



ORIGINAL

040270
050000

RECEIVED-FPSC

SEBRING GAS SYSTEM, INC.

3515 U.S. Highway 27 South Sebring, Florida 33870-5452 863.385.0194 Fax 863.385.3423

MAY 23 AM 10:02

COMMISSION
CLERK

May 18, 2005

Blanca S. Bayo, Director
Division of the Commission Clerk
And Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0868

Dear Ms. Bayo:

As required by Commission Order No. PSC-04-1260-PAA-GU (Order), dated December 20, 2004, Sebring Gas System, Inc. (Company) hereby submits its report of Required Entries and Adjustments that will be made in preparing reports which will be submitted to the Commission.

The Company has, for ease of reference, listed each item consistent with the numbering system that was used in the Order.

ADJUSTMENTS TO BOOKS

IV. RATE BASE

- OMP _____
- COM _____
- CTR _____
- ECR _____
- ECL _____
- OPC _____
- AMS _____
- RCA _____
- SCR _____
- SEC 1
- OTH _____

A. Plant-in-Service

An adjustment to Account 392, Transportation Equipment will be made to decrease the per books amount by \$15,144 to reflect the retirement of a truck.

B. Accumulated Depreciation

An adjustment to Account 108-392, Accumulated Depreciation - Transportation Equipment will be made to decrease the per books amount by \$15,144 to reflect the retirement of a truck.

Adjustments to various accounts in Accumulated Depreciation to reflect a \$9,788 increase due to prior period audit findings. The Company will adjust the accounts as noted in Staff's work papers.

IT'S GAS. BEST BECAUSE IT'S

DOCUMENT NUMBER-DATE
NATURAL GAS
04979 MAY 23 05

VI. NET OPERATING INCOME

F. Account 928, Regulatory Commission Expense

An adjustment will be made to defer rate case expenses in an amount of \$68,741 in Account 186. This amount shall be amortized to Account 928 over a four-year period beginning January 2005 and ending December 2008.

ADJUSTMENTS TO SURVEILLANCE REPORT

V. COST OF CAPITAL

A. Capital Structure

The Company shall cap at 60% the equity ratio.

B. Cost Rate for Common Equity

The Company shall use 11.50% with a range of 100 basis points for the authorized range for ROE.

VI. NET OPERATING INCOME

C. Account 921, Office Supplies and Expenses

The Company shall reduce Account 921, Office Supplies and Expenses by 15% for the lobbying activities portion of the AGA and FNGA dues.

J. Taxes Other Than Income

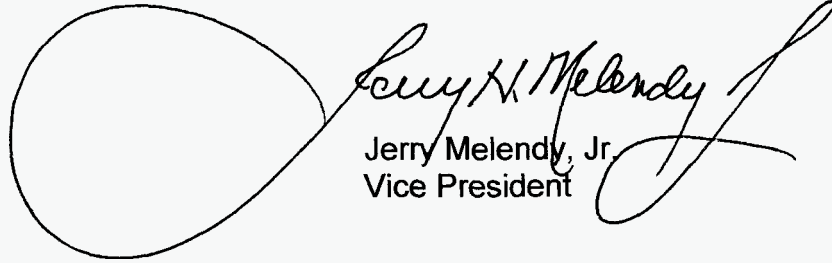
The Company shall remove any Intangible Taxes paid on behalf of stockholders.

K. Income Tax Expense

Because the Company has had net operating losses since its inception, the Company shall recognize no Income Taxes for Surveillance Report purposes.

If you have any questions or comments on these adjustments to the books or surveillance report, please contact me at 863-385-0194.

Sincerely,

A large, stylized handwritten signature in black ink, which appears to read "Jerry H. Melendy". The signature is written in a cursive style with a large, prominent loop at the beginning.

Jerry Melendy, Jr.
Vice President