



Brimmer, Burek & Keelan, LLP

Certified Public Accountants

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March 14, 2022

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 two bound and one unbound Sebring Gas System's semi-annual Earnings Surveillance Report as of December 31, 2021.

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

Sincerely,

Brimmer, Burek & Keelan LLP

BRIMMER, BUREK & KEELAN LLP
Cong Nguyen, CPA

Members of:
Center for Audit Quality
American Institute of
Certified Public Accountants

Florida Institute of Certified
Public Accountants

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SEBRING GAS SYSTEM, INC.
FLORIDA PUBLIC SERVICE COMMISSION
INVESTOR-OWNED NATURAL GAS UTILITY
EARNINGS SURVEILLANCE REPORT
DECEMBER 31, 2021

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ACCOUNTING & FINANCE

FLORIDA PUBLIC SERVICE COMMISSION

INVESTOR-OWNED NATURAL GAS UTILITY
EARNING SURVEILLANCE REPORT

SEBRING GAS SYSTEM, INC.
EARNINGS SURVEILLANCE REPORT SUMMARY
 December 2021

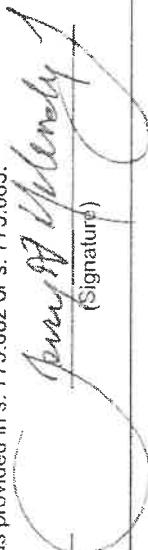
SCHEDULE 1

	(1) ACTUAL PER BOOKS	(2) FPSC ADJUSTMENTS	(3) FPSC ADJUSTED	(4) PRO FORMA ADJUSTMENTS	(5) PRO FORMA ADJUSTED
I. AVERAGE RATE OF RETURN (JURISDICTIONAL) NET OPERATING INCOME	\$ 335,506	\$ 266	\$ 335,772	\$	\$ 335,772
AVERAGE RATE OF RETURN	\$ 4,483,526	\$ 0	\$ 4,483,526	\$	\$ 4,483,526
AVERAGE RATE OF RETURN	<u>7.48%</u>		<u>7.49%</u>		<u>7.49%</u>
II. YEAR END RATE BASE (JURISDICTIONAL)	\$ 4,467,875	\$ 0	\$ 4,467,875		

III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)					
LOW	<u>7.85%</u>				
MIDPOINT	<u>8.40%</u>				
HIGH	<u>8.96%</u>				
IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)					
A. INCLUDING					<u>9.84%</u>
B. EXCLUDING					<u>9.84%</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)
03/14/2022 (Date)	

SEBRING GAS SYSTEM, INC.
AVERAGE RATE OF RETURN
RATE BASE
December 2021

(1) PLANT IN SERVICE	(2) ACCUMULATED DEPRECIATION & AMORTIZATION	(3) NET PLANT IN SERVICE	(4) PROPERTY HELD FOR FUTURE USE	(5) CONSTRUCTION WORK IN PROGRESS	(7) NET UTILITY PLANT	(8) WORKING CAPITAL	(9) TOTAL RATE BASE
7,217,753	(3,248,784)	3,968,969	0	34,317	4,003,286	480,240	4,483,526
PER BOOKS							

FPSC ADJUSTMENTS:

TOTAL FPSC ADJUSTMENTS	0	0	0	0	0	0	0
FPSC ADJUSTED	7,217,753	(3,248,784)	3,968,969	34,317	4,003,286	480,240	4,483,526
FLEX RATE REVENUES							
ADJUSTED FOR FLEX RATE REVENUES	7,217,753	(3,248,784)	3,968,969	34,317	4,003,286	480,240	4,483,526

PRO FORMA REVENUE INCREASE AND ANNUALIZATION ADJUSTMENTS:

TOTAL PRO FORMA ADJUSTME	0	0	0	0	0	0	0
PRO FORMA ADJUSTED	7,217,753	(3,248,784)	3,968,969	34,317	4,003,286	480,240	4,483,526

SEBRING GAS SYSTEM, INC.
AVERAGE RATE OF RETURN
INCOME STATEMENT
December 2021

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
OPERATING REVENUES	O & M GAS EXPENSE	O & M OTHER	DEPRECIATION & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES CURRENT	DEFERRED INCOME TAXES (NET)	INVESTMENT TAX CREDIT (NET)	GAIN/LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME
1,279,712	0	552,222	237,110	35,084	94,293	25,497	0	0	944,206	335,506

PER BOOKS, as adjusted
January 21 through December 2021

FPSC-ADJUSTMENTS:

Disallowed lobbying expenses

(266)

(266)

