

**SEBRING GAS SYSTEM, INC.  
FLORIDA PUBLIC SERVICE COMMISSION  
INVESTOR-OWNED NATURAL GAS UTILITY  
EARNINGS SURVEILLANCE REPORT  
DECEMBER 31, 2023**

FLORIDA PUBLIC SERVICE COMMISSION

**INVESTOR-OWNED NATURAL GAS UTILITY  
EARNINGS SURVEILLANCE REPORT**

**SEBRING GAS SYSTEM, INC.**  
**EARNINGS SURVEILLANCE REPORT SUMMARY**  
 December 2023

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	\$ 275,360	\$ 575	\$ 275,935	\$	\$ 275,935
AVERAGE RATE BASE	\$ 4,675,908	\$ 0	\$ 4,675,908	\$	\$ 4,675,908
AVERAGE RATE OF RETURN	5.89%		5.90%		5.90%
II. YEAR END RATE BASE (JURISDICTIONAL)	\$ 4,770,989	\$ 0	\$ 4,770,989		

III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)					
LOW	8.65%				
MIDPOINT	9.25%				
HIGH	9.86%				
IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)					
A. INCLUDING					5.95%
B. EXCLUDING					5.95%

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)	_____ (Date)
3/14/24	

PSC/AFA13

**SEBRING GAS SYSTEM, INC.**  
**AVERAGE RATE OF RETURN**  
**RATE BASE**  
**December 2023**

	(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	7,801,373	(3,669,311)	4,132,062	0	34,317	4,166,379	509,528	4,675,908
<b>FPSC ADJUSTMENTS:</b>								
TOTAL FPSC ADJUSTMENTS	0	0	0	0	0	0	0	0
FPSC ADJUSTED	7,801,373	(3,669,311)	4,132,062	0	34,317	4,166,379	509,528	4,675,908
<b>FLEX RATE REVENUES ADJUSTED FOR FLEX RATE REVENUES</b>								
	7,801,373	(3,669,311)	4,132,062	0	34,317	4,166,379	509,528	4,675,908
<b>PRO FORMA REVENUE INCREASE AND ANNUALIZATION ADJUSTMENTS:</b>								
TOTAL PRO FORMA ADJUSTME	0	0	0	0	0	0	0	0
PRO FORMA ADJUSTED	7,801,373	(3,669,311)	4,132,062	0	34,317	4,166,379	509,528	4,675,908

**SEBRING GAS SYSTEM, INC.**  
**AVERAGE RATE OF RETURN**  
**INCOME STATEMENT**  
**December 2023**

	(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	DEFERRED TAXES CURRENT	DEFERRED TAXES (NET)	INVESTMENT TAX CREDIT (NET)	GAIN/LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME
PER BOOKS, as adjusted January through December 22	1,302,925	0	627,327	253,340	42,832	78,889	25,177	0	0	1,027,565	275,360
<u>FPSC ADJUSTMENTS:</u>											
Disallowed lobbying expenses			(575)							(575)	575
TOTAL FPSC ADJUSTMENTS	0	0	(575)	0	0	0	0	0	0	(575)	575
FPSC ADJUSTED	1,302,925	0	626,752	253,340	42,832	78,889	25,177	0	0	1,026,990	275,935
FLEX RATE REVENUES ADJUSTED FOR FLEX RATE REVENUES	0	0	0	0	0	0	0	0	0	0	0
PRO FORMA REVENUE INCREASE AND ANNUALIZATION ADJUSTMENTS:	1,302,925	0	626,752	253,340	42,832	78,889	25,177	0	0	1,026,990	275,935
TOTAL PRO FORMA ADJUSTMENTS	0	0	0	0	0	0	0	0	0	0	0
PRO FORMA ADJUSTED	1,302,925	0	626,752	253,340	42,832	78,889	25,177	0	0	1,026,990	275,935
PER BOOKS CURRENT MONTH AMOUNT	101,638	0	66,345	21,709	3,566	6,574	2,098	0	0	100,292	1,346

