

**SEBRING GAS SYSTEM, INC.
FLORIDA PUBLIC SERVICE COMMISSION
INVESTOR-OWNED NATURAL GAS UTILITY
EARNINGS SURVEILLANCE REPORT
DECEMBER 31, 2022**

FLORIDA PUBLIC SERVICE COMMISSION

INVESTOR-OWNED NATURAL GAS UTILITY
EARNINGS SURVEILLANCE REPORT

SEBRING GAS SYSTEM, INC.
EARNINGS SURVEILLANCE REPORT SUMMARY
 December 2022

SCHEDULE 1

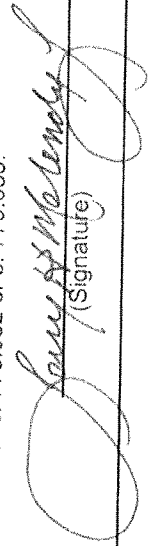
	(1) ACTUAL PER BOOKS	(2) FPSC ADJUSTMENTS	(3) FPSC ADJUSTED	(4) PRO FORMA ADJUSTMENTS	(5) PRO FORMA ADJUSTED
I. AVERAGE RATE OF RETURN (JURISDICTIONAL) NET OPERATING INCOME	\$ 327,293	\$ 411	\$ 327,704	\$	\$ 327,704
AVERAGE RATE BASE	\$ 4,581,928	\$ 0	\$ 4,581,928	\$	\$ 4,581,928
AVERAGE RATE OF RETURN	7.14%		7.15%		7.15%
II. YEAR END RATE BASE (JURISDICTIONAL)	\$ 4,614,644	\$ 0	\$ 4,614,644		

III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)	7.91%	9.18%
LOW	8.49%	
MIDPOINT	9.07%	
HIGH		
IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)		
A. INCLUDING FLEX RATE REVENUES		9.18%
B. EXCLUDING FLEX RATE REVENUES		9.18%

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)

3/14/23
 (Date)

PSC/AFA13

SEBRING GAS SYSTEM, INC.
AVERAGE RATE OF RETURN
RATE BASE
December 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	7,468,537	(3,467,357)	4,001,180	0	34,317	4,035,497	546,431	4,581,928
<u>FPSC ADJUSTMENTS:</u>								
TOTAL FPSC ADJUSTMENTS	0	0	0	0	0	0	0	0
FPSC ADJUSTED	7,468,537	(3,467,357)	4,001,180	0	34,317	4,035,497	546,431	4,581,928
<u>FLEX RATE REVENUES ADJUSTED FOR FLEX RATE REVENUES</u>								
	7,468,537	(3,467,357)	4,001,180	0	34,317	4,035,497	546,431	4,581,928
<u>PRO FORMA REVENUE INCREASE AND ANNUALIZATION ADJUSTMENTS:</u>								
TOTAL PRO FORMA ADJUSTME	0	0	0	0	0	0	0	0
PRO FORMA ADJUSTED	7,468,537	(3,467,357)	4,001,180	0	34,317	4,035,497	546,431	4,581,928

SEBRING GAS SYSTEM, INC.
AVERAGE RATE OF RETURN
INCOME STATEMENT
December 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
	1,310,145	0	591,681	258,265	37,711	94,352	843	0	0	982,852	327,293

PER BOOKS, as adjusted
January through December 22

FPSC ADJUSTMENTS:

Disallowed lobbying expenses

(411)

(411)

411

TOTAL FPSC ADJUSTMENTS

FPSC ADJUSTED

FLEX RATE REVENUES
ADJUSTED FOR

FLEX RATE REVENUES

PRO FORMA REVENUE INCREASE
AND ANNUALIZATION
ADJUSTMENTS:

	0	0	(411)	0	0	0	0	0	0	(411)	411
	1,310,145	0	591,270	258,265	37,711	94,352	843	0	0	982,441	327,704
	0	0	0	0	0	0	0	0	0	0	0
	1,310,145	0	591,270	258,265	37,711	94,352	843	0	0	982,441	327,704

TOTAL PRO FORMA ADJUSTMENTS

PRO FORMA ADJUSTED

	0	0	0	0	0	0	0	0	0	0	0
	1,310,145	0	591,270	258,265	37,711	94,352	843	0	0	982,441	327,704

PER BOOKS
CURRENT MONTH AMOUNT

	97,630	0	53,306	30,539	5,715	7,863	70	0	0	97,493	137
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SEBRING GAS SYSTEM, INC.
YEAR END RATE BASE
December 2022

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	7,612,680	(3,575,969)	4,036,711	0	34,317	4,071,028	543,616	4,614,644

FPSC ADJUSTMENTS:

TOTAL FPSC ADJUSTMENTS	0	0	0	0	0	0	0	0
FPSC ADJUSTED	7,612,680	(3,575,969)	4,036,711	0	34,317	4,071,028	543,616	4,614,644