266

TOTAL FPSC-ADJUSTMENTS	0	(266)	0	0	0	0	0	0	(266)	266
FPSC ADJUSTED	1,279,712	0	551,956	237,110	35,084	94,293	25,497	0	943,940	335,772
FLEX RATE REVENUES ADJUSTED FOR	0	0	0	0	0	0	0	0	0	0
FLEX RATE REVENUES	1,279,712	0	551,956	237,110	35,084	94,293	25,497	0	943,940	335,772

PRO FORMA REVENUE INCREASE AND ANNUALIZATION ADJUSTMENTS:

TOTAL PRO FORMA ADJUSTMENTS	0	0	0	0	0	0	0	0	0	0
PRO FORMA ADJUSTED	1,279,712	0	551,956	237,110	35,084	94,293	25,497	0	943,940	335,772

PER BOOKS CURRENT MONTH AMOUNT

	97,615	0	76,794	20,178	(1,184)	7,858	2,125	0	105,771	(8,156)
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Sebring Gas System, Inc.
Schedule 2 Worksheet - Average Rate of Return
December-21

	(1) Plant in Service	(2) Accumulated Depreciation Amortization	(3) Net Plant in Service	(4) Property Held for Future Use	(5) Construction Work in Progress	(6) Net Utility Plant	(7) Working Capital	(8) Total Rate Base
13 Month Average								
Dec-20	7,041,080	(3,131,558)	3,909,522	0	34,317	3,943,839	465,292	4,409,131
Jan-21	7,081,551	(3,150,874)	3,930,677	0	34,317	3,964,994	474,262	4,439,256
Feb-21	7,097,333	(3,170,270)	3,927,063	0	34,317	3,961,380	518,261	4,479,641
Mar-21	7,112,894	(3,189,707)	3,923,187	0	34,317	3,957,504	532,010	4,489,514
Apr-21	7,163,820	(3,209,223)	3,954,597	0	34,317	3,988,914	399,675	4,388,589
May-21	7,183,557	(3,228,830)	3,954,727	0	34,317	3,989,044	430,445	4,419,489
Jun-21	7,238,334	(3,248,539)	3,989,795	0	34,317	4,024,112	463,939	4,488,051
Jul-21	7,257,373	(3,268,343)	3,989,030	0	34,317	4,023,347	472,050	4,495,397
Aug-21	7,290,269	(3,288,252)	4,002,017	0	34,317	4,036,334	506,514	4,542,848
Sep-21	7,309,472	(3,308,265)	4,001,207	0	34,317	4,035,524	518,407	4,553,931
Oct-21	7,340,149	(3,328,348)	4,011,801	0	34,317	4,046,118	511,923	4,558,041
Nov-21	7,347,443	(3,348,489)	3,998,954	0	34,317	4,033,271	520,809	4,554,080
Dec-21	7,367,514	(3,363,488)	4,004,026	0	34,317	4,038,343	429,532	4,467,875
Thirteen month totals	93,830,789	(42,234,186)	51,596,603	0	446,121	52,042,724	6,243,119	58,285,843
Thirteen month averages	7,217,753	(3,248,784)	3,968,969	0	34,317	4,003,286	480,240	4,483,526

SEBRING GAS SYSTEM, INC.
YEAR END RATE BASE
December 2021

SCHEDULE 3

(1) PLANT IN SERVICE	(2) ACCUMULATED DEPRECIATION & AMORTIZATION	(3) NET PLANT IN SERVICE	(4) PROPERTY HELD FOR FUTURE USE	(5) CONSTRUCTION WORK IN PROGRESS	(7) NET UTILITY PLANT	(8) WORKING CAPITAL	(9) TOTAL RATE BASE
7,367,514	(3,363,488)	4,004,026	0	34,317	4,038,343	429,532	4,467,875

PER BOOKS

FPSC ADJUSTMENTS:

TOTAL FPSC ADJUSTMENTS	0	0	0	0	0	0	0
FPSC ADJUSTED	7,367,514	(3,363,488)	0	34,317	4,038,343	429,532	4,467,875

SEBRING GAS SYSTEM, INC.
CAPITAL STRUCTURE
FPSC ADJUSTED BASIS
December 2021

	PER BOOKS	ADJUSTMENTS		ADJUSTED	RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
		SPECIFIC	PRO RATA			COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
AVERAGE	1,021,585		81,797	1,103,381	24.6097%	4.7957%	1.1802%	4.7957%	1.1802%	4.7957%	1.1802%
LONG TERM DEBT											
SHORT TERM DEBT	648,248		51,904	700,152	15.6161%	4.7900%	0.7480%	4.7900%	0.7480%	4.7900%	0.7480%
PREFERRED STOCK	0	0	0	0	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
CUSTOMER DEPOSITS	191,604		15,341	206,945	4.6157%	2.8805%	0.1330%	2.8805%	0.1330%	2.8805%	0.1330%
COMMON EQUITY	2,289,713	0	183,334	2,473,047	55.1585%	10.5000%	5.7916%	11.5000%	6.3432%	12.5000%	6.8948%
DEFERRED INCOME TAXES	0	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	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
TAX CREDITS - WEIGHTED COST	0	0	0	0	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
TOTAL	4,151,150	0	332,376	4,483,526	100.0000%	7.8528%	8.4044%	8.4044%	8.4044%	8.9560%	8.9560%

