal Date of Issue (b)	Date of Maturity (c)	INTEREST FOR YEAR			Total Amount Outstanding (g)
				Original Amount Issued (d)	Rate (in %) (e)	Amount (f)	
1							
2	Promissory note	05/24/96	05/24/05	\$ 448,908	5.00%	\$ 23,744	\$ 433,998
3	Truck Loan	04/02/98	04/17/02	\$ -	8.00%	\$ -	\$ -
4	Truck Loan	08/07/00	08/07/04	\$ 25,783	9.75%	\$ 208	\$ -
	Truck Loan	04/14/02	04/14/05	\$ 17,959	2.99%	\$ 494	\$ 2,079
5							
6	Other interest (Purchases)					0	
7							
8							
9							
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23							
24							
25							
26							
27	TOTAL			492,650		24,446	436,077

UNAMORTIZED DEBT EXPENSE, PREMIUM AND DISCOUNT ON LONG-TERM DEBT (Accounts 181, 225, 226)

1. Report under separate subheadings for Unamortized Debt Expense, Unamortized Premium on Long-Term Debt and Unamortized Discount on Long-Term Debt, particulars (details) of expense, premium or discount applicable to each class and series of long-term debt.

2. Show premium amounts by enclosing the figures in parentheses.

3. In column (b) show the principal amount of bonds or other long-term debt originally issued.

4. In column (c) show the expense, premium or discount with respect to the amount of bonds or other long-term debt originally issued.

5. Furnish in a footnote particulars (details) regarding the treatment of unamortized debt expense, premium or discount associated with issues redeemed during the year. Also, give in a footnote the date of the Commission's authorization of treatment other than as specified by the Uniform System of Accounts.

6. Identify separately indisposed amounts applicable to issues which were redeemed in prior years.

7. Explain any debits and credits other than amortization debited to Account 428, Amortization of Debt Discount and Expense, or credited to Account 429, Amortization of Premium on Debt - Credit.

Line No.	Designation of Long-Term Debt (a)	Principal Amount of Debt issued (b)	Total Expense Premium or Discount (c)	Amortization Period		Balance at Beginning of Year (f)	Debits (Credits) During Year (g)	Balance at End of Year (h)
				Date From (d)	Date To (e)			
1	Not Applicable							
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UNAMORTIZED LOSS AND GAIN ON REACQUIRED DEBT (Accounts 189, 257)

1. Report under separate subheadings for Unamortized Loss and Unamortized Gain on Reacquired Debt, particulars (details) of gain and loss, including maturity date, on reacquisition applicable to each class and series of long-term debt. If gain or loss resulted from a refunding transaction, include also the maturity date of the new issue.
 2. In column (c) show the principal amount of bonds or other long-term debt reacquired.
 3. In column (d) show the net gain or net loss realized on each debt reacquisition as computed in accordance with

General Instruction 17 of the Uniform Systems of Accounts.
 4. Show loss amounts by enclosing the figures in parentheses.
 5. Explain in a footnote any debits and credits other than amortization debited to Account 428.1, Amortization of Loss on Reacquired Debt, or credited to Account 429.1, Amortization of Gain on Reacquired Debit-Credit.

Line No.	Designation of Long-Term Debt (a)	Date Reacquired (b)	Principal of Debt Reacquired (c)	Net Gain or Net Loss (d)	Balance at Beginning of Year (e)	Balance at End of Year (f)
1	Not Applicable					
2						
3						
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RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME
FOR FEDERAL INCOME TAXES

1. Report the reconciliation of reported net income for the year with taxable income used in computing Federal income tax accruals and show computation of such tax accruals. Include in the reconciliation, as far as practicable, the same detail as furnished on Schedule M-1 of the tax return for the year. Submit a reconciliation even though there is no taxable income for the year. Indicate clearly the nature of each reconciling amount.

2. If the utility is a member of a group which files a consolidated Federal tax return, reconcile reported net income with taxable net income as if a separate return were to be filed, indicating, however, intercompany amounts to be eliminated in such a consolidated return. State names of group members, tax assigned to each group member, and basis of allocation, assignment, or sharing of the consolidated tax among the group members.

Line No.	Particulars (Details) (a)	Amount (b)
1	Net Income for the Year (Page 14)	\$ (64,674)
2	Reconciling Items for the Year	
3		
4	Taxable Income Not Reported on Books	
5	Gain on sale of assets	-
6		
7	Deductions Recorded on Books Not Deducted for Return	
8	Business meals	-
9	Depreciation expense	-
10	Penalties	35
11	Amortization expense	4,400
12		
13	Income Recorded on Books Not Included in Return	
14		
15		
16		
17		
18		
19		
20		
21	Deductions on Return Not Charged Against Book Income	
22	Depreciation expense	(24,690)
23	Loss on disposition of assets	-
24		
25		
26		
27		
28		
29		
30	Federal Tax Net Income	\$ (84,929)
31	Show Computation of Tax:	
32	Not Applicable	

TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR

	Name of Taxing Authority	Federal Income	State Income	Real Property	Tangible Personal Property	Intangible Personal Property	FICA, SUTA, FUTA	Gross Receipts	Regulatory Assessment Fees	Environmental, Excise	Other	Total
1	TAXES (ACCRUED)/PREPAID BEG. OF YEAR	\$ -	\$ -	\$ -	\$ (4,775)	\$ -	\$ -	\$ (1,661)	\$ (1,183)	\$ -	\$ -	\$ (7,619)
2	Taxes Charged During Year				4,424			21,143				4,424
3	Highlands County Property Appraiser											21,143
4	Florida Department of Revenue											
5	Internal Revenue Service - FICA								4,643		480	4,643
6	Internal Revenue Service - FUTA											
7	Florida Public Service Commission											
8	Various Occupational Licenses											
9	Various Permits											
10												
11												
12	TOTAL TAXES CHARGED DURING YEAR (Lines 3-11)	\$ -	\$ -	\$ -	4,424	\$ -	\$ -	21,143	4,643	\$ -	480	30,690
13	Taxes Paid During Year											
14	Highlands County Property Appraiser				4,584			21,837				4,584
15	Florida Department of Revenue											21,837
16	Internal Revenue Service - FICA											
17	Internal Revenue Service - FUTA								4,114		480	4,114
18	Florida Public Service Commission											
19	Various Occupational Licenses											
20	Various Permits											
21												
22												
23	TOTAL TAXES PAID DURING YEAR (Lines 14-22)	\$ -	\$ -	\$ -	4,584	\$ -	\$ -	21,837	4,114	\$ -	480	31,015
24	Adjustments (list)											
25												
26												
27	TOTAL ADJUSTMENTS (Lines 24-26)	\$ -	\$ -	\$ -	\$ (4,615)	\$ -	\$ -	\$ (967)	\$ (1,712)	\$ -	\$ -	\$ (7,294)
28	TAXES (ACCRUED)/PREPAID END OF YEAR (Lines 1+12-23+/-27)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

