



Brimmer, Burek & Keelan, LLP

Certified Public Accountants

5601 Mariner Street, Suite 200 • Tampa, Florida 33609
bbkm.com • (813) 282-3400 • Fax (813) 287-8369

John F. Keelan, CPA
Donald T. Keyes, CPA
Kara K. Keyes, CPA
Heather R. Kovalsky, CPA
Frank D. Lagor, CPA

September 12, 2019



Members of:
Center for Audit Quality

American Institute of
Certified Public Accountants

Florida Institute of Certified
Public Accountants

Mr. Andrew L. Maurey
Florida Public Service Commission
Capital Circle Office Center
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Dear Mr. Maurey:

We are enclosing the Company's semi-annual Earnings Surveillance Report as of June 30, 2019.

Please contact me at (813) 282-3400 if you have any questions.

Sincerely,

BRIMMER, BUREK & KEELAN LLP
Cong Nguyen, CPA

**SEBRING GAS SYSTEM, INC.
FLORIDA PUBLIC SERVICE COMMISSION
INVESTOR-OWNED NATURAL GAS UTILITY
EARNINGS SURVEILLANCE REPORT
JUNE 2019**

FLORIDA PUBLIC SERVICE COMMISSION

INVESTOR-OWNED NATURAL GAS UTILITY
EARNINGS SURVEILLANCE REPORT

SEBRING GAS SYSTEM, INC.
EARNINGS SURVEILLANCE REPORT SUMMARY
June 2019

SCHEDULE 1

	(1) <u>ACTUAL</u> <u>PER BOOKS</u>	(2) <u>FPSC</u> <u>ADJUSTMENTS</u>	(3) <u>FPSC</u> <u>ADJUSTED</u>	(4) <u>PRO FORMA</u> <u>ADJUSTMENTS</u>	(5) <u>PRO FORMA</u> <u>ADJUSTED</u>
I. AVERAGE RATE OF RETURN					
(JURISDICTIONAL)					
<u>NET OPERATING INCOME</u>	\$ 197,523	\$ 337	\$ 197,860		\$ 197,860
AVERAGE RATE BASE	\$ 3,904,788	\$ 0	\$ 3,904,788		\$ 3,904,788
AVERAGE RATE OF RETURN	5.06%		5.07%		5.07%
II. YEAR END RATE BASE					
(JURISDICTIONAL)					
	\$ 3,981,354	\$ 0	\$ 3,981,354		

III. REQUIRED RATES OF RETURN
AVERAGE CAPITAL STRUCTURE
(FPSC ADJUSTED BASIS)

LOW	<u>8.07%</u>
MIDPOINT	<u>8.57%</u>
HIGH	<u>9.07%</u>

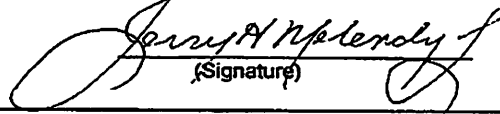
IV. EARNED RETURN ON EQUITY
(FPSC ADJUSTED BASIS)

A. INCLUDING	
FLEX RATE REVENUES	<u>4.53%</u>
B. EXCLUDING	
FLEX RATE REVENUES	<u>4.53%</u>

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 or s. 775.083.

Jerry H. Melendy, Jr. - President
 (Name and Title of Chief
 Financial Officer)


 (Signature)

9/16/2019
 (Date)

PSC/AFA13

**SEBRING GAS SYSTEM, INC.
AVERAGE RATE OF RETURN
RATE BASE
June 2019**

SCHEDULE 2
PAGE 1 OF 2

	(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)
	PLANT IN SERVICE	ACCUMULATED DEPRECIATION & AMORTIZATION	NET PLANT IN SERVICE	PROPERTY HELD FOR FUTURE USE	CONSTRUCTION WORK IN PROGRESS	NET UTILITY PLANT	WORKING CAPITAL	TOTAL RATE BASE
PER BOOKS	<u>6,412,305</u>	<u>(2,696,364)</u>	<u>3,715,941</u>	<u>0</u>	<u>30,813</u>	<u>3,746,755</u>	<u>158,033</u>	<u>3,904,788</u>
<u>FPSC ADJUSTMENTS:</u>								
TOTAL FPSC ADJUSTMENTS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FPSC ADJUSTED	<u>6,412,305</u>	<u>(2,696,364)</u>	<u>3,715,941</u>	<u>0</u>	<u>30,813</u>	<u>3,746,755</u>	<u>158,033</u>	<u>3,904,788</u>
<u>FLEX RATE REVENUES</u>								
ADJUSTED FOR FLEX RATE REVENUES	<u>6,412,305</u>	<u>(2,696,364)</u>	<u>3,715,941</u>	<u>0</u>	<u>30,813</u>	<u>3,746,755</u>	<u>158,033</u>	<u>3,904,788</u>
<u>PRO FORMA REVENUE INCREASE AND ANNUALIZATION ADJUSTMENTS:</u>								
TOTAL PRO FORMA ADJUSTME	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
PRO FORMA ADJUSTED	<u>6,412,305</u>	<u>(2,696,364)</u>	<u>3,715,941</u>	<u>0</u>	<u>30,813</u>	<u>3,746,755</u>	<u>158,033</u>	<u>3,904,788</u>