	PER BOOKS	ADJUSTMENTS		ADJUSTED	RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
		SPECIFIC	PRO RATA			COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
YEAR END	948,500		65,578	1,014,078	22.6971%	4.5824%	1.0401%	4.5824%	1.0401%	4.5824%	1.0401%
LONG TERM DEBT											
SHORT TERM DEBT	553,333		38,257	591,590	13.2410%	4.5824%	0.6068%	4.5824%	0.6068%	4.5824%	0.6068%
PREFERRED STOCK	0	0	0	0	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
CUSTOMER DEPOSITS	194,469		13,445	207,914	4.6535%	2.8805%	0.1340%	2.8805%	0.1340%	2.8805%	0.1340%
COMMON EQUITY	2,482,647	171,646	171,646	2,654,294	59.4084%	10.5000%	6.2379%	11.5000%	6.8320%	12.5000%	7.4261%
DEFERRED INCOME TAXES	0	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	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
TAX CREDITS - WEIGHTED COST	0	0	0	0	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
TOTAL	4,178,949	0	288,926	4,467,875	100.0000%	8.0188%	8.6128%	8.6128%	8.6128%	9.2069%	9.2069%

Sebring Gas System, Inc.
Schedule 4 Worksheet - Capital Structure
12/31/21

13 Month Average	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Average Per Books
Long-term Debt	1,098,500	1,086,000	1,073,500	1,061,100	1,036,000	1,023,500	1,023,500	1,011,000	998,500	986,000	973,500	961,000	948,500	1,021,585
Short-term Debt	709,435	709,435	709,435	684,318	649,318	649,318	649,318	649,318	649,318	644,651	587,875	582,157	553,333	648,248
Preferred Stock	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Customer Deposits	188,119	187,619	189,669	189,819	189,769	191,919	194,619	190,719	192,369	193,869	193,719	194,169	194,469	191,604
Common Stock:	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800
Paid-in Capital	654,880	654,880	654,880	654,880	654,880	654,880	654,880	654,880	654,880	654,880	654,880	654,880	654,880	654,880
Current Year Profit (Loss)	288,507	49,607	98,656	156,305	115,801	155,995	218,347	241,604	302,756	338,633	403,087	416,136	417,256	246,515
Retained Earnings (Deficit)	1,120,205	1,408,712	1,408,712	1,408,712	1,408,712	1,408,712	1,408,712	1,408,712	1,408,712	1,408,712	1,408,712	1,408,712	1,408,712	1,386,519
Common Equity	2,065,392	2,114,999	2,164,047	2,223,697	2,181,193	2,221,386	2,283,738	2,306,985	2,368,147	2,404,024	2,468,478	2,481,527	2,482,647	2,289,713
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
TN Crs-Weighted Cst	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	4,061,446	4,098,054	4,136,651	4,156,933	4,056,279	4,086,123	4,151,175	4,168,032	4,208,334	4,228,544	4,223,572	4,218,853	4,178,949	4,151,150

Sebring Gas System, Inc.
 Schedule 4 Worksheet - Average Interest Rates
 12/31/21