DISTRIBUTION OF TAXES CHARGED

	Federal Income	State Income	Real Property	Tangible Personal Property	Intangible Personal Property	FICA, SUTA, FUTA	Gross Receipts	Regulatory Assessment Fees	Environmental, Excise	Other	Total
29											
30	Electric (Account 408.1, 409.1)										
31	Gas (Account 408.1, 409.1)	\$ -	\$ -	\$ -	4,424	\$ -	\$ -	\$ -	\$ -	480	\$ 9,547
32	Other Utility Departments (408.1, 409.1)										
33	Other Income and Deductions (408.2, 409.2)										
34	Extraordinary Items (Account 409.3)										
35	Other Utility Operating Income (408.1, 409.1)										
36	Adjust. to Retained Earnings (Account 439)										
37	CWIP (Account 207)										
38	Other (list)										
39	Utilities tax -Gross receipts										
40											
41											
42	TOTAL (Should equal Lines 12+/-Line 27, if applicable)	\$ -	\$ -	\$ -	4,424	\$ -	\$ -	21,143	4,643	480	\$ 30,690

Sebring Gas System, Inc.

For the Year Ended

December 31, 2004

ACCUMULATED DEFERRED INVESTMENT TAX CREDITS (Account 255)

Report below the information applicable to Account 255. Where appropriate, segregate the balances and transactions by utility and nonutility operations. Explain by footnote any correction adjustment to the account balance shown in column (g). Include in column (i) the average period over which the tax credits are amortized.

Line No.	Account Subdivisions (a)	Balance at Beginning of Year (b)	Deferred for Year		Current Year's Income	Adjustments (g)	Balance at End Year (h)	Average Period of Allocation to Income (i)
			Acct. No. (c)	Amount (d)				
1	Gas Utility							
2	3%							
3	4%							
4	7%							
5	10%							
6								
7								
8	TOTAL	Not Applicable						
9	Other List separately and show 3%, 4%, 7%, 10% and TOTAL							

Notes

1. Use this space to explain any adjustments made in this period.
2. Use this space to list by year generated and by amount any ITCs that have not been utilized and have not expired by the end of the period.

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12
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MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES (Account 242)

1. Describe and report the amount of other current and accrued liabilities at the end of year.

2. Minor items (less than \$50,000) may be grouped under appropriate title.

Line No.	Item (a)	Balance at End of Year (b)
1	None	-
2		
3		
4		
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17		
18	TOTAL	-

OTHER DEFERRED CREDITS (Account 253)

1. Report below the particulars (details) called for concerning other deferred credits.

amortization.

2. For any deferred credit being amortized, show the period of

3. Minor Items (less than \$25,000) may be grouped by classes.

Line No.	Description of Other Deferred Credit (a)	Balance Beginning of Year (b)	DEBITS		Credits (e)	Balance at End of Year (f)
			Contra Account (c)	Amount (d)		
1	Customer advances for construction	\$ 16,256			\$ (643)	\$ 15,613
2						
3						
4						
5						
6						
7						
8						
9						
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19						
20						
21	TOTAL	\$ 16,256		\$ -	\$ (643)	\$ 15,613

ACCUMULATED DEFERRED INCOME TAXES (Accounts 281, 282, 283)

Line No.	Description	Balance at Beginning of Year	Changes During Year				Adjustments		Balance at End of Year
			Amounts Debited to Account 410.1	Amounts Credited to Account 410.1	Amounts Debited to Account 410.2	Amounts Credited to Account 411.2	Debits Account No.	Credits Account No.	
1	ACCOUNT 281 - ACCELERATED AMORTIZATION PROPERTY								
3	Electric								
4	Gas								
5	Other								
6									
7	TOTAL ACCOUNT 281 (Lines 3 thru 6)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
9	ACCOUNT 282 - OTHER PROPERTY								
10	Electric								
11	Gas								
12	Other								
13									
14	TOTAL ACCOUNT 282 (Lines 10 thru 13)								
15									
16	ACCOUNT 283 - OTHER								
17	Electric								
18	Gas								
19	Other								
20									
21	TOTAL ACCOUNT 283 - OTHER (Lines 17 thru 20)								
22									
23	ELECTRIC								
24	Federal Income Tax								
25	State Income Tax								
26									
27	TOTAL ELECTRIC (Lines 24 thru 26)								
28									
29	GAS								
30	Federal Income Tax								
31	State Income Tax								
32									
33	TOTAL GAS (Lines 30 thru 32)								
34									
35	OTHER								
36	Federal Income Tax								
37	State Income Tax								
38									
39	TOTAL OTHER (Lines 36 thru 38)								
40									
41	TOTAL (Total of lines 7, 14, 21 and Lines 27, 33, 39)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
42									

NOTES

In prior years, the deferred tax charges resulting from the net operating loss carryforward was not considered. As a result, deferred tax credits were overstated. The deferred tax credits resulting from differences in the basis of property and equipment for book and tax purposes have been reduced by the deferred tax charges resulting from net operating loss carryforwards. The remaining deferred tax charge has not been recognized because the company does not have a recent history of utilizing the net operating loss carryforwards.

OTHER REGULATORY LIABILITIES (Account 254)

1. Reporting below the particulars (details) called for concerning other regulatory liabilities which are created through the ratemaking actions of regulatory agencies (and not includable in other amounts).

3. Minor items (5% of the Balance at End of Year for Account 254 or amounts less than \$50,000, whichever is less) may be grouped by classes.