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

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	872,538		(1,486)	871,051	19.0168%	5.8233%	1.1070%	5.8233%	1.1070%	5.8233%	1.1070%
SHORT TERM DEBT	493,928		(842)	493,086	10.7615%	5.8223%	0.6266%	5.8223%	0.6266%	5.8223%	0.6266%
PREFERRED STOCK	0	0	0	0	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
CUSTOMER DEPOSITS	196,869		(336)	196,533	4.2893%	2.8763%	0.1234%	2.8763%	0.1234%	2.8763%	0.1234%
COMMON EQUITY	2,648,057	0	(4,515)	2,643,541	57.6950%	10.5000%	6.0580%	11.5000%	6.6349%	12.5000%	7.2119%
DEFERRED INCOME TAXES	378,363		(645)	377,717	8.2436%	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	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
TOTAL	4,589,755	0	(7,826)	4,581,928	100.0000%		7.9149%		8.4919%		9.0688%

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	798,500		(4,564)	793,936	17.2047%	9.8137%	1.6864%	9.8137%	1.6864%	9.8137%	1.6864%
SHORT TERM DEBT	488,141		(2,790)	485,351	10.5176%	9.8137%	1.0322%	9.8137%	1.0322%	9.8137%	1.0322%
PREFERRED STOCK	0	0	0	0	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
CUSTOMER DEPOSITS	199,219		(1,139)	198,080	4.2924%	2.8763%	0.1235%	2.8763%	0.1235%	2.8763%	0.1235%
COMMON EQUITY	2,778,188		(15,879)	2,762,309	59.8596%	10.5000%	6.2853%	11.5000%	6.8639%	12.5000%	7.4825%
DEFERRED INCOME TAXES	377,123		(2,155)	374,968	8.1256%	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	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
TOTAL	4,641,171	0	(26,527)	4,614,644	100.0000%		9.1283%		9.7279%		10.3265%

Sebring Gas System, Inc.
 Schedule 4 Worksheet - Capital Structure
 12/31/22

13 Month Average	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Average Per Books
Long-Term Debt	948,500	936,000	923,500	911,000	898,500	886,000	873,500	861,000	848,500	823,500	823,500	811,000	798,500	872,538
Short-Term Debt	553,333	466,737	491,737	455,866	426,828	476,828	476,828	541,828	531,828	533,703	483,703	493,703	488,141	483,928
Preferred Stock	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Customer Deposits	194,469	194,669	195,069	194,519	194,419	197,119	196,269	198,569	198,869	198,519	198,619	198,969	199,219	196,869
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	70,978	84,258	184,870	92,380	88,327	145,934	177,518	233,104	259,281	188,278	288,573	252,945	180,380
Retained Earnings (Deficit)	1,120,205	1,868,563	1,868,563	1,868,563	1,868,563	1,868,563	1,868,563	1,868,563	1,868,563	1,868,563	1,868,563	1,868,563	1,868,563	1,810,997
Common Equity	2,065,392	2,586,221	2,609,501	2,690,113	2,617,833	2,613,570	2,671,177	2,702,761	2,758,347	2,784,504	2,723,519	2,813,816	2,778,188	2,648,057
Deferred Income Taxes	376,280	376,280	376,280	376,280	376,280	376,280	376,280	381,526	381,526	381,526	381,526	381,526	377,123	378,363
Tax Crs-Zero Crs	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Tx Crs-Weighted Crs	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	4,137,974	4,569,909	4,596,087	4,627,778	4,513,660	4,549,797	4,594,054	4,685,684	4,719,070	4,721,752	4,610,867	4,699,014	4,641,171	4,689,755

Sebring Gas System, Inc.
 Schedule 4 Worksheet - Average Interest Rates
 12/31/22