13 Month Average	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Average Per Books
SBA Disaster Relief Loan	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000.00
SBA Disaster Rate	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	
Book Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SBA PPP Loan	87,875	87,875	87,875	87,875	87,875	87,875	87,875	87,875	87,875	87,875	87,875	87,875	87,875	87,875.00
SBA PPP Loan Rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	
Book Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-
HNB Credit Line	421,560	421,560	421,560	396,443	361,443	361,443	361,443	361,443	361,443	356,776	300,000	294,282	265,458	360,373
Interest Rate	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.67%
Book Interest	5328	5387	5387	5000	4,973	4,973	5,096	4,890	4,992	4,933	4,730	4,232	1226	20,435.81
Ford Credit 289 Balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ford Credit 289 Interest Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	#DIV/0!
Book Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	0
Heartland National Balance#224.13	1,248,500	1,236,000	1,223,500	1,211,100	1,186,000	1,173,500	1,173,500	1,161,000	1,148,500	1,136,000	1,123,500	1,111,000	1,098,500	1,171,585
Heartland National #224.13 Interest R	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.09%
Book Interest	5,245	5,375	5,316	4,631	5,204	4,990	5,096	4,890	4,992	4,933	4,730	4,832	4,619	59,607
Note Payable Ally 69841 Balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ally 69841 Interest Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	#DIV/0!
Book Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	0
Notes Payable Ally 65377	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ally 65377 Interest Rate	-	-	-	-	-	-	-	-	-	-	-	-	-	#DIV/0!
Book Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	0
Total Debt	1,807,935	1,795,435	1,782,935	1,745,418	1,685,318	1,672,818	1,672,818	1,660,318	1,647,818	1,630,651	1,561,375	1,543,157	1,501,833	1,669,833
	6.89%	3.52%	7.83%	3.12%	3.76%	7.01%	3.71%	3.47%	6.87%	3.68%	3.57%	7.15%	4.58%	4.79%
	10,573	5,375	10,703	4,631	5,204	9,953	5,096	4,890	9,610	4,933	4,730	9,064	5,845	80,043
Long-term Portion	1,098,500	1,086,000	1,073,500	1,061,100	1,036,000	1,023,500	1,023,500	1,011,000	998,500	986,000	973,500	961,000	948,500	1,021,585
	6.89%	3.52%	7.83%	3.12%	3.76%	7.01%	3.71%	3.47%	6.87%	3.68%	3.57%	7.15%	4.58%	4.80%
	6,424	3,251	6,444	2,815	3,199	6,096	3,118	2,978	5,823	2,983	2,949	5,645	3,691	48,992
Short-term Portion	709,435	709,435	709,435	684,318	649,318	649,318	649,318	649,318	649,318	644,651	587,875	582,157	553,333	648,248
	6.89%	3.52%	7.83%	3.12%	3.76%	7.01%	3.71%	3.47%	6.87%	3.68%	3.57%	7.15%	4.58%	4.79%
	4,149	2,124	4,259	1,815	2,005	3,867	1,978	1,912	3,787	1,950	1,781	3,419	2,154	31,051
Customer Deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Residential	23,080	23,280	23,530	23,430	23,380	23,530	23,780	23,880	23,730	23,930	24,030	24,180	24,480	23,711
	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%	2.00%
	37	39	39	39	39	39	40	40	40	40	40	40	41	475
Commercial	165,039	164,339	166,139	166,389	166,389	168,389	170,839	166,839	168,639	169,939	169,689	169,989	169,989	167,893
	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
	385	411	415	416	416	421	427	417	422	425	424	425	425	5,044
Total	188,119	187,619	189,669	189,819	189,769	191,919	194,619	190,719	192,369	193,869	193,719	194,169	194,469	191,604
	2.69%	2.88%	2.88%	2.88%	2.88%	2.88%	2.88%	2.87%	2.88%	2.88%	2.88%	2.88%	2.87%	2.88%
	421	450	455	455	455	460	467	457	461	465	464	465	466	5,519

SEBRING GAS SYSTEM, INC.
EARNED RETURN ON COMMON EQUITY
FPSC ADJUSTED BASIS
December 2021

SCHEDULE 5

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

FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	7.49%	(Schedule 1)
LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:		
LONG TERM DEBT	1.18%	
SHORT TERM DEBT	0.75%	
PREFERRED STOCK	0.00%	
CUSTOMER DEPOSITS	0.13%	
TAX CREDITS-WEIGHTED COST(MIDPOINT)	0.00%	
SUBTOTAL	<u>2.06%</u>	
TOTAL	5.43%	
DIVIDED BY RECONCILED COMMON EQUITY RATIO	<u>55.16%</u>	
JURISDICTIONAL RETURN ON COMMON EQUITY	<u><u>9.84%</u></u>	

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

NET OPERATING REVENUE EXCLUDING FLEX RATE REVENUES	\$ 335,772	(Schedule 2, p. 2 of 2)
RATE BASE EXCLUDING FLEX RATE REVENUES	<u>\$ 4,483,526</u>	(Schedule 2, p. 1 of 2)
FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	<u>7.4890%</u>	
LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:		
LONG TERM DEBT	1.18%	
SHORT TERM DEBT	0.75%	
PREFERRED STOCK	0.00%	
CUSTOMER DEPOSITS	0.13%	
TAX CREDITS-WEIGHTED COST(MIDPOINT)	0.00%	
SUBTOTAL	<u>2.06%</u>	
TOTAL	5.43%	
DIVIDED BY RECONCILED COMMON EQUITY RATIO	<u>55.16%</u>	
JURISDICTIONAL RETURN ON COMMON EQUITY	<u><u>9.84%</u></u>	