2. For regulatory liabilities being amortized, show period of amortization in column (a).

Line No.	Description and Purpose of Other Regulatory Liabilities (a)	Balance Beginning of Year (b)	Debits		Credits (d)	Balance End of Year (e)
			Contra Account (b)	Amount (c)		
1	Not Applicable					
2						
3						
4						
5						
6						
7						
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37						
38						
39						
40						
41	TOTAL	\$ -		\$ -	\$ -	\$ -

December 31, 2004

GAS OPERATING REVENUES (Account 400)

1. Report below natural gas operating revenues for each prescribed account in total.
2. Natural gas means either natural gas unmixed or any mixture of natural and manufactured gas.
3. Report number of customers, columns (f) and (g), on the basis of meters, except that where separate meter readings are added for billing purposes, one customer should be counted for each group of meters added. The average number of customers means the average of twelve figures at the close of each month.
4. Report quantities of natural gas sold in therms (14.73 psia at 60 F).
5. Report gas service revenues and therms sold by rate schedule.

Line No.	Title of Account (a)	OPERATING REVENUES	
		Amount for Year (b)	Amount for Previous Year (c)
1	GAS SERVICE REVENUES		
2	FIRM SALES SERVICE		
3	480	\$ 62,557	\$ 104,246
4	481	334,534	552,299
5	481		
6	481		
7	481		
8	481		
9	INTERRUPTIBLE SALES SERVICE		
10	481		
11	481		
12	FIRM TRANSPORTATION SERVICE		
13	489	173,276	0
14	489		
15	489		
16	INTERRUPTIBLE TRANSPORTATION SERVICE		
17	489		
18	489		
19	482 Other Sales to Public Authorities		
20	484 Flex Rate - Refund		
21	TOTAL Sales to Ultimate Consumers	570,367	656,545
22	483 Sales for Resale		
23	Off-System Sales		
24	TOTAL Nat. Gas Service Revenues	570,367	656,545
25	TOTAL Gas Service Revenues	570,367	656,545
26	OTHER OPERATING REVENUES		
27	485 Intracompany Transfers		
28	487 Forfeited Discounts		
29	488 Misc. Service Revenues	7,890	7,330
30	489 Rev. from Trans. of Gas of Others (not included		
31	in above rate schedules)		
32	493 Rent from Gas Property		
33	494 Interdepartmental Rents		
34	495 Other Gas Revenues		
35	Initial Connection		
36	Reconnect for Cause		
37	Collection in lieu of disconnect		
38	Returned Check		
39	Other		
40	495.1 Overrecoveries Purchased Gas		
41	TOTAL Other Operating Revenues	7,890	7,330
42	TOTAL Gas Operating Revenues	578,257	663,875
43	(Less) 496 Provision for Rate Refunds		
44	TOTAL Gas Operating Revenues Net of Provision for Refunds	578,257	663,875
45	Sales for Resale		
46	Other Sales to Public Authority		
47	Interdepartmental Sales		
48	TOTAL	\$ 578,257	\$ 663,875

GAS OPERATING REVENUES (ACCOUNT 400) (Continued)

6. If increases or decreases from previous year (columns (c),(e), and (g)), are not derived from previously reported figures, explain any inconsistencies in a footnote.
 7. See page 9, Important Changes During Year, for important new territory added and important rate increases or decreases.

THERMS OF NATURAL GAS SOLD		AVG. NO. OF NAT. GAS CUSTOMERS PER MO.		Line No.
Quantity for Year (d)	Quantity for Previous Year (e)	Number for Year ^f)	Number for Previous Year (g)	
				1
				2
44,029	73,372	236	472	3
274,730	672,525	48	95	4
				5
				6
				7
				8
				9
				10
				11
				12
				13
				14
				15
				16
				17
				18
				19
				20
318,759	745,897	284	567	21
				22
				23
318,759	745,897	284	567	24
		NOTES		25
		As of May 31, 2004, the Company no longer sold gas. After that date it is considered a transportation service. The terms of natural gas and average number of customers were estimated based on the above conversion date. Due to the conversion the exact number is not determinable.		26
				27
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		46		
		47		
318,759	745,897			48

RESIDENTIAL AND COMMERCIAL SPACE HEATING CUSTOMERS

A residential space heating customer is a customer whose major fuel for heating is gas.

Line No.	Item (a)	Residential (b)	Commercial (c)
1	Average Number of Space Heating Customers for the Year (Estimate if not known. Designate with an asterisk if estimated.)	Not Applicable -	-
2	For Space Heating Only, Estimated Average Therms (14.73 psia at 60 degrees F) Per Customer for the Year	-	-
3	Number of Space Heating Customers Added During the Year	-	-
4	Number of Unfilled Application for Space Heating at End of Year	-	-

INTERRUPTIBLE, OFF PEAK, AND FIRM SALES TO DISTRIBUTION SYSTEM INDUSTRIAL CUSTOMERS

- | | |
|---|--|
| <p>1. Report below the average number of interruptible, off peak, and firm industrial customers on local distribution systems of the respondent, and the Therms of gas sales to these customers for the year.</p> <p>2. Interruptible customers are those to whom service may be interrupted under terms of the customer's gas contract, or to whom service is required to be interrupted, regardless of the contractual arrangements in emergency periods,</p> | <p>by law, ordinance, directive, or other requirement of government authority. State in a footnote the basis on which interruptible customers are reported.</p> <p>3. Off peak sales are seasonal and other sales which do not occur during wintertime demands.</p> <p>4. Report pressure base of gas volumes at 14.73 psia at 60 degrees F.</p> |
|---|--|

Line No.	Item (a)	Number/Amount (b)
1	Interruptible Customers	
2	Average Number of Customers for the Year	-
3	Therms of Gas Sales for the Year	-
4	Off Peak Customers	
5	Average Number of Customers for the Year	-
6	Therms of Gas Sales for the Year	-
7	Firm Customers	
8	Average Number of Customers for the Year	-
9	Therms of Gas Sales for the Year	-
10	TOTAL Industrial Customers	
11	Average Number of Customers for the Year	-
12	Therms of Gas Sales for the Year	-
	Not Applicable	

GAS OPERATION AND MAINTENANCE EXPENSES

If the amount for previous year is not derived from previously reported figures, explain in footnotes.

