

**SEBRING GAS SYSTEM, INC.  
FLORIDA PUBLIC SERVICE COMMISSION  
INVESTOR-OWNED NATURAL GAS UTILITY  
EARNINGS SURVEILLANCE REPORT  
JUNE 30, 2022**

RECEIVED  
FLORIDA PUBLIC SERVICE  
COMMISSION  
2022 SEP 13 PM 3:35  
DIVISION OF  
ACCOUNTING & FINANCE

OFFICIAL COPY  
Public Service Commission  
Do Not Remove From This Office

FLORIDA PUBLIC SERVICE COMMISSION

INVESTOR-OWNED NATURAL GAS UTILITY  
EARNINGS SURVEILLANCE REPORT

**SEBRING GAS SYSTEM, INC.**  
**EARNINGS SURVEILLANCE REPORT SUMMARY**  
**June 2022**

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	\$ 268,435	\$ 527	\$ 268,962	\$	\$ 268,962
AVERAGE RATE BASE	\$ 4,531,080	\$ 0	\$ 4,531,080	\$	\$ 4,531,080
AVERAGE RATE OF RETURN	5.92%		5.94%		5.94%
II. YEAR END RATE BASE (JURISDICTIONAL)	\$ 4,518,831	\$ 0	\$ 4,518,831		

III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)	LOW	8.12%
	MIDPOINT	8.69%
	HIGH	9.27%
IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)		
A. INCLUDING	FLEX RATE REVENUES	6.71%
B. EXCLUDING	FLEX RATE REVENUES	6.71%

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)

*Jerry H. Melendy, Jr.*  
(Handwritten Signature)

09/07/22  
(Date)

PSC/AFA13

**SEBRING GAS SYSTEM, INC.**  
**AVERAGE RATE OF RETURN**  
**RATE BASE**  
**June 2022**

	(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)
	PLANT IN SERVICE	ACCUMULATED DEPRECIATION & AMORTIZATION	NET PLANT IN SERVICE	PROPERTY HELD FOR FUTURE USE	CONSTRUCTION WORK IN PROGRESS	NET UTILITY PLANT	WORKING CAPITAL	TOTAL RATE BASE
PER BOOKS	7,352,307	(3,359,707)	3,992,600	0	34,317	4,026,917	504,173	4,531,090
FPSC ADJUSTMENTS:								
TOTAL FPSC ADJUSTMENTS	0	0	0	0	0	0	0	0
FPSC ADJUSTED	7,352,307	(3,359,707)	3,992,600	0	34,317	4,026,917	504,173	4,531,090
FLEX RATE REVENUES								
ADJUSTED FOR FLEX RATE REVENUES	7,352,307	(3,359,707)	3,992,600	0	34,317	4,026,917	504,173	4,531,090
PRO FORMA REVENUE INCREASE AND ANNUALIZATION ADJUSTMENTS:								
TOTAL PRO FORMA ADJUSTME	0	0	0	0	0	0	0	0
PRO FORMA ADJUSTED	7,352,307	(3,359,707)	3,992,600	0	34,317	4,026,917	504,173	4,531,090

**SEBRING GAS SYSTEM, INC.**  
**AVERAGE RATE OF RETURN**  
**INCOME STATEMENT**  
**June 2022**

	(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
PER BOOKS, as adjusted July 21 through June 22	1,285,859	0	645,662	243,362	33,007	43,985	51,408	0	0	1,017,424	268,435
FPSC ADJUSTMENTS:											
Disallowed lobbying expenses			(527)							(527)	527
TOTAL FPSC ADJUSTMENTS	0	0	(527)	0	0	0	0	0	0	(527)	527
FPSC ADJUSTED	1,285,859	0	645,135	243,362	33,007	43,985	51,408	0	0	1,016,897	268,962
FLEX RATE REVENUES ADJUSTED FOR	0	0	0	0	0	0	0	0	0	0	0
FLEX RATE REVENUES	1,285,859	0	645,135	243,362	33,007	43,985	51,408	0	0	1,016,897	268,962
PRO FORMA REVENUE INCREASE AND ANNUALIZATION ADJUSTMENTS:											
TOTAL PRO FORMA ADJUSTMENTS	0	0	0	0	0	0	0	0	0	0	0
PRO FORMA ADJUSTED	1,285,859	0	645,135	243,362	33,007	43,985	51,408	0	0	1,016,897	268,962
PER BOOKS CURRENT MONTH AMOUNT	95,476	0	43,155	20,600	2,716	3,665	4,284	0	0	74,420	21,056