SEBRING GAS SYSTEM, INC.
AVERAGE RATE OF RETURN
INCOME STATEMENT
June 2019

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	OPERATING REVENUES	O & M GAS EXPENSE	O & M OTHER	DEPRECIATION & TAXES AMORTIZATION	OTHER THAN INCOME	INCOME TAXES CURRENT	DEFERRED INCOME TAXES (NET)	INVESTMENT TAX CREDIT (NET)	GAIN/LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME
PER BOOKS, as adjusted July 2018 through June 2019	1,009,192	0	534,505	207,689	14,859	54,616	0	0	0	811,669	197,523
FPSC ADJUSTMENTS:											
Disallowed lobbying expenses			(337)							(337)	337
TOTAL FPSC ADJUSTMENTS	<u>0</u>	<u>0</u>	<u>(337)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(337)</u>	<u>337</u>
FPSC ADJUSTED	<u>1,009,192</u>	<u>0</u>	<u>534,168</u>	<u>207,689</u>	<u>14,859</u>	<u>54,616</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>811,332</u>	<u>197,860</u>
FLEX RATE REVENUES ADJUSTED FOR FLEX RATE REVENUES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
PRO FORMA REVENUE INCREASE AND ANNUALIZATION ADJUSTMENTS:	<u>1,009,192</u>	<u>0</u>	<u>534,168</u>	<u>207,689</u>	<u>14,859</u>	<u>54,616</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>811,332</u>	<u>197,860</u>
TOTAL PRO FORMA ADJUSTMENTS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
PRO FORMA ADJUSTED	<u>1,009,192</u>	<u>0</u>	<u>534,168</u>	<u>207,689</u>	<u>14,859</u>	<u>54,616</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>811,332</u>	<u>197,860</u>
PER BOOKS CURRENT MONTH AMOUNT	<u>76,012</u>	<u>0</u>	<u>49,333</u>	<u>17,713</u>	<u>1,498</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>68,544</u>	<u>7,468</u>

Sebring Gas System, Inc.
Schedule 2 Worksheet - Average Rate of Return
June-19

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	<u>Plant in Service</u>	<u>Accumulated Depreciation Amortization</u>	<u>Net Plant in Service</u>	<u>Property Held for Future Use</u>	<u>Construction Work in Progress</u>	<u>Net Utility Plant</u>	<u>Working Capital</u>	<u>Total Rate Base</u>
13 Month Average								
Jun-18	6,265,041	(2,593,895)	3,662,344	0	19,372	3,681,716	193,498	3,875,214
Jul-18	6,289,929	(2,610,662)	3,679,267	0	26,247	3,705,514	162,873	3,868,387
Aug-18	6,312,769	(2,627,490)	3,685,279	0	28,947	3,714,226	127,665	3,841,891
Sep-18	6,332,160	(2,644,374)	3,687,786	0	28,947	3,716,733	135,952	3,852,685
Oct-18	6,343,945	(2,661,298)	3,682,647	0	28,947	3,711,594	159,530	3,871,124
Nov-18	6,396,273	(2,678,413)	3,717,860	0	28,947	3,746,807	147,729	3,894,536
Dec-18	6,413,469	(2,695,732)	3,717,737	0	28,947	3,746,684	110,663	3,857,347
Jan-19	6,434,493	(2,713,110)	3,721,383	0	33,947	3,755,330	172,719	3,928,049
Feb-19	6,445,913	(2,730,533)	3,715,380	0	34,337	3,749,717	186,803	3,936,520
Mar-19	6,503,765	(2,748,044)	3,755,721	0	34,472	3,790,193	146,781	3,936,974
Apr-19	6,520,666	(2,765,652)	3,755,014	0	35,051	3,790,065	178,559	3,968,624
May-19	6,538,736	(2,782,908)	3,755,828	0	36,028	3,791,856	148,877	3,940,733
Jun-19	6,562,812	(2,800,622)	3,762,190	0	36,382	3,798,572	182,782	3,981,354
Thirteen month totals	<u>83,359,971</u>	<u>(35,052,733)</u>	<u>48,298,436</u>	<u>0</u>	<u>400,571</u>	<u>48,699,007</u>	<u>2,054,431</u>	<u>50,753,438</u>
Thirteen month averag	<u>6,412,305</u>	<u>(2,696,364)</u>	<u>3,715,264</u>	<u>0</u>	<u>30,813</u>	<u>3,746,077</u>	<u>158,033</u>	<u>3,904,111</u>