Line No.	Account	Amount for Current Year	Amount for Previous Year
1	1. PRODUCTION EXPENSES		
2	A. Manufactured Gas Production	\$ -	\$ -
3	B. TOTAL Natural Gas Prod. and Gathering (Enter Total of Accts. 750 - 769)	-	-
4	C. TOTAL Products Extraction (Enter Total of Accounts 770 through 791)	-	-
5	D. TOTAL Exploration and Development (Enter Total of Accts. 795 through 798)	-	-
6	E. Other Gas Supply Expenses		
7	Operation		
8	800 Natural Gas Well Head Purchases		
9	800.1 Natural Gas Well Head Purchases, Intracompany Transfers		
10	801 Natural Gas Field Line Purchases		
11	802 Natural Gas Gasoline Plant Outlet Purchases		
12	803 Natural Gas Transmission Line Purchases		
13	804 Natural Gas City Gate Purchases	220,480	467,276
14	804.1 Liquefied Natural Gas Purchases		
15	805 Other Gas Purchases		
16	(Less) 805.1 Purchased Gas Cost Adjustments	57,838	(76,692)
17	TOTAL Purchased Gas (Enter Total of Lines 8 to 16)	278,318	390,584
18	806 Exchange Gas	-	-
19	Purchased Gas Expenses		
20	807.1 Well Expenses--Purchased Gas		
21	807.2 Operation of Purchased Gas Measuring Stations		
22	807.3 Maintenance of Purchased Gas Measuring Stations		
23	807.4 Purchased Gas Calculations Expenses		
24	807.5 Other Purchased Gas Expenses		
25	TOTAL Purchased Gas Expenses (Enter Total of lines 20 through 24)	-	-
26	808.1 Gas Withdrawn from Storage--Debit	-	-
27	(Less) 808.2 Gas Delivered to Storage--Credit	-	-
28	809.1 Withdrawals of Liquefied Natural Gas for Processing--Debit	-	-
29	(Less) 809.2 Deliveries of Natural Gas for Processing--Credit	-	-
30	Gas Used in Utility Operations--Credit		
31	810 Gas Used for Compressor Station Fuel--Credit		
32	811 Gas Used for Products Extraction--Credit		
33	812 Gas Used for Other Utility Operations--Credit		
34	TOTAL Gas Used in Utility Operations--Credit (Lines 31 through 33)	-	-
35	813 Other Gas Supply Expenses		
36	TOTAL Other Gas Supp. Exp. (Total of Lines 17,18,25,26 through 29,34,35)	278,318	390,584
37	TOTAL Production Expenses (Enter Total of Lines 2,3,4,5 and 36)	278,318	390,584
38	2. NATURAL GAS STORAGE, TERMINALING AND PROCESSING EXPENSES		
39	A. TOTAL Underground Storage Expenses (Total of Accounts 814 through 837)	-	-
40	B. TOTAL Other Storage Expenses (Enter Total of Accounts 840 through 843.9)	-	-
41	C. TOTAL Liquefied Nat Gas Terminaling & Processing Expenses (Enter Total of Accounts 844.1 through 847.8)	-	-
42	TOTAL Natural Gas Storage (Enter Total of lines 39, 40, and 41)	-	-
43	3. TRANSMISSION EXPENSES		
44	TOTAL Transmission Expenses (Enter Total of Accounts 850 through 867)	-	-
45			
46			

December 31, 2004

GAS OPERATION AND MAINTENANCE EXPENSES (Continued)

Line No.	Account	Amount for Current Year	Amount for Previous Year
47	4. DISTRIBUTION EXPENSES		
48	Operation		
49	870 Operation Supervision and Engineering	\$ 22,990	\$ 20,258
50	871 Distribution Load Dispatching		
51	872 Compressor Station Labor and Expenses		
52	873 Compressor Station Fuel and Power		
53	874 Mains and Services Expenses	275	290
54	875 Measuring and Regulating Station Expenses--General		
55	876 Measuring and Regulating Station Expenses--Industrial		
56	877 Measuring and Regulating Station Expenses--City Gate Check Sta.	0	-
57	878 Meter and House Regulator Expenses	4,284	5,298
58	879 Customer Installations Expenses	3,912	4,733
59	880 Other Expenses	10,689	9,742
60	881 Rents		
61	TOTAL Operation (Enter Total of lines 49 through 60)	42,150	40,321
62	Maintenance		
63	885 Maintenance Supervision and Engineering	4,800	6,382
64	886 Maintenance of Structures and Improvements		
65	887 Maintenance of Mains	8,246	10,389
66	888 Maintenance of Compressor Station Equipment	0	0
67	889 Maintenance of Meas. and Reg. Sta. Equip.--General		
68	890 Maintenance of Meas. and Reg. Sta. Equip.--Industrial		
69	891 Maintenance of Meas. and Reg. Sta. Equip.--City Gate Check Sta.	5,825	5,611
70	892 Maintenance of Services	1,465	1,476
71	893 Maintenance of Meters and House Regulators	6,339	9,820
72	894 Maintenance of Other Equipment	3,486	3,763
73	TOTAL Maintenance (Enter Total of Lines 63 through 72)	30,161	37,441
74	TOTAL Distribution Expenses (Enter Total of Lines 61 and 73)	72,311	77,762
75	5. CUSTOMER ACCOUNTS EXPENSES		
76	Operation		
77	901 Supervision		
78	902 Meter Reading Expenses	3,122	3,808
79	903 Customer Records and Collection Expenses	2,187	2,991
80	904 Uncollectible Accounts	1,148	476
81	905 Miscellaneous Customer Accounts Expenses	0	-
82	TOTAL Customer Accounts Expenses (Enter Total of Lines 77 through 81)	6,457	7,275
83	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES		
84	Operation		
85	907 Supervision		
86	908 Customer Assistance Expenses		
87	909 Informational and Instructional Expenses		
88	910 Miscellaneous Customer Service and Informational Expenses		
89	TOTAL Customer Service and Informational Expenses (Enter Total of Lines 85 through 88)	-	-
90	7. SALES EXPENSES		
91	Operation		
92	911 Supervision		
93	912 Demonstrating and Selling Expenses		
94	913 Advertising Expenses		
95	916 Miscellaneous Sales Expenses	-	-
96	TOTAL Sales Expenses (Enter Total of lines 92 through 95)	-	-
97			