**Sebring Gas System, Inc.**  
**Schedule 2 Worksheet - Average Rate of Return**  
**June-22**

	(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
<b>13 Month Average</b>								
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
Jan-22	7,362,454	(3,383,758)	3,978,696	0	34,317	4,013,013	526,937	4,539,950
Feb-22	7,385,137	(3,404,057)	3,981,080	0	34,317	4,015,397	555,641	4,571,038
Mar-22	7,400,145	(3,424,718)	3,975,427	0	34,317	4,009,744	584,379	4,594,123
Apr-22	7,428,206	(3,445,446)	3,982,760	0	34,317	4,017,077	473,688	4,490,765
May-22	7,415,147	(3,421,942)	3,993,205	0	34,317	4,027,522	501,715	4,529,237
Jun-22	7,438,343	(3,442,542)	3,995,801	0	34,317	4,030,118	488,713	4,518,831
Thirteen month totals	95,579,986	(43,676,187)	51,903,799	0	446,121	52,349,920	6,554,248	58,904,169
Thirteen month averages	7,352,307	(3,359,707)	3,992,600	0	34,317	4,026,917	504,173	4,531,090

**SEBRING GAS SYSTEM, INC.**  
**YEAR END RATE BASE**  
**June 2022**

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
7,438,343	(3,442,542)	3,995,801	0	34,317	4,030,118	488,713	4,518,831

PER BOOKS

FPSC ADJUSTMENTS:

TOTAL FPSC ADJUSTMENTS	0	0	0	0	0	0	0
FPSC ADJUSTED	7,438,343	(3,442,542)	0	34,317	4,030,118	488,713	4,518,831

**SEBRING GAS SYSTEM, INC.**  
**CAPITAL STRUCTURE**  
**FPSC ADJUSTED BASIS**  
**June 2022**

	PER BOOKS	ADJUSTMENTS		ADJUSTED	RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
		SPECIFIC	PRO RATA			COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
AVERAGE LONG TERM DEBT	948,500		131,468	1,079,968	23.8346%	5.1838%	1.2355%	5.1838%	1.2355%	5.1838%	1.2355%
SHORT TERM DEBT	546,984		75,815	622,800	13.7450%	5.0957%	0.7004%	5.0957%	0.7004%	5.0957%	0.7004%
PREFERRED STOCK	0	0	0	0	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
CUSTOMER DEPOSITS	194,307		26,932	221,240	4.8827%	2.8743%	0.1403%	2.8743%	0.1403%	2.8743%	0.1403%
COMMON EQUITY	2,289,713	0	317,369	2,607,082	57.5376%	10.5000%	6.0415%	11.5000%	6.6168%	12.5000%	7.1922%
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	3,979,505	0	551,585	4,531,090	100.0000%	8.1177%	8.1177%	8.6931%	8.6931%	9.2685%	9.2685%

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	873,500		106,138	979,638	21.6790%	4.0068%	0.8686%	4.0068%	0.8686%	4.0068%	0.8686%
SHORT TERM DEBT	476,828		57,939	534,767	11.8342%	4.0068%	0.4742%	4.0068%	0.4742%	4.0068%	0.4742%
PREFERRED STOCK	0	0	0	0	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
CUSTOMER DEPOSITS	196,269		23,848	220,117	4.8711%	2.8743%	0.1400%	2.8743%	0.1400%	2.8743%	0.1400%
COMMON EQUITY	2,482,647	0	301,663	2,784,310	61.6157%	10.5000%	6.4696%	11.5000%	7.0858%	12.5000%	7.7020%
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	4,029,244	0	489,587	4,518,831	100.0000%	7.9525%	7.9525%	8.5686%	8.5686%	9.1848%	9.1848%



Sebring Gas System, Inc.  
Schedule 4 Worksheet - Capital Structure  
06/30/22

13 Month Average	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Average Per Books
Long-term Debt	1,023,500	1,011,000	998,500	986,000	973,500	961,000	948,500	936,000	923,500	911,000	898,500	886,000	873,500	948,500
Short-term Debt	649,318	649,318	649,318	644,651	587,875	582,157	553,333	466,737	491,737	455,866	426,828	476,828	476,828	546,984
Preferred Stock	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Customer Deposits	194,619	190,719	192,369	193,869	193,719	194,169	194,469	194,669	195,069	194,519	194,419	197,119	196,269	194,307
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)	298,507	49,607	98,656	158,305	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	2,306,995	2,366,147	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
Tx Crs-Weighted Cst	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	3,932,828	3,966,038	4,004,234	4,048,217	3,936,287	3,958,712	3,980,040	3,904,401	3,975,453	3,965,410	3,988,225	4,041,474	4,029,244	3,979,505

Sebring Gas System, Inc.  
Schedule 4 Worksheet - Average Interest Rates  
06/30/22

