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STATE OF FLORIDA



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Public Service Commission

September 8, 2006

Mr. Jerry H. Melendy, Jr.
Sebring Gas Systems, Inc.
3515 U.S. Highway 27 South
Sebring, FL 33870-5452

Re: Docket No. ~~606504~~-GU - Sebring Depreciation Study

060504
-am

Dear Mr. Melendy:

Enclosed is staff's initial review of your depreciation study filed in the above referenced docket. We would appreciate your written response by October 9, 2006.

Should you have any questions, please contact Anne Marsh at (850) 413-6554 or Betty Gardner at (850) 413-6742.

Sincerely,

John Slemkewicz
Public Utilities Supervisor

- CMP _____
- COM _____
- CTR _____
- ECR _____
- GCL _____
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- RCA _____
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- SGA _____
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cc: Division of Legal Services (Gervasi)
Division of the Commission Clerk and Administrative Services ✓
Office of Public Counsel
Brimmer, Burek & Keelan LLP (Wesley Hufford)

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

INITIAL REVIEW

General

1. Please provide the following items as required by Rule 25-7.0435(6), Florida Administrative Code. (See Attachment A)

- a) A comparison of current and proposed depreciation rates and components for each category of depreciable plant. Current rates shall be identified as to the effective date and proposed rates as to the proposed effective date.
- b) A comparison of annual depreciation expense resulting from current rates with those produced by the proposed rates for each category of depreciable plant. The plant balances may involve estimates. Submitted data including plant and reserve balances or company planning involving estimates shall be brought to the effective date of the proposed rates.
- c) Each recovery and amortization schedule currently in effect should be included with any new filing showing total amount amortized, effective date, length of schedule, annual amount amortized and reason for the schedule.
- d) A comparison of the accumulated book reserve to the prospective theoretical reserve based on proposed rate and components for each category of depreciable plant to which depreciation rates are to be applied.
- e) A general narrative describing the service environment of the applicant company and the factors, e.g., growth, technology, physical conditions, leading to the present application for a revision in rates.
- f) An explanation and justification for each study category of depreciable plant defining the specific factors that justify the life and salvage components and rates being proposed. Each explanation and justification shall include substantiating factors utilized by the utility in the design of depreciation rates for the specific category, e.g., company planning, growth, technology, physical conditions, trends. The explanation and justification shall discuss any proposed transfers of reserve between categories or accounts intended to correct deficient or surplus reserve balances. It should also state any statistical or mathematical methods of analysis or calculation used in design of the category rate.
- g) The filing shall contain all calculations, analysis and numerical basic data used in the design of the depreciation rate for each category of depreciable plant. Numerical data shall include plant activity (gross additions, adjustments, retirements and plant balance at end of year) as well as reserve activity (retirements, accruals for depreciation expense, salvage, cost of removal, adjustments, transfers and reclassifications and reserve balance at

- h) end of year) for each year of activity from the date of the last submitted study to the date of the present study. To the degree possible, data involving retirements should be aged.
 - i) The mortality and salvage data used by the company in the depreciation rate design must agree with activity booked by the utility. Unusual transactions not included in life or salvage studies, e.g., sales or extraordinary retirements, must be specifically enumerated and explained.
2. For each depreciation reserve account, please state the rate the company proposes. Is the company proposing any new curves, average service lives, future net salvage values, average remaining lives or average ages for any accounts. If so, please state the company's proposals for each account. For any rates that differ from the rates approved in FPSC Order No. PSC-03-0260-PAA-GU, provide justification for the change in the rate. (See Attachment B)
 3. What is the company's proposed implementation date?
 4. For each account, please provide investment age and weighted average. See attached sample for Account 378. (See Attachment C)
 5. Please compare the depreciation rates used in the company's annual status reports to those shown on page 8 of FPSC Order No. PSC-03-0260-PAA-GU. It appears to staff that the Company is not using the prescribed depreciation rates. Please advise whether this is correct. If so, explain why the company is not using the prescribed rates and provide updated Annual Status Reports using the prescribed rates beginning January 1, 2002. (See Attachment B)
 6. Please review the corrective reserve adjustments contained on pages 2 and 3 of FPSC Order No. PSC-03-0260-PAA-GU. Advise whether all adjustments have been made and show where these adjustments are contained in the Company's filing. If adjustments have not been made, explain why not. (See Attachment B)
 7. Provide a discussion of any major construction projects (plant additions, or retirements) budgeted for the next five years.
 8. What is the company's procedure for inactive gas lines? See Rule 25-12.045. (See Attachment D)

Retirements

9. A review of the 2001 through 2005 activity indicates that there is very little retirement activity. Are retirements being reported in a timely manner or is it true that there is little retirement activity?