Sebring Gas System, Inc.		For the Year Ended	
		December 31, 2004	
GAS OPERATION AND MAINTENANCE EXPENSES (Continued)			
Line No.	Account	Amount for Current Year	Amount for Previous Year
98	8. ADMINISTRATIVE AND GENERAL EXPENSES		
99	Operation		
100	920 Administrative and General Salaries	\$ 101,743	\$ 96,571
101	921 Office Supplies and Expenses	9,390	7,161
102	(Less) (922) Administrative Expenses Transferred--Cr.		
103	923 Outside Services Employed	31,147	17,663
104	924 Property Insurance	5,489	5,715
105	925 Injuries and Damages	15,670	5,398
106	926 Employee Pensions and Benefits	18,011	16,003
107	927 Franchise Requirements		
108	928 Regulatory Commission Expenses		
109	(Less) (929) Duplicate Charges--Cr.		
110	930.1 General Advertising Expenses		
111	930.2 Miscellaneous General Expenses	945	304
112	931 Rents	10,272	10,272
113	TOTAL Operation (Enter Total of lines 100 through 112)	192,667	159,087
114	Maintenance		
115	935 Maintenance of General Plant	12,338	8,507
116	TOTAL Administrative and General Exp. (Total of lines 113 and 115)	205,005	167,594
117	TOTAL Gas O. and M. Exp. (Lines 37, 42, 44, 74, 82, 89, 96, and 116)	\$ 562,091	\$ 643,215
118			
119			
120			
121			
122			
123			
124			
125			
126			
127			
128			
129			
130	NUMBER OF GAS DEPARTMENT EMPLOYEES		
131			
132	1. The data on number of employees should be reported for payroll period ending nearest to October 31,		
133	or any payroll period ending 60 days before or after October 31.		
134	2. If the respondent's payroll for the reporting period includes any special construction personnel,		
135	include such employees on line 3, and show the number of such special construction employees in a footnote.		
136	3. The number of employees assignable to the gas department from joint functions of combination utilities		
137	may be determined by estimate, on the basis of employee equivalents. Show the estimated number of		
138	equivalent employees attributed to the gas department from joint functions.		
139			
140	1. Payroll Period Ended (Date)		10/31/04
141	2. Total Regular Full-Time Employees		6
142	3. Total Part-Time and Temporary Employees		0
143	4. Total Employees		6
144			
145			
146			
147			

December 31, 2004

GAS PURCHASES (Accounts 800, 800.1, 801, 802, 803, 804, 804.1, 805, 805.1)

1. Provide totals for the following accounts:

800	Natural Gas Well Head Purchases
800.1	Natural Gas Well Head Purchases, Intracompany Transfers
801	Natural Gas Field Line Purchases
802	Natural Gas Gasoline Plant Outlet Purchases
803	Natural Gas Transmission Line Purchases
804	Natural Gas City Gate Purchases
804.1	Liquefied Natural Gas Purchases
805	Other Gas Purchases
805.1	Purchase Gas Cost Adjustments

The totals shown in columns (b) and (c) should agree with the books of account. Reconcile any differences in a footnote.

2. State in column (b) the volume of purchased gas as finally measured for the purpose of determining the amount payable for the gas. Include current year receipts of makeup gas that was paid for in prior years.

3. State in column (c) the dollar amount (omit cents) paid and previously paid for the volumes of gas shown in column (b).

4. State in column (d) the average cost per Therm to the nearest hundredth of a cent. (Average means column (c) divided by column (b) multiplied by 100.)

Line No.	Account Title (a)	Gas Purchased- Therms (14.73 psia 60 F) (b)	Cost of Gas (In dollars) (c)	Average Cost Per Therm (To nearest .01 of a cent) (d)
1	800 - Natural Gas Well Head Purchases			
2	800.1 - Natural Gas Well Head Purchases, Intracompany Transfers			
3	801 - Natural Gas Field Line Purchases			
4	802 - Natural Gas Gasoline Plant Outlet Purchases			
5	803 - Natural Gas Transmission Line Purchases			
6	804 - Natural Gas City Gate Purchases	348,073	\$ 220,480	\$ 0.6334
7	804.1 - Liquefied Natural Gas Purchases			
8	805 - Other Gas Purchases			
9	805.1 - Purchased Gas Cost Adjustments		57,838	
10	TOTAL (Enter Total of lines 1 through 9)	<u>348,073</u>	<u>\$ 278,318</u>	<u>\$ 0.7996</u>

NOTES TO GAS PURCHASES

As of May 2004, the company became a transportation company.

Due to the conversion from being a reseller to being a transporter of gas, the exact number of therms purchased is not determinable. Therefore, the number of therms have been estimated based on prior history.

GAS USED IN UTILITY OPERATIONS - CREDIT (Accounts 810, 811, 812)

1. Report below particulars (details) of credits during the year to Accounts 810, 811 and 812 which offset charges to operating expenses or other accounts for the cost of gas from the respondent's own supply.
 2. Natural gas means either natural gas unmixed, or any mixture of natural and manufactured gas.
 3. If the reported Therms for any use is an estimated quantity, state such fact in a footnote.

4. If any natural gas was used by the respondent for which a change was not made to the appropriate operating expense or other account, list separately in column (c) the Therms of gas used, omitting entries in columns (d) and (e).
 5. Report pressure base of measurement of gas volumes at 14.73 psia at 60 degrees F.

Line No.	Purpose for Which Gas Was Used (a)	Account Charged (b)	Therms of Gas Used (c)	Natural Gas		Manufactured Gas	
				Amount of Credit (d)	Amount per Therm (In cents) (e)	Therms of Gas Used (f)	Amount of Credit (g)
1	810 Gas used for Compressor Station Fuel -- Cr.	Not Applicable					
2	811 Gas used for Products Extraction -- Cr.						
3	Gas Shrinkage and Other Usage in Respondent's Own Proc.						
4	Gas Shrinkage, Etc. for Respondent's Gas Processed by Others						
5	812 Gas used for Other Util. Oprs-- Cr. (Report separately for each principal uses. Group minor uses)						
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20	TOTAL		\$ -	\$ -	\$ -	\$ -	\$ -

OTHER GAS SUPPLY EXPENSES (Account 813)

Report other gas supply expenses by descriptive titles which clearly indicate the nature of such expenses. Show maintenance expenses separately. Indicate the functional classification and purpose of property to which any expenses relate.