13 Month Average	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Average Per Books
SBA Disaster Relief Loan	50,000	50,000	50,000	50,000	50,000	50,000	50,000	51,279	51,279	47,987	37,987	37,987	37,987	47,269.71
SBA Disaster Rate	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.266.00
Book Interest	-	-	-	-	-	-	-	1,279.00	-	2,987.00	-	-	-	-
SBA PPP Loan	87,875	87,875	87,875	87,875	87,875	87,875	87,875	-	-	-	-	-	-	47,317.00
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	361,443	361,443	361,443	356,776	300,000	294,282	265,458	265,458	290,458	257,879	238,841	288,841	288,841	302,397
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%	5.57%
Book Interest	5,096	4,890	4,992	4,933	4,730	4,832	4,619	4,716	4,669	4,171	4,556	4,362	4,447	55,917
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	1,173,500	1,161,000	1,148,500	1,136,000	1,123,500	1,111,000	1,098,500	1,086,000	1,073,500	1,061,000	1,048,500	1,036,000	1,023,500	1,098,500
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	5,096	4,890	4,992	4,933	4,730	4,832	4,619	4,716	4,669	4,171	4,556	4,362	4,447	55,917
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	-	-	0	-	-	-	-	-	-	-	-	-	-	-
Ally 65377 Interest Rate	-	-	6.87%	3.68%	3.57%	7.15%	4.58%	5.03%	6.34%	8.25%	5.07%	4.79%	4.01%	5.15%
Book Interest	1,672,818	1,660,318	1,647,818	1,630,651	1,561,375	1,543,157	1,501,833	1,402,737	1,415,237	1,366,866	1,325,328	1,362,828	1,350,328	1,495,484
Total Debt	3,71%	3,47%	6,87%	3,68%	3,57%	7,15%	4,58%	5,03%	6,34%	8,25%	5,07%	4,79%	4,01%	5,15%
	5,096	4,890	4,992	4,933	4,730	4,832	4,619	4,716	4,669	4,171	4,556	4,362	4,447	55,917
Long-term Portion	1,023,500	1,011,000	998,500	986,000	973,500	961,000	948,500	936,000	923,500	911,000	898,500	886,000	873,500	948,500
	3,71%	3,47%	6,87%	3,68%	3,57%	7,15%	4,58%	5,03%	6,34%	8,25%	5,07%	4,79%	4,01%	5,18%
	3,118	2,978	5,823	2,983	2,949	5,645	3,691	4,000	4,490	6,384	3,741	3,608	2,877	49,169
Short-term Portion	649,318	649,318	649,318	644,651	587,875	582,157	553,333	466,737	491,737	455,866	426,828	476,828	476,828	546,984
	3,71%	3,47%	6,87%	3,68%	3,57%	7,15%	4,58%	5,03%	6,34%	8,25%	5,07%	4,79%	4,01%	5,10%
	1,978	1,912	3,787	1,950	1,781	3,419	2,154	1,995	2,391	3,194	1,777	1,942	1,570	27,872
Customer Deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Residential	23,780	23,880	23,730	23,930	24,030	24,180	24,480	24,680	24,580	24,780	24,680	24,580	24,530	24,295
	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	40	40	40	40	40	41	41	41	41	41	41	41	487
Commercial	170,839	166,839	168,639	169,939	169,689	169,989	169,989	169,989	170,489	169,739	169,739	172,539	171,739	170,012
	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	417	422	425	424	425	425	425	426	424	424	431	429	5,098
Total	194,619	190,719	192,369	193,869	193,719	194,169	194,469	194,669	195,069	194,519	194,419	197,119	196,269	194,307
	2,60%	2,87%	2,88%	2,88%	2,88%	2,88%	2,87%	2,87%	2,87%	2,87%	2,87%	2,88%	2,88%	2,87%
	421	457	461	465	464	465	466	466	467	466	465	472	470	5,585

**SEBRING GAS SYSTEM, INC.**  
**EARNED RETURN ON COMMON EQUITY**  
**FPSC ADJUSTED BASIS**  
**June 2022**

SCHEDULE 5

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

FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	<u>5.94%</u>	(Schedule 1)
LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:		
LONG TERM DEBT	1.24%	
SHORT TERM DEBT	0.70%	
PREFERRED STOCK	0.00%	
CUSTOMER DEPOSITS	0.14%	
TAX CREDITS-WEIGHTED COST(MIDPOINT)	<u>0.00%</u>	
SUBTOTAL	<u>2.08%</u>	
TOTAL	3.86%	
DIVIDED BY RECONCILED COMMON EQUITY RATIO	<u>57.54%</u>	
JURISDICTIONAL RETURN ON COMMON EQUITY	<u><u>6.71%</u></u>	

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

NET OPERATING REVENUE EXCLUDING FLEX RATE REVENUES	\$ 268,962	(Schedule 2, p. 2 of 2)
RATE BASE EXCLUDING FLEX RATE REVENUES	<u>\$ 4,531,090</u>	(Schedule 2, p. 1 of 2)
FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	<u>5.9359%</u>	
LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:		
LONG TERM DEBT	1.24%	
SHORT TERM DEBT	0.70%	
PREFERRED STOCK	0.00%	
CUSTOMER DEPOSITS	0.14%	
TAX CREDITS-WEIGHTED COST(MIDPOINT)	<u>0.00%</u>	
SUBTOTAL	<u>2.08%</u>	
TOTAL	3.86%	
DIVIDED BY RECONCILED COMMON EQUITY RATIO	<u>57.54%</u>	
JURISDICTIONAL RETURN ON COMMON EQUITY	<u><u>6.71%</u></u>	