10. A review of the retirement activity for 2001 through 2005 as shown in the company's Annual Status Reports indicates that, in the majority of cases, there is no gross salvage nor cost of removal being booked to the depreciation reserve. Note in particular Account 392.1 – Transportation – Light Trucks. (See Attachment E) Since retirements normally incur some type of cost of removal and/or salvage, this seems unlikely.

- a) Did any of these retirements incur gross salvage or cost of removal? Please explain.
- b) Are any of the retirements shown net of gross salvage or cost of removal? If so, please state the amount of gross salvage or cost of removal for each retirement.

11. A comparison of the retirements booked to the depreciation reserve as shown in the 2002 Annual Status Report do not agree with the retirements booked to Plant in Service for the same year for the following accounts:

| <u>Year</u> | <u>Account</u> | <u>Retirements</u> | |
|-------------|--------------------------|-------------------------|-----------------------------|
| | | <u>Plant in Service</u> | <u>Depreciation Reserve</u> |
| 2002 | 380 – Services – Steel | \$537 | \$593 |
| 2002 | 380 – Services – Plastic | \$2,242 | \$2,185 |

Please explain why the retirements booked to plant in service are different from the ones booked to the depreciation reserve. (See Attachment F)

Adjustments

12. Please explain the nature of the adjustments to Plant in Service and the corresponding Accumulated Depreciation account for each of the amounts shown below. (See Attachment G) Were adjustments corrections of errors, transfers, or adjustments due to the previous staff audit? If adjustments were transfers to or from other accounts, please state which accounts and explain the reasons for the adjustments. If corrections, please explain the reasons for the corrections.

Adjustments

| <u>Year</u> | <u>Account</u> | <u>Plant in Service</u> | <u>Depreciation Reserve</u> |
|-------------|-------------------------------|-------------------------|-----------------------------|
| 2001 | 392.3 – Trans. Equip. – Other | | (\$161) |
| 2002 | 376 – Mains – Plastic | (\$27,738) | (\$5,909) |
| 2002 | 391.1 – Office Furniture | | (\$938) |
| 2002 | 391.2 – Office Equipment | | (\$827) |

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| | | | |
|------|-----------------------------------|------------|------------|
| 2002 | 392.1 – Trans. – Lt. Trucks | | (\$769) |
| 2002 | 394 – Tools, Shop & Garage Equip. | | (\$1,517) |
| 2004 | 376 – Mains – Plastic | \$28,006 | (\$81,092) |
| 2004 | 376.1 – Mains – Steel | (\$29,870) | (\$58,147) |
| 2004 | 378 – M&R Equipment – General | (\$208) | (\$7,045) |
| 2004 | 379 – M&R Equipment – City | (\$9,709) | (\$18,377) |
| 2004 | 380.1 – Services – Steel | (\$8,096) | (\$93,558) |
| 2004 | 380.1 – Services – Plastic | \$105,285 | \$224 |
| 2004 | 381 – Meters | \$10,811 | (\$19,243) |
| 2004 | 382 – Meter Installations | (\$2,901) | (\$8,580) |
| 2004 | 383 – Regulators | \$368 | (\$5,011) |
| 2004 | 384 – Regulator Installations | (\$435) | (\$8,972) |
| 2004 | 386 – Prop. On Cust. Premises | (\$34,605) | (\$24,183) |
| 2004 | 387 – Equipment – Other | \$2,959 | \$1,219 |
| 2004 | 390 – Leasehold Improvements | \$2,800 | \$1,039 |
| 2004 | 391.1 – Office Furniture | | \$547 |
| 2004 | 391.2 – Office Equipment | (\$1,209) | \$1,366 |
| 2004 | 392.1 – Trans. – Lt. Trucks | (\$6,247) | \$9,929 |
| 2004 | 392.3 – Trans. Equip. – Other | (\$1,030) | (\$506) |
| 2004 | 394 – Tools, Shop & Garage Equip. | (\$4,015) | (\$2,350) |
| 2004 | 396 – Power Operated Equip. | | (\$217) |

13. For any corrections requested by the FPSC as a result of the company's previous depreciation study, please provide the correcting journal entries.

Specific Accounts

14. Please explain the \$61,375 addition to Account 376 – Mains – Plastic in 2005. What is the reason for the large amount of additions. (See Attachment H)

15. In 2004, the Company created Account 390, Leasehold Improvements, in the amount of \$2,800. (See Attachment I)

- a) Please advise staff as to what items are included this account.
- b) What is the source of the investment and reserve in this account? Were the amounts transferred from a different account? If so, state the account.
- c) What depreciation rate does the company propose for this account?
- d) What are the basis and authorization for the depreciation rate for this account? Rule 25-7.045(2)(a), Florida Administrative Code, states that:

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No utility may change any existing depreciation rate or initiate any new depreciation rate without prior Commission approval.