Line No.	Description (a)	Amount (in dollars) (b)
1	Not Applicable	
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14	TOTAL	0

MISCELLANEOUS GENERAL EXPENSES (Account 930.2) (Gas)

Line No.	Description (a)	Amount (b)
1	Industry Association Dues	
2	Experimental and General Research Expenses: (a) Gas Research Institute (GRI) (b) Other	
3	Publishing and distributing information and reports to stockholders; trustee, registrar, and transfer agent fees and expenses, and other expenses of servicing outstanding securities of the Respondent	
4	Other expenses (items of \$5,000 or more must be listed separately in this column showing the (1) purpose, (2) recipient and (3) amount of such items. Amounts of less than \$5,000 may be grouped by classes if the number of items so grouped is shown)	\$ 945
5		
6		
7		
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9		
10		
11		
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14		
15		
16		
17		
18		
19	TOTAL	\$ 945

DEPRECIATION, DEPLETION, AND AMORTIZATION OF GAS PLANT (Accounts 403,404.1,404.2,404.3,405)
(Except Amortization of Acquisition Adjustments)

1. Report in Section A the amounts of depreciation expense, depletion and amortization for the accounts indicated and classified according to the plant functional groups shown.

A. Summary of Depreciation, Depletion, and Amortization Charges

Line No.	Functional Classification (a)	Depreciation Expense (Account 403) (b)	Amortization & Depletion of Prod. Nat. Gas Land & Land Rights (Account 404.1) (c)	Amortization of Under-ground Storage Land & Land Rights (Account (404.2) (d)	Amortization of Other Limited-term Gas Plant (Account 404.3) (e)	Amortization of Other Gas Plant (Account 405) (f)	Total (b to f) (g)
1	Intangible Plant (Page 31)					\$ 4,400	4,400
2	Production plant, manufactured gas						-
3	Production and gathering plant, nat. gas						-
4	Products extraction plant						-
5	Underground gas storage plant						-
6	Other storage plant						-
7	Base load LNG term. & proces. plant						-
8	Transmission Plant						-
9	Distribution Plant (Page 31)	\$ 54,078					54,078
10	General Plant						-
11	Common Plant-Gas						
12							
13							
14							
15							
16							
17							
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33							
34							
35							
36							
37	TOTAL	\$ 54,078	\$ -	\$ -	\$ -	\$ 4,400	\$ 58,478

PARTICULARS CONCERNING CERTAIN INCOME DEDUCTIONS AND INTEREST CHARGES ACCOUNTS

Report the information specified below, in the order given for the respective income deduction and interest charges accounts. Provide a subheading for each account and total for the account. Additional columns may be added if deemed appropriate with respect to any account.

- (a) Miscellaneous Amortization (Account 425) - Describe the nature of items included in this account, the contra account charged, the total of amortization charged for the year, and the period of amortization.
- (b) Miscellaneous Income Deductions - Report the nature, payee, and amount of other income deductions for the year as required by Accounts 426.1, Donations; 426.2 Life Insurance; 426.3 Penalties; 426.4, Expenditures for Certain Civic, Political and Related Activities; and 426.5, Other Deductions, of the Uniform System of Accounts. Amounts of less than \$25,000 may be grouped by classes within the above accounts.
- (c) Interest on Debt to Associated Companies (Account 430) - For each associated company to which interest on debt was incurred during the year, indicate the amount and interest rate respectively for (a) advances on notes, (b) advances on open account, (c) notes payable, (d) accounts payable, and (e) other debt, and total interest. Explain the nature of other debt on which interest was incurred during the year.
- (d) Other Interest Expense (Account 431) - Report particulars (Details) including the amount and interest rate for each other interest charges incurred during the year.

Line No.	Item (a)	Amount (b)
1	<u>(d) Other Interest Expense</u>	
2	Interest on Customer Deposits (431)	\$ 4,081
3		
4	Interest is accrued monthly and paid annually on customer deposits.	
5	Residential deposits yield 8.00%.	
6	Commercial deposits yield 9.00%	
7		
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DISTRIBUTION OF SALARIES AND WAGES

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals, and Other Accounts, and enter such amounts in the appropriate lines and columns provided. In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used.

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll Charged for Clearing Accounts (c)	Total (d)
1	Electric			
2	TOTAL Operation and Maintenance - Electric	\$ -	\$ -	\$ -
3	Gas			
4	Operation			
5	Production - Manufd. Gas & Nat.Gas (inc. Expl. and Dev.); Other			
	Gas Supply; Storage, LNG, Termn. & Process.			
6	Transmission			
7	Distribution	22,990		
8	Customer Accounts			
9	Customer Service and Informational			
10	Sales			
11	Administrative and General	101,743		
12	TOTAL Operation (Enter Total of lines 5 through 11)	124,733		
13	Maintenance			
14	Production - Manufd. Gas & Nat.Gas (inc. Expl. and Dev.); Other			
	Gas Supply; Storage, LNG, Termn. & Proces.			
15	Transmission			
16	Distribution			
17	Administrative and General			
18	TOTAL Maintenance (Enter Total of lines 14 through 17)	-		
19	Total Operation and Maintenance			
20	Production - Manufd. Gas & Nat.Gas (inc. Expl. and Dev.); Other			
	Gas Supply; Storage, LNG, Termn. & Proces.			
21	Transmission (Enter Total of lines 6 and 15)			
22	Distribution (Enter Total of lines 7 and 16)	22,990		
23	Customer Accounts (Transcribe from line 8)			
24	Customer Service and Informational (Transcribe from line 9)			
25	Sales (Transcribe from line 10)			
26	Administrative and General (Enter Total of lines 11 and 17)	101,743		
27	TOTAL Operation and Maint. (Total of lines 20 through 26)	124,733	36,156	160,889
28	Other Utility Departments			
29	Operation and Maintenance			
30	TOTAL All Utility Dept. (Total of lines 2, 27, and 29)	124,733	36,156	160,889
31	Utility Plant			
32	Construction (By Utility Departments)			
33	Electric Plant			
34	Gas Plant			
35	Other			
36	TOTAL Construction (Enter Total of lines 33 through 35)	-	-	-
37	Plant Removal (By Utility Department)			
38	Electric Plant			
39	Gas Plant			
40	Other			
41	TOTAL Plant Removal (Enter Total of lines 38 through 40)	-	-	-
42				
43	Other Accounts (Specify):			
44				
45				
46				
47				
48				
49				
50				
51				
52				
53	TOTAL Other Accounts	-	-	-
54	TOTAL SALARIES AND WAGES	\$ 124,733	\$ 36,156	\$ 160,889