SEBRING GAS SYSTEM, INC.
YEAR END RATE BASE
June 2019

SCHEDULE 3

	(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)
	PLANT IN SERVICE	ACCUMULATED DEPRECIATION & AMORTIZATION	NET PLANT IN SERVICE	PROPERTY HELD FOR FUTURE USE	CONSTRUCTION WORK IN PROGRESS	NET UTILITY PLANT	WORKING CAPITAL	TOTAL RATE BASE
PER BOOKS	6,562,812	(2,800,622)	3,762,190	0	36,382	3,798,572	182,782	3,981,354
 <u>FPSC ADJUSTMENTS:</u>								
TOTAL FPSC ADJUSTMENTS	0	0	0	0	0	0	0	0
FPSC ADJUSTED	6,562,812	(2,800,622)	3,762,190	0	36,382	3,798,572	182,782	3,981,354

SEBRING GAS SYSTEM, INC.
CAPITAL STRUCTURE
FPSC ADJUSTED BASIS
June 2019

AVERAGE	PER BOOKS	ADJUSTMENTS		ADJUSTED	RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
		SPECIFIC	PRO RATA			COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
LONG TERM DEBT	1,423,078		62,543	1,485,621	38.0461%	5.8069%	2.2093%	5.8069%	2.2093%	5.8069%	2.2093%
SHORT TERM DEBT	289,983		12,744	302,728	7.7527%	6.0051%	0.4656%	6.0051%	0.4656%	6.0051%	0.4656%
PREFERRED STOCK	0	0	0	0	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
CUSTOMER DEPOSITS	146,686		6,447	153,132	3.9217%	2.8631%	0.1123%	2.8631%	0.1123%	2.8631%	0.1123%
COMMON EQUITY	1,880,654	0	82,653	1,963,307	50.2795%	10.5000%	5.2793%	11.5000%	5.7821%	12.5000%	6.2849%
DEFERRED INCOME TAXES	0		0	0	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
TAX CREDITS - ZERO COST	0		0	0	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
TAX CREDITS - WEIGHTED COST	0		0	0	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
TOTAL	3,740,401	0	164,387	3,904,788	100.0000%		8.0665%		8.5693%		9.0721%

YEAR END	PER BOOKS	ADJUSTMENTS		ADJUSTED	RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
		SPECIFIC	PRO RATA			COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
LONG TERM DEBT	1,356,870		113,662	1,470,532	36.9355%	5.4730%	2.0215%	5.4730%	2.0215%	5.4730%	2.0215%
SHORT TERM DEBT	422,456		35,388	457,844	11.4997%	5.4730%	0.6294%	5.4730%	0.6294%	5.4730%	0.6294%
PREFERRED STOCK	0		0	0	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
CUSTOMER DEPOSITS	152,605		12,783	165,388	4.1541%	2.8631%	0.1189%	2.8631%	0.1189%	2.8631%	0.1189%
COMMON EQUITY	1,741,693		145,897	1,887,590	47.4108%	10.5000%	4.9781%	11.5000%	5.4522%	12.5000%	5.9263%
DEFERRED INCOME TAXES	0		0	0	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
TAX CREDITS - ZERO COST	0		0	0	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
TAX CREDITS - WEIGHTED COST	0		0	0	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
TOTAL	3,673,624	0	307,731	3,981,354	100.0000%		7.7479%		8.2220%		8.6961%