When the Company initiates a new account or sub-account, the company shall file a request with the Commission, in writing, for approval of a depreciation rate for the new plant account.

16. Please provide a list of motor vehicles retired each year from 2001 to 2005, showing the in-service date, original cost, date of retirement, and the salvage realized. Include a discussion of the company's policy regarding the retirement of motor vehicles (i.e., mileage, age, etc.)

17. Please refer to account 392.3 – Transportation Equipment Other. In 2004, an adjustment of \$1,030 was made to remove the entire balance from plant in service, leaving a zero balance. At the same time, an adjustment of \$506 was made to the depreciation reserve which left a balance of \$180. Why is there a balance in the reserve account when there is a zero balance in Plant in Service? What items remain in this account? What rate did the company use to derive the \$180 amount? (See Attachment J)

18. What is the purpose of Account 399 – Prior Year Adjustment? Why is there no plant associated with this account? (See Attachment K)

25-7.045 Depreciation.

(1) For the purpose of this part, the following definitions shall apply:

- (a) **Category or Category of Depreciable Plant** – A grouping of plant for which a depreciation rate is prescribed. At a minimum it should include each plant account prescribed in Rule 25-7.046, F.A.C.
- (b) **Embedded Vintage** – A vintage of plant in service as of the date of study or implementation of proposed rates.
- (c) **Mortality Data** – Historical data by study category showing plant balances, additions, adjustments and retirements, used in analyses for life indications or for calculations of realized life. Preferably this is aged data in accord with the following:
 - 1. The number of plant items or equivalent units (usually expressed in dollars) added each calendar year.
 - 2. The number of plant items retired (usually expressed in dollars) each year and the distribution by years of placing of such retirements.
 - 3. The net increase or decrease resulting from purchases, sales or adjustments and the distribution by years of placing of such amounts.
 - 4. The number that remains in service (usually expressed in dollars) at the end of each year and the distribution by years of placing of such amounts.
- (d) **Remaining Life Method** – The method of calculating a depreciation rate based on the unrecovered plant balance, less average future net salvage and the average remaining life. The formula for calculating a Remaining Life Rate is:

$$\text{Remaining Life Rate} = \frac{100\% - \text{Reserve \%} - \text{Average Future Net Salvage \%}}{\text{Average Remaining Life in Years}}$$

- (e) **Reserve Data** – Historical data by study category showing reserve balances, debits and credits, such as booked depreciation expense, salvage and cost of removal, and adjustments to the reserve utilized in monitoring reserve activity and position.
- (f) **Reserve Deficiency** – An inadequacy in the reserve of a category as evidenced by a comparison of that reserve indicated as necessary under current projections of life and salvage with that reserve historically accrued. The latter figure may be available from the utility's records or may require retrospective calculation.
- (g) **Reserve Surplus** – An excess in the reserve of a category as evidenced by a comparison of that reserve indicated as necessary under current projections of life and salvage with that reserve historically accrued. The latter figure may be available from the utility's records or may require retrospective calculation.
- (h) **Salvage Data** – Historical data by study category showing bookings of retirements, gross salvage and cost of removal used in analysis of trends in gross salvage and cost of removal or for calculations of realized salvage.
- (i) **Theoretical Reserve or Prospective Theoretical Reserve** – A calculated reserve based on components of the proposed rate using the formula:

$$\text{Theoretical Reserve} = \text{Book Investment} - \text{Future Accruals} - \text{Future Net Salvage.}$$

- (j) **Vintage** – The year of placement of a group of plant items or investment under study.
- (k) **Whole Life Method** – The method of calculating a depreciation rate based on the Whole Life (Average Service Life) and the Average Net Salvage. Both life and salvage components are the estimated or calculated composite of realized experience and expected activity. The formula is:

$$\text{Whole Life Rate} = \frac{100\% - \text{Average Net Salvage \%}}{\text{Average Service Life in Years}}$$

- (2)(a) No utility may change any existing depreciation rate or initiate any new depreciation rate without prior Commission approval.
- (b) No utility may reallocate accumulated depreciation reserves among any primary accounts and sub-accounts without prior Commission approval.