**Sebring Gas System, Inc.**  
**Schedule 2 Worksheet - Average Rate of Return**  
**December-23**

	(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>								
Dec-22	7,612,680	(3,575,969)	4,036,711	0	34,317	4,071,028	543,616	4,614,644
Jan-23	7,642,639	(3,579,317)	4,063,322	0	34,317	4,097,639	564,643	4,662,282
Feb-23	7,657,017	(3,600,536)	4,056,481	0	34,317	4,090,798	597,012	4,687,810
Mar-23	7,684,839	(3,621,808)	4,063,030	0	34,317	4,097,347	518,737	4,616,085
Apr-23	7,716,495	(3,643,155)	4,073,340	0	34,317	4,107,657	535,812	4,643,469
May-23	7,740,974	(3,638,427)	4,102,548	0	34,317	4,136,865	532,835	4,669,700
Jun-23	7,768,105	(3,657,181)	4,110,924	0	34,317	4,145,241	512,387	4,657,629
Jul-23	7,816,601	(3,678,661)	4,137,940	0	34,317	4,172,257	486,849	4,659,106
Aug-23	7,837,430	(3,699,385)	4,138,045	0	34,317	4,172,362	460,988	4,633,350
Sep-23	7,856,148	(3,721,006)	4,135,142	0	34,317	4,169,459	493,308	4,662,767
Oct-23	8,003,579	(3,742,837)	4,260,742	0	34,317	4,295,059	416,292	4,711,351
Nov-23	8,025,957	(3,764,877)	4,261,080	0	34,317	4,295,397	508,253	4,803,650
Dec-23	8,055,389	(3,777,887)	4,277,502	0	34,317	4,311,819	459,170	4,770,989
<b>Thirteen month totals</b>	<b>101,417,853</b>	<b>(47,701,046)</b>	<b>53,716,807</b>	<b>0</b>	<b>446,121</b>	<b>54,162,928</b>	<b>6,629,903</b>	<b>60,792,831</b>
<b>Thirteen month averages</b>	<b>7,801,373</b>	<b>(3,669,311)</b>	<b>4,132,062</b>	<b>0</b>	<b>34,317</b>	<b>4,166,379</b>	<b>509,993</b>	<b>4,676,372</b>

**SEBRING GAS SYSTEM, INC.**  
**YEAR END RATE BASE**  
**December 2023**

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
8,055,389	(3,777,887)	4,277,502	0	34,317	4,311,819	459,170	4,770,989
FPSC ADJUSTMENTS:							
TOTAL FPSC ADJUSTMENTS	0	0	0	0	0	0	0
FPSC ADJUSTED	8,055,389	4,277,502	0	34,317	4,311,819	459,170	4,770,989

**SEBRING GAS SYSTEM, INC.**  
**CAPITAL STRUCTURE**  
**FPSC ADJUSTED BASIS**  
**December 2023**

	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	422,808		(2,463)	420,345	8.9896%	7.3828%	0.6637%	7.3828%	0.6637%	7.3828%	0.6637%
SHORT TERM DEBT	859,433		(5,006)	854,427	18.2730%	8.3189%	1.5201%	8.3189%	1.5201%	8.3189%	1.5201%
PREFERRED STOCK	0	0		0	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
CUSTOMER DEPOSITS	201,033		(1,171)	199,862	4.2743%	2.8750%	0.1229%	2.8750%	0.1229%	2.8750%	0.1229%
COMMON EQUITY	2,841,666	0	(16,552)	2,825,115	60.4185%	10.5000%	6.3439%	11.5000%	6.9481%	12.5000%	7.5523%
DEFERRED INCOME TAXES	378,363		(2,204)	376,159	8.0446%	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%
<b>TOTAL</b>	<b>4,703,302</b>	<b>0</b>	<b>(27,395)</b>	<b>4,675,908</b>	<b>100.0000%</b>	<b>8.6506%</b>	<b>8.6506%</b>	<b>9.2548%</b>	<b>9.2548%</b>	<b>9.8590%</b>	<b>9.8590%</b>

	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 LONG TERM DEBT	0		0	0	0.0000%	4.9478%	0.0000%	4.9478%	0.0000%	4.9478%	0.0000%
SHORT TERM DEBT	1,287,887		(5,310)	1,282,577	26.8628%	4.9478%	1.3301%	4.9478%	1.3301%	4.9478%	1.3301%
PREFERRED STOCK	0	0		0	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
CUSTOMER DEPOSITS	202,409		(834)	201,575	4.2250%	2.8750%	0.1215%	2.8750%	0.1215%	2.8750%	0.1215%
COMMON EQUITY	2,923,322		(12,052)	2,911,269	61.0202%	10.5000%	6.4071%	11.5000%	7.0173%	12.5000%	7.6275%
DEFERRED INCOME TAXES	377,123		(1,555)	375,568	7.8719%	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%
<b>TOTAL</b>	<b>4,790,740</b>	<b>0</b>	<b>(19,751)</b>	<b>4,770,989</b>	<b>100.0000%</b>	<b>7.8587%</b>	<b>7.8587%</b>	<b>8.4669%</b>	<b>8.4669%</b>	<b>9.0791%</b>	<b>9.0791%</b>