Sebring Gas System, Inc.
Schedule 4 Worksheet - Capital Structure
06/30/19

13 Month Average	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Average Per Books
Long-term Debt	1,489,395	1,474,988	1,448,064	1,446,168	1,431,731	1,441,873	1,439,656	1,424,878	1,410,385	1,395,931	1,382,902	1,357,371	1,356,870	1,423,078
Short-term Debt	212,742	202,823	192,855	192,747	192,838	273,801	313,836	348,964	348,398	348,028	356,178	364,321	422,456	289,983
Preferred Stock	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Customer Deposits	144,005	145,155	145,455	143,305	145,655	145,855	144,505	145,405	147,455	146,905	149,755	150,855	152,605	146,686
Common Stock	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800
Paid-in Capital	774,880	774,880	774,880	774,880	774,880	709,880	654,880	654,880	654,880	654,880	654,880	654,880	654,880	705,264
Current Year Profit (Loss)	152,510	160,054	171,146	194,423	223,462	220,925	188,287	49,125	68,833	84,728	122,240	107,596	111,136	142,651
Retained Earnings (Deficit)	1,128,891	1,128,891	1,128,891	1,128,891	1,128,891	1,128,891	785,591	973,877	973,877	973,877	973,877	973,877	973,877	1,030,938
Common Equity	<u>2,058,080</u>	<u>2,065,625</u>	<u>2,076,717</u>	<u>2,099,993</u>	<u>2,129,033</u>	<u>2,061,495</u>	<u>1,630,557</u>	<u>1,679,682</u>	<u>1,699,390</u>	<u>1,715,285</u>	<u>1,752,797</u>	<u>1,738,153</u>	<u>1,741,693</u>	<u>1,880,654</u>
Deferred Income Taxes	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Tax Crs-Zero Crs	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Tx Crs-Weighted Cst	0	0	0	0	0	0	0	0	0	0	0	0	0	0
				8						8				
Total	<u><u>3,904,222</u></u>	<u><u>3,888,593</u></u>	<u><u>3,862,891</u></u>	<u><u>3,882,213</u></u>	<u><u>3,899,257</u></u>	<u><u>3,923,024</u></u>	<u><u>3,528,554</u></u>	<u><u>3,598,729</u></u>	<u><u>3,605,628</u></u>	<u><u>3,606,149</u></u>	<u><u>3,641,632</u></u>	<u><u>3,610,699</u></u>	<u><u>3,673,624</u></u>	<u><u>3,740,401</u></u>