- (3)(a) Each utility shall maintain depreciation rates and accumulated depreciation reserves in accounts or subaccounts as prescribed by Rule 25-7.046, F.A.C. Utilities may maintain further sub-categorization.
- (b) Upon establishing a new account or subaccount classification, each utility shall request Commission approval of a depreciation rate for the new plant category.
- (4) A utility filing a depreciation study, regardless if a change in rates is being requested or not, shall submit to the Division of the Commission Clerk and Administrative Services office fifteen copies of the information required by paragraphs (6)(a) through (f) and (h) of this rule and at least three copies of the information required by paragraph (6)(g).
- (5) Upon Commission approval by order establishing an effective date, the utility may reflect on its books and records the implementation of the proposed rates, subject to adjustment when final depreciation rates are approved.
- (6) A depreciation study shall include:
- (a) A comparison of current and proposed depreciation rates and components for each category of depreciable plant. Current rates shall be identified as to the effective date and proposed rates as to the proposed effective date.
- (b) A comparison of annual depreciation expense resulting from current rates with those produced by the proposed rates for each category of depreciable plant. The plant balances may involve estimates. Submitted data including plant and reserve balances or company planning involving estimates should be brought to the effective date of the proposed rates.
- (c) Each recovery and amortization schedule currently in effect should be included with any new filing showing total amount amortized, effective date, length of schedule, annual amount amortized and reason for the schedule.
- (d) A comparison of the accumulated book reserve to the prospective theoretical reserve based on proposed rates and components for each category of depreciable plant to which depreciation rates are to be applied.
- (e) A general narrative describing the service environment of the applicant company and the factors, e.g., growth, technology, physical conditions, leading to the present application for a revision in rates.
- (f) An explanation and justification for each study category of depreciable plant defining the specific factors that justify the life and salvage components and rates being proposed. Each explanation and justification shall include substantiating factors utilized by the utility in the design of the depreciation rates for the specific category, e.g., company planning, growth, technology, physical conditions, trends. The explanation and justification shall discuss any proposed transfers of reserve between categories or accounts intended to correct deficient or surplus reserve balances. It should also state any statistical or mathematical methods of analysis or calculation used in design of the category rate.
- (g) The filing shall contain all calculations, analysis and numerical basic data used in the design of the depreciation rate for each category of depreciable plant. Numerical data shall include plant activity (gross additions, adjustments, retirements, and plant balance at end of year) as well as reserve activity retirements; accruals for depreciation expense, salvage, cost of removal, adjustments, transfers and reclassifications and reserve balance at end of year) for each year of activity from the date of the last submitted study to the date of the present study. To the degree possible, data involving retirements should be aged.
- (h) The mortality and salvage data used by the company in the depreciation rate design must agree with activity booked by the utility. Unusual transactions not included in life or salvage studies, e.g., sales or extraordinary retirements, must be specifically enumerated and explained.
- (7)(a) Utilities shall provide calculations of depreciation rates using both the whole life and the remaining life method. The use of these methods is required for all depreciable categories. Utilities may submit additional studies or methods for consideration by the Commission.
- (b) The possibility of corrective reserve transfers shall be investigated by the Commission prior to changing depreciation rates.
- (8)(a) Each company shall file a study for each category of depreciable property for Commission review at least once every five years from the submission date of the previous study unless otherwise required by the Commission.
- (b) A utility proposing an effective date of the beginning of its fiscal year shall submit its depreciation study no later than the mid-point of that fiscal year.
- (c) A utility proposing an effective date coinciding with the expected date of additional revenues initiated through a rate case proceeding shall submit its depreciation study no later than the filing date of its Minimum Filing Requirements.

(9) As part of the filing of the annual report under subsection 25-7.014(3), F.A.C., each utility shall include an annual status report. The report shall include booked plant activity (plant balance at the beginning of the year, additions, adjustments, transfers, reclassifications, retirements and plant balance at year end) and reserve activity (reserve balance at the beginning of the year, retirements, accruals, salvage, cost of removal, adjustments, transfers, reclassifications and reserve balance at end of year) for each category of investment for which a depreciation rate, amortization schedule, or capital recovery schedule has been approved. The report shall indicate for each category that:

(a) There has been no change of plans or utility experience requiring a revision of the rates, amortization, or capital recovery schedules; or

(b) There has been a change requiring a revision of rates, amortization, or capital recovery schedules. For any category where current conditions indicate a need for revision of depreciation rates, amortization, or capital recovery schedules and no revision is sought, the report shall explain why no revision is requested.

(10)(a) Prior to the date of retirement of major installations, the Commission may approve capital recovery schedules to correct associated calculated deficiencies where a utility demonstrates that

(1) replacement of an installation or group of installations is prudent, and

(2) the associated investment will not be recovered by the time of retirement through the normal depreciation process.