Sebring Gas System, Inc.  
Schedule 4 Worksheet - Capital Structure  
12/31/23

13 Month Average	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Average Per Books
Long-term Debt	799,500	786,000	773,500	839,500	899,500	736,000	723,500	0	0	0	0	0	0	422,808
Short-term Debt	488,141	592,002	577,002	529,770	516,233	516,233	516,233	1,212,584	1,197,887	1,215,387	1,222,887	1,300,387	1,287,887	859,433
Preferred Stock	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Customer Deposits	199,219	202,169	202,019	200,569	200,919	201,169	200,719	201,319	200,969	197,769	202,119	202,059	202,409	201,033
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	562,519	562,519	562,519	562,519	562,519	562,519	562,519	562,519	562,519	562,519	562,519	562,519	562,519	562,519
Current Year Profit (Loss)	252,945	50,212	104,559	106,368	151,105	188,060	166,491	199,246	200,969	214,315	250,147	282,949	248,950	185,870
Retained Earnings (Deficit)	1,868,563	2,110,053	2,110,053	2,110,053	2,110,053	2,110,053	2,110,053	2,110,053	2,110,053	2,110,053	2,110,053	2,110,053	2,110,053	2,091,477
Common Equity	2,685,827	2,724,584	2,778,931	2,780,740	2,825,477	2,862,432	2,840,863	2,873,618	2,875,341	2,888,687	2,924,519	2,957,321	2,923,322	2,841,666
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 Credits/Zero Out	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	4,547,967	4,681,037	4,707,732	4,726,858	4,758,409	4,692,114	4,657,595	4,689,047	4,655,722	4,683,369	4,731,051	4,841,293	4,790,740	4,703,302

**Do not send with Report**

Days in month	31	31	28	31	30	31	30	31	30	31	30	31	30	31	30	31	
Do not with report																	
HNB Credit Line	309,604	413,465	413,465	366,233	366,233	366,233	366,233	366,233	366,233	351,584	349,387	379,387	489,387	399,387	489,387	489,387	489,387
EIDL Loan	28,537	28,537	13,537	13,537	-	-	-	-	-	-	-	-	-	-	-	-	-
PPP Loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Current portion Hartland #224.13	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	861,000	848,500	836,000	811,000	823,500	798,500	798,500	798,500
Current portion Ally 69841	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Current portion 289	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Current portion Ally 65377	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	488,141	592,002	577,002	529,770	516,233	516,233	516,233	516,233	516,233	1,212,584	1,197,887	1,215,387	1,300,387	1,222,887	1,300,387	1,287,887	1,287,887

Updated

Sebring Gas System, Inc.  
Schedule 4 Worksheet - Average Interest Rates  
12/31/23