13 Month Average	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Average Per Books
SBA Disaster Relief Loan	50,000 4.00%	51,279 4.00%	51,279 4.00%	47,987 4.00%	37,987 4.00%	37,987 4.00%	37,987 4.00%	37,987 4.00%	27,987 4.00%	27,987 4.00%	27,987 4.00%	37,987 4.00%	28,537 4.00%	38,660.64
SBA Disaster Rate	1,279			2,987									549	4,815.00
SBA PPP Loan	87,875 1.00%													6,760.00
SBA PPP Loan Rate														1.00%
SBA PPP Book Interest														1.00%
HNB Credit Line	265,458 5.00%	265,458 5.00%	290,458 5.00%	257,879 5.00%	238,841 5.00%	288,841 5.00%	288,841 5.00%	353,841 7.50%	353,841 7.50%	355,716 7.50%	305,716 7.50%	305,716 7.50%	309,604 7.50%	288,478 5.29%
HNB Credit Rate	1226		2212	2420	962	1,188			1268	1875		1,980	3888	15,793.00
HNB Credit Book Interest														
Ford Credit 289 Balance	0.00%													#DIV/0!
Ford Credit 289 Interest Rate														0
Ford Credit Book Interest														
Heartland National Balance#224.13	1,098,500 5.00%	1,086,000 5.00%	1,073,500 5.00%	1,061,000 5.00%	1,048,500 5.00%	1,036,000 5.00%	1,023,500 5.00%	1,011,000 7.50%	998,500 7.50%	973,500 7.50%	973,500 7.50%	961,000 7.50%	948,500 7.50%	1,022,538 5.77%
Heartland National #224.13 Interest R	4,619	4,716	4,669	4,171	4,556	4,362	4,447	4,490	5,007	5,146	5,460	5,649	6,287	58,960
Heartland National Book Interest														
Note Payable Ally 69841 Balance	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%							#DIV/0!
Ally 69841 Interest Rate														0
Ally 69841 Book Interest														
Notes Payable Ally 65377	1,501,833 4.58%	1,402,737 5.03%	1,415,237 6.34%	1,366,866 8.25%	1,325,328 5.07%	1,362,828 4.79%	1,350,328 4.01%	1,402,828 3.77%	1,380,328 5.35%	1,357,203 6.29%	1,307,203 4.92%	1,304,703 7.11%	1,286,641 9.81%	1,366,466 5.82%
Ally 65377 Interest Rate	5,845	5,995	6,881	9,578	5,518	5,550	4,447	4,490	6,275	7,021	5,480	7,629	10,724	79,568
Ally 65377 Total Debt														
Long-term Portion	948,500 4.58%	936,000 5.03%	923,500 6.34%	911,000 8.25%	898,500 5.07%	886,000 4.79%	873,500 4.01%	861,000 3.77%	848,500 5.35%	823,500 6.29%	823,500 4.92%	811,000 7.11%	798,500 9.81%	872,538 5.82%
Long-term Book Interest	3,691	4,000	4,490	6,384	3,741	3,608	2,877	2,756	3,857	4,280	3,440	4,742	6,655	50,810
Short-term Portion	553,333 4.58%	466,737 5.03%	491,737 6.34%	455,866 8.25%	426,828 5.07%	476,828 4.79%	476,828 4.01%	541,828 3.77%	531,828 5.35%	533,703 6.29%	483,703 4.92%	493,703 7.11%	488,141 9.81%	493,928 5.82%
Short-term Book Interest	2,154	1,995	2,391	3,194	1,777	1,942	1,570	1,734	2,418	2,761	2,020	2,887	4,069	28,756
Customer Deposits Residential	24,480 2.00%	24,680 2.00%	24,580 2.00%	24,780 2.00%	24,680 2.00%	24,580 2.00%	24,530 2.00%	24,830 2.00%	25,130 2.00%	25,080 2.00%	25,180 2.00%	25,530 2.00%	25,780 2.00%	24,911 2.00%
Customer Deposits Commercial	37 3.00%	41 3.00%	41 3.00%	41 3.00%	41 3.00%	41 3.00%	41 3.00%	41 3.00%	42 3.00%	42 3.00%	42 3.00%	43 3.00%	43 3.00%	499 3.00%
Customer Deposits Total	169,989 3.00%	169,989 3.00%	170,489 3.00%	169,739 3.00%	169,739 3.00%	172,539 3.00%	171,739 3.00%	173,739 3.00%	173,739 3.00%	173,439 3.00%	173,439 3.00%	173,439 3.00%	173,439 3.00%	171,959 3.00%
Total	194,469 2.60%	194,669 2.87%	195,069 2.87%	194,519 2.87%	194,419 2.87%	197,119 2.88%	196,269 2.87%	198,569 2.87%	198,869 2.87%	198,519 2.87%	198,619 2.87%	198,969 2.87%	198,219 2.87%	196,869 2.88%
Total Book Interest	421	466	467	466	465	472	470	476	476	475	476	476	477	5,663

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

SCHEDULE 5

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

FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	7.15%	(Schedule 1)
LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:		
LONG TERM DEBT	1.11%	
SHORT TERM DEBT	0.63%	
PREFERRED STOCK	0.00%	
CUSTOMER DEPOSITS	0.12%	
TAX CREDITS-WEIGHTED COST(MIDPOINT)	0.00%	
SUBTOTAL	1.86%	
 TOTAL	 5.30%	
 DIVIDED BY RECONCILED COMMON EQUITY RATIO	 57.69%	
JURISDICTIONAL RETURN ON COMMON EQUITY	9.18%	

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

NET OPERATING REVENUE EXCLUDING FLEX RATE REVENUES	\$ 327,704	(Schedule 2, p. 2 of 2)
RATE BASE EXCLUDING FLEX RATE REVENUES	\$ 4,581,928	(Schedule 2, p. 1 of 2)
 FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	 7.1521%	
LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:		
LONG TERM DEBT	1.11%	
SHORT TERM DEBT	0.63%	
PREFERRED STOCK	0.00%	
CUSTOMER DEPOSITS	0.12%	
TAX CREDITS-WEIGHTED COST(MIDPOINT)	0.00%	
SUBTOTAL	1.86%	
 TOTAL	 5.30%	
 DIVIDED BY RECONCILED COMMON EQUITY RATIO	 57.69%	
JURISDICTIONAL RETURN ON COMMON EQUITY	9.18%	