Sebring Gas System, Inc.
Schedule 4 Worksheet - Average Interest Rates
06/30/19

<u>13 Month Average</u>	<u>Jun-18</u>	<u>Jul-18</u>	<u>Aug-18</u>	<u>Sep-18</u>	<u>Oct-18</u>	<u>Nov-18</u>	<u>Dec-18</u>	<u>Jan-19</u>	<u>Feb-19</u>	<u>Mar-19</u>	<u>Apr-19</u>	<u>May-19</u>	<u>Jun-19</u>	<u>Average Per Books</u>
HNB Credit Line	40,259	30,259	20,000	20,000	20,000	95,000	134,794	169,794	169,794	169,794	179,794	189,794	249,794	114,544
Interest Rate	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	4.93%
Book Interest	802					385.00	435		2124			2,707		5,651.00
Ford Credit 289 Balance	8,617	8,162	7,705	7,246	6,784	6,321	6,244	5,776	5,306	4,834	4,360	3,884	3,405	6,049
Ford Credit 289 Interest Rate	5.49%	5.49%	5.49%	5.49%	5.49%	5.49%	5.49%	5.49%	5.49%	5.49%	5.49%	5.49%	5.49%	5.44%
Book Interest	41	39	37	35	33	31	28	26	24	22	20	18	16	329
Hartland National Balance#224.13	1,623,500	1,611,000	1,586,000	1,586,000	1,573,500	1,548,500	1,548,500	1,538,000	1,523,500	1,511,000	1,498,500	1,473,500	1,473,500	1,545,615
Hartland National #224.13 Interest F	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	5.91%
Book Interest	7,383	7,477	7,620	7,569	7,500	7,787	7,476	7,971	7,936	7,103	7,788	7,490	7,671	91,386
Note Payable Ally 69841 Balance		-	-			42,958	42,478	41,994	41,508	41,083	40,591	40,096	39,627	25,411
Ally 69841 Interest Rate						6.99%	6.99%	6.99%	6.99%	6.99%	6.99%	6.99%	6.99%	7.12%
Book Interest							254	251	248	309	242	239	265	1,808
Notes Payable Ally 65377	29,761	28,390	27,015	25,669	24,285	22,895	21,477	20,078	18,675	17,247	15,835	14,418	13,000	21,442
Ally 65377 Interest Rate	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.09%
Book Interest	95	99	94	125	85	81	51	71	67	43	57	52	52	877
Total Debt	1,702,137	1,677,811	1,640,719	1,638,915	1,624,569	1,715,674	1,753,492	1,773,642	1,758,783	1,743,959	1,739,080	1,721,691	1,779,326	1,713,061
	5.95%	5.34%	5.56%	5.74%	5.52%	5.87%	5.54%	5.52%	7.71%	5.05%	5.67%	7.18%	5.47%	5.84%
	8,321	7,615	7,751	7,729	7,618	8,284	8,244	8,319	10,399	7,477	8,105	10,506	8,004	100,051
Long-term Portion	1,489,395	1,474,988	1,448,064	1,446,168	1,431,731	1,441,873	1,439,656	1,424,678	1,410,385	1,395,931	1,382,902	1,357,371	1,356,870	1,423,078
	5.95%	5.34%	5.56%	5.74%	5.52%	5.87%	5.54%	5.52%	7.71%	5.05%	5.67%	7.18%	5.47%	5.81%
	7,281	6,694	6,841	6,820	6,714	6,962	6,769	6,682	8,339	5,985	6,445	8,283	6,104	82,637
Short-term Portion	212,742	202,823	192,655	192,747	192,838	273,801	313,836	348,964	348,398	348,028	356,178	364,321	422,456	289,983
	5.95%	5.34%	5.56%	5.74%	5.52%	5.87%	5.54%	5.52%	7.71%	5.05%	5.67%	7.18%	5.47%	6.01%
	1,040	921	910	909	904	1,322	1,475	1,637	2,060	1,492	1,660	2,223	1,900	17,414
<u>Customer Deposits</u>														
Residential	19,980	20,130	20,230	20,080	20,480	20,680	20,830	20,930	20,980	20,930	21,180	21,280	21,280	20,692
	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.01%
	33	34	34	33	34	34	35	35	35	35	35	35	35	415
Commercial	124,025	125,025	125,225	123,225	125,175	125,175	123,875	124,475	126,475	125,975	128,675	129,575	131,325	125,994
	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
	310	313	313	308	313	313	309	311	316	315	321	324	328	3,785
Total	144,005	145,155	145,455	143,305	145,655	145,855	144,505	145,405	147,455	146,905	149,755	150,855	152,605	146,686
	2.86%	2.86%	2.86%	2.86%	2.86%	2.86%	2.86%	2.86%	2.86%	2.86%	2.86%	2.86%	2.86%	2.86%
	343	346	347	342	347	347	344	346	351	350	357	359	364	4,200

SEBRING GAS SYSTEM, INC.
EARNED RETURN ON COMMON EQUITY
FPSC ADJUSTED BASIS
June 2019

SCHEDULE 5

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

FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	<u>5.07%</u>	(Schedule 1)
LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:		
LONG TERM DEBT	2.21%	
SHORT TERM DEBT	0.47%	
PREFERRED STOCK	0.00%	
CUSTOMER DEPOSITS	0.11%	
TAX CREDITS-WEIGHTED COST(MIDPOINT)	<u>0.00%</u>	
SUBTOTAL	<u>2.79%</u>	
 TOTAL	 2.28%	
 DIVIDED BY RECONCILED COMMON EQUITY RATIO	 <u>50.28%</u>	
 JURISDICTIONAL RETURN ON COMMON EQUITY	 <u><u>4.53%</u></u>	

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

NET OPERATING REVENUE EXCLUDING FLEX RATE REVENUES	\$ 197,860	(Schedule 2, p. 2 of 2)
 RATE BASE EXCLUDING FLEX RATE REVENUES	 <u>\$ 3,904,788</u>	 (Schedule 2, p. 1 of 2)
 FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	 <u>5.0671%</u>	
LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:		
LONG TERM DEBT	2.21%	
SHORT TERM DEBT	0.47%	
PREFERRED STOCK	0.00%	
CUSTOMER DEPOSITS	0.11%	
TAX CREDITS-WEIGHTED COST(MIDPOINT)	<u>0.00%</u>	
SUBTOTAL	<u>2.79%</u>	
 TOTAL	 2.28%	
 DIVIDED BY RECONCILED COMMON EQUITY RATIO	 <u>50.28%</u>	
 JURISDICTIONAL RETURN ON COMMON EQUITY	 <u><u>4.53%</u></u>	