13 Month Average	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Average Per Books
SBA Disaster Relief Loan	28,537	28,537	13,537	13,537	-	-	-	-	-	-	-	-	-	6,472.81
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%	4.00%
Book Interest	549.00	-	-	624.98	-	-	-	-	-	-	-	-	-	1,173.98
SBA PPP Loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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%	1.00%
Book Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-
HNB Credit Line	309,604	413,465	413,465	366,233	366,233	366,233	366,233	351,584	349,387	379,387	399,387	489,387	489,387	389,230
Interest Rate	7.50%	7.50%	7.75%	7.75%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	7.90%
Book Interest	3888	3,861.45	3,110	2,768	8,000	5,519	8,000	5,351.00	2,197	8,000	8,000	7,929	8,000	30,734.90
Ford Credit 289 Balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ford Credit 289 Interest Rate	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Book Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	#DIV/0!
Heartland National Balance#224.13	948,500	936,000	923,500	989,500	989,500	886,000	873,500	861,000	848,500	836,000	823,500	811,000	798,500	886,538
Interest Rate	7.50%	7.50%	7.75%	7.75%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.05%
Book Interest	6,287	6,569	6,434	5,743	6,273	5,979	6,087	5,818	5,973	5,845	5,559	5,659	5,412	71,351
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%	0.00%
Book Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	#DIV/0!
Notes Payable Ally 65377	-	-	0	-	-	-	-	-	-	-	-	-	-	-
Ally 65377 Interest Rate	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Book Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	#DIV/0!
Total Debt	1,286,641	1,378,002	1,350,502	1,369,270	1,355,733	1,252,233	1,239,733	1,212,584	1,197,887	1,215,387	1,222,887	1,300,387	1,287,887	1,282,241
	9.81%	8.91%	9.21%	7.32%	6.19%	10.81%	5.97%	10.85%	8.03%	5.85%	5.35%	12.71%	4.95%	8.01%
	10,724	10,430	9,544	8,511	6,898	11,498	6,087	11,169	8,170	5,845	5,559	13,588	5,412	102,711
Long-term Portion	798,500	786,000	773,500	839,500	839,500	736,000	723,500	723,500	0	0	0	0	0	422,808
	9.81%	8.91%	9.21%	7.32%	6.19%	10.81%	5.97%	10.85%	8.03%	5.85%	5.35%	12.71%	4.95%	7.38%
	6,655	5,949	5,466	5,218	4,271	6,758	3,552	6,758	0	0	0	0	0	31,215
Short-term Portion	488,141	592,002	577,002	529,770	516,233	516,233	516,233	1,212,584	1,197,887	1,215,387	1,222,887	1,300,387	1,287,887	859,433
	9.81%	8.91%	9.21%	7.32%	6.19%	10.81%	5.97%	10.85%	8.03%	5.85%	5.35%	12.71%	4.95%	8.32%
	4,069	4,481	4,078	3,293	2,627	4,740	2,535	11,169	8,170	5,845	5,559	13,588	5,412	71,496
Customer Deposits	25,780	25,730	25,580	25,830	25,680	25,630	25,480	25,780	25,430	25,430	25,580	25,380	25,630	25,595
Residential	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	43	43	43	43	43	42	43	42	42	43	42	43	512
Commercial	173,439	176,439	176,439	174,739	175,339	175,539	175,239	175,539	175,539	172,339	176,539	176,679	176,879	175,437
	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	441	441	437	438	439	438	439	439	431	441	442	442	5,268
Total	199,219	202,169	202,019	200,569	200,919	201,169	200,719	201,319	200,969	197,769	202,119	202,059	202,409	201,033
	2.54%	2.87%	2.87%	2.87%	2.87%	2.87%	2.87%	2.87%	2.87%	2.87%	2.87%	2.87%	2.87%	2.88%
	421	484	484	480	481	482	481	482	481	473	484	484	485	5,780

**SEBRING GAS SYSTEM, INC.**  
**EARNED RETURN ON COMMON EQUITY**  
**FPSC ADJUSTED BASIS**  
**December 2023**

SCHEDULE 5

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

FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	<u>5.90%</u>	(Schedule 1)
LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:		
LONG TERM DEBT	0.66%	
SHORT TERM DEBT	1.52%	
PREFERRED STOCK	0.00%	
CUSTOMER DEPOSITS	0.12%	
TAX CREDITS-WEIGHTED COST(MIDPOINT)	0.00%	
SUBTOTAL	<u>2.31%</u>	
TOTAL	3.59%	
DIVIDED BY RECONCILED COMMON EQUITY RATIO	<u>60.42%</u>	
JURISDICTIONAL RETURN ON COMMON EQUITY	<u><u>5.95%</u></u>	

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

NET OPERATING REVENUE EXCLUDING FLEX RATE REVENUES	\$ 275,935	(Schedule 2, p. 2 of 2)
RATE BASE EXCLUDING FLEX RATE REVENUES	\$ <u>4,675,908</u>	(Schedule 2, p. 1 of 2)
FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	<u>5.9012%</u>	
LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR:		
LONG TERM DEBT	0.66%	
SHORT TERM DEBT	1.52%	
PREFERRED STOCK	0.00%	
CUSTOMER DEPOSITS	0.12%	
TAX CREDITS-WEIGHTED COST(MIDPOINT)	0.00%	
SUBTOTAL	<u>2.31%</u>	
TOTAL	3.59%	
DIVIDED BY RECONCILED COMMON EQUITY RATIO	<u>60.42%</u>	
JURISDICTIONAL RETURN ON COMMON EQUITY	<u><u>5.95%</u></u>	