REGULATORY COMMISSION EXPENSES (Account 928)

1. Report particulars (details) of regulatory commission expenses incurred during the current year (or incurred in previous years if being amortized) relating to formal cases before a regulatory body, or cases in which such a body was a party.

2. In columns (b) and (c), indicate whether the expenses were assessed by a regulatory body or were otherwise incurred by the utility.

Line No.	Description (Furnish name of regulatory commission or body, the docket or case number, and a description of the case.) (a)	Assessed by Regulatory Commission (b)	Expenses of Utility (c)	Total Expenses to Date (d)	Deferred in Account 186 at Beginning of Year (e)
1	Not Applicable				
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
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27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40	TOTAL	\$ -	\$ -	\$ -	\$ -

REGULATORY COMMISSION EXPENSES (Account 928) (Continued)

3. Show in column (k) any expenses incurred in prior years which are being amortized. List in column (a) the period of amortization.

4. The totals of columns (e), (i), (k), and (l) must agree with the totals shown at the bottom of page 34

for Account 186.

5. List in column (f), (g) and (h) expenses incurred during year which were charged currently to income, plant, or other accounts.

6. Minor items (less than \$25,000) may be grouped.

EXPENSES INCURRED DURING YEAR			AMORTIZED DURING YEAR		Deferred in Account 186 End of Year (l)	Line No.	
CHARGED CURRENTLY TO			Contra Account (j)	Amount (k)			
Department (f)	Account No. (g)	Amount (h)	Deferred to Account 186 (i)				
Not Applicable						1	
						2	
						3	
						4	
						5	
						6	
						7	
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						36	
						37	
						38	
						39	
		\$ -	\$ -		\$ -	\$ -	40

CHARGES FOR OUTSIDE PROFESSIONAL AND OTHER CONSULTATIVE SERVICES

1. Report the information specified below for all charges made during the year included in any account (including plant accounts) for outside consultative and other professional services. (These services include rate, management, construction, engineering, research, financial, valuation, legal, accounting, purchasing, advertising, labor relations, and public relations, rendered the respondent under written or oral arrangement, for which aggregate payments were made during the year to any corporation, partnership, organization of any kind, or individual [other than for services as an employee or for payments made for medical and related services] amounting to more than \$25,000, including payments for legislative services, except those which should be reported in Account 426.4 Expenditures for Certain

Civic, Political and Related Activities.

(a) Name and address of person or organization rendering services,

(b) description of services received during year and project or case to which services relate,

(c) basis of charges,

(d) total charges for the year, detailing utility department and account charged.

2. For any services which are of a continuing nature, give the date and term of contract and date of Commission authorization, if contract received Commission approval.

3. Designate with an asterisk associated companies.

	Description (a)	Amount (b)
1	Not Applicable	
2		
3		
4		
5		
6		
7		
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**Reconciliation of Gross Operating Revenues
Annual Report versus Regulatory Assessment Fee Return**

Compar Sebring Gas System, Inc.

For the Year Ended December 31, 2004

For the current year, reconcile the gross operating revenues as reported on Page 46 of this report with the gross operating revenues as reported on the utility's regulatory assessment fee return. Explain and justify any differences between the reported gross operating revenues in column (f).

(a) Line No.	(b) Description	(c) Gross Operating Revenues per Page 46	(d) Interstate and Sales for Resale Adjustments	(e) Adjusted Interstate Gross Operating Revenues	(f) Intrastate Gross Operating Revenues per RAF Return	(g) Difference (d) - (e)
1	Total Sales to Ultimate Customers (480-482, 484)	\$ 397,091		\$ 397,091	\$ 628,703	\$ (231,612)
2	Sales for Resale (483)					
3	Total Natural Gas Service Revenues	397,091	-	397,091	628,703	(231,612)
4	Total Other Operating Revenues (485-495)	181,166		181,166	\$65,739	115,427
5	Total Gas Operating Revenues	578,257		578,257	694,442	(116,185)
6	Provision for Rate Refunds (496)					
7	Other (Specify)					
8						
9						
10	Total Gross Operating Revenues	\$ 578,257	\$ -	\$ 578,257	\$ 694,442	\$ (116,185)

Notes:

Reports filed

July 1 thru December 31
January 1 thru June 30

\$ 167,584
461,119

Total sales to ultimate customers

628,703

Total Other Operating Revenues (485-495) Jan thru Jun

59,939

Total Other Operating Revenues (485-495) Jul thru Dec

5,800

Change from gas sales company to transportation company.

\$ 694,442
\$ (810,627)

Difference

(116,185)

During 2004, the company recorded the gas sales at gross instead of only the transportation component. The above adjustment was not completed until after the filing of the returns.

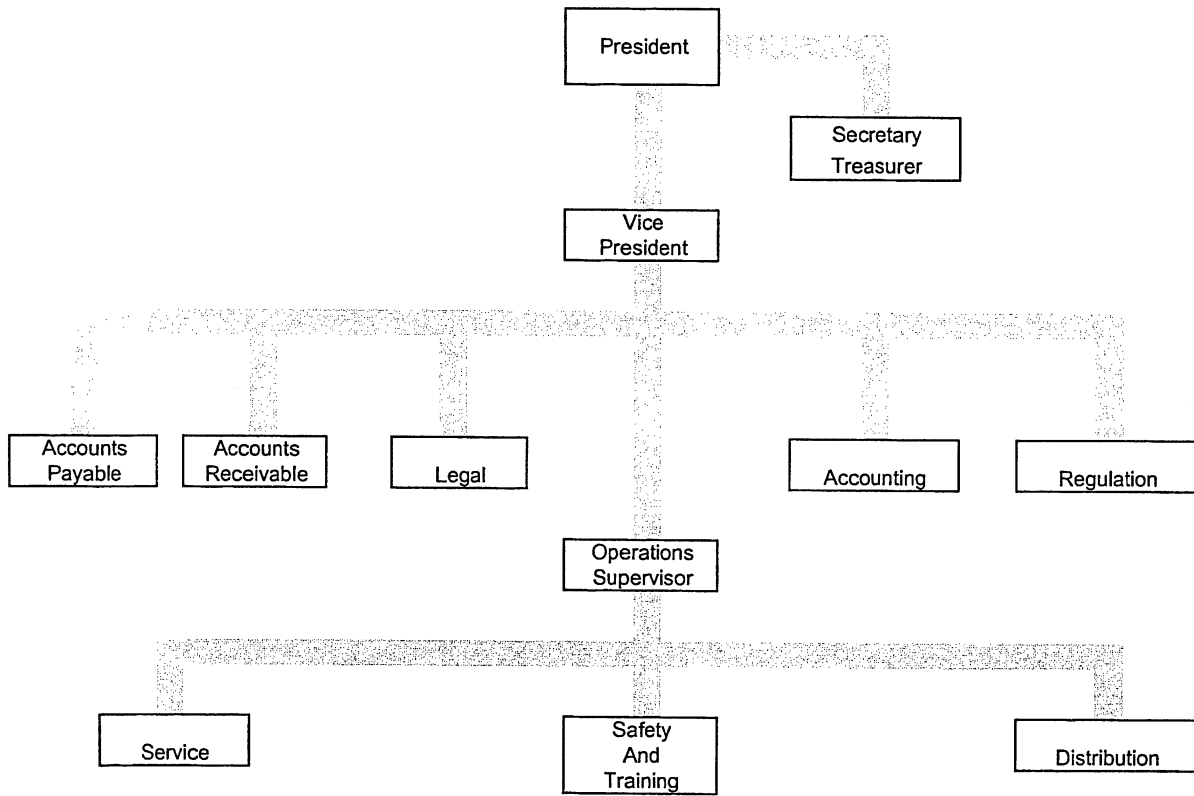
CORPORATE STRUCTURE

Company: Sebring Gas System, Inc.

For the Year Ended December 31, 2004

Provide an updated organizational chart showing all affiliated companies, partnerships, etc.

Effective Date: December 31, 1996



NEW OR AMENDED CONTRACTS WITH AFFILIATED COMPANIES

COMPANY: Sebring Gas System, Inc.
For the Year Ended: December 31, 2004

Provide a synopsis of each new or amended contract, agreement, or arrangement with affiliated companies for the purchase, lease, or sale of land, goods, or services (excluding tariffed items). The synopsis shall include, at a minimum, the terms, price, quantity, amount, and duration of the contracts.

Name of Affiliated Company (a)	Synopsis of Contract (b)
Not Applicable	

INDIVIDUAL AFFILIATED TRANSACTIONS IN EXCESS OF \$25,000

Company: Sebring Gas System, Inc.
For the Year Ended: December 31, 2004

Provide information regarding individual affiliated transactions in excess of \$25,000. Recurring monthly affiliated transactions which exceed \$25,000 per month should be reported annually in the aggregate. However, each land or property sales transaction even though similar sales recur, should be reported as a "non-recurring" item for the period in which it occurs.

Name of Affiliate (a)	Description of Transaction (b)	Dollar Amount (c)
Not Applicable		

SUMMARY OF AFFILIATED TRANSFERS AND COST ALLOCATIONS

Company: Sebring Gas System, Inc.

For the Year Ended: December 31, 2004

Grouped by affiliate, list each contract, agreement, or other business transaction exceeding a cumulative amount of \$300 in any one year, entered into between the Respondent and an affiliated business or financial organization, firm, or partnership identifying parties, amounts, dates, and product, asset, or service involved.

- (a) Enter name of affiliate.
- (b) Give description of type of service, or name the product involved.
- (c) Enter contract or agreement effective dates.
- (d) Enter the letter "p" if the service or product is a purchased by the Respondent: "s" if the service or product is sold by the Respondent.
- (e) Enter utility account number in which charges are recorded.
- (f) Enter total amount paid, received, or accrued during the year for each type of service or product listed in column (c). Do not net amounts when services are both received and provided.

Name of Affiliate (a)	Type of Service and/or Name of Product (b)	Relevant Contract or Agreement and Effective Date (c)	Total Charge for Year		
			"p" or "s" (d)	Account Number (e)	Dollar Amount (f)
Coker Fuel, Inc.	Auto Insurance	12/31/04	p	924.00	\$ 5,489
Coker Fuel, Inc.	General Insurance	12/31/04	p	925.00	\$ 15,670

ASSETS OR RIGHTS PURCHASED FROM OR SOLD TO AFFILIATES

Company: **Sebring Gas System, Inc.**

For the Year Ended: **December 31, 2004**

Provide a summary of affiliated transactions involving asset transfers or the right to use assets.

Name of Affiliate	Description of Asset or Right	Cost/Orig. Cost	Accumulated Depreciation	Net Book Value	Fair Market Value	Purchase Price	Title Passed Yes/No
Purchases from Affiliates:		\$	\$	\$	\$	\$	
NONE	N/A	N/A	N/A	N/A	N/A	N/A	N/A
						\$ -	
Total						\$ -	
Sales to Affiliates:		\$	\$	\$	\$	\$	\$
None	N/A	N/A	N/A	N/A	N/A	N/A	N/A
						\$ -	
Total						\$ -	

EMPLOYEE TRANSFERS

Company: Sebring Gas System, Inc.

For the Year Ended: December 31, 2004

List employees earning more than \$30,000 annually transferred to/from the utility to/from an affiliate company.

Company Transferred From	Company Transferred To	Old Job Assignment	New Job Assignment	Transfer Permanent or Temporary and Duration
Not Applicable				