(b) The Commission may approve a special capital recovery schedule when an installation is designed for a specific purpose or for a limited duration.

(c) Associated plant and reserve activity, balances and the annual capital recovery schedule expense must be maintained as subsidiary records.

Specific Authority 350.127(2), 366.05(1) FS. Law Implemented 350.115 FS. History—New 11-11-82, Amended 1-6-85, Formerly 25-7.45, Amended 4-27-88, 12-12-91.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Request for approval of
depreciation study for five-year
period 1996 through 2000 by
Sebring Gas System, Inc.

DOCKET NO. 010906-GU
ORDER NO. PSC-03-0260-PAA-GU
ISSUED: February 24, 2003

The following Commissioners participated in the disposition of
this matter:

LILA A. JABER, Chairman
J. TERRY DEASON
BRAULIO L. BAEZ
RUDOLPH "RUDY" BRADLEY
CHARLES M. DAVIDSON

NOTICE OF PROPOSED AGENCY ACTION
ORDER APPROVING NEW DEPRECIATION RATES

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose substantial interests are substantially affected files a petition for a formal proceeding pursuant to Rule 25-22.029, Florida Administrative Code.

Rule 25-7.045, Florida Administrative Code, requires natural gas companies to file a comprehensive depreciation study once every five years. On June 25, 2001, Sebring Gas System, Inc. (Sebring or company) filed its 2001 depreciation study in compliance with this rule. The company's last depreciation review was filed June 6, 1996, with an effective date of January 1, 1997. We have jurisdiction under Sections 350.115 and 266.05, Florida Statutes.

Sebring's last comprehensive depreciation study was filed on June 6, 1996. By Order No. PSC-97-0276-FOF-GU, issued March 11, 1997, in Docket No. 960775-GU, we approved revised depreciation rates and components, effective January 1, 1997. The company has filed this current study in accordance with Rule 25-7.045, Florida Administrative Code, which requires natural gas companies to file a comprehensive depreciation study at least once every five years from the submission date of the previous filed study. Based on a review of the company's activity data we find that the depreciation rates need to be revised.

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The company originally proposed an effective date for revised depreciation rates of January 1, 2001. However, due to the need for further information and time constraints, Sebring updated its study data through December 31, 2001, with an implementation date of January 1, 2002, for new depreciation rates. Company data and related calculations about the proposed January 1, 2002, date. Because the later date of January 1, 2002, is the earliest practicable date for utilizing the revised rates, we find that January 1, 2002 shall be the implementation date for the revised rates.

Attachment A shows a comparison of the currently approved depreciation rate parameters and those approved herein, with which the company agrees. These revisions are the result of a comprehensive review of Sebring's depreciation study.

Adjustments

As part of our audit, it was discovered that Sebring excluded certain investments from the calculation of its monthly depreciation expenses because they were "fully depreciated." We utilize group depreciation, not unit depreciation. Group depreciation recognizes that some assets within the group will experience service lives shorter than, and some longer than, the average. The prescribed depreciation rate is applied to the average period investment for the group on a monthly basis. The depreciation reserve is not maintained by individual asset but by account. We find that the appropriate adjustments to correct the understatement of prior years depreciation expenses were booked in 2001.

Also, our review of Sebring's data found that several retirements recorded to the depreciation reserve in 1998 and 1999 were understated. Additionally, a truck was retired from service in 2000, but the accounting had not yet occurred. The company has stated that the corrective adjustments shown in the table below were booked in 2002.

| Account | Corrective Reserve Adjustment |
|------------------------|-------------------------------|
| 391.1 Office Furniture | \$ (928) |
| 391.2 Office Equipment | (827) |

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| | |
|------------------------------------|----------------------------------|
| 394 Tools, Shop, and Garage Equip. | (1,577) |
| 392.1 Transportation - Trucks | (12,966) |
| | Corrective Investment Adjustment |
| 392.1 Transportation - Trucks | (12,197) |

Recovery Schedules

The reserve adjustment shown above for Account 391.1, Office Furniture, to correct an understatement of a 1999 retirement, results in a negative balance in the account's reserve of \$644. This unrecovered investment reflects the effect of prior depreciation rates not matching historic activity. Moreover, a negative reserve has the effect of increasing the company's rate base. The deficiency relates to assets no longer serving the public; it is not "life related." As such, we find that the deficiency should be corrected as fast as economically practicable. For Sebring, a five year recovery schedule is most practicable. The recovery schedule will begin January 1, 2002, and continue through December 31, 2006. The annual amortization expense will be \$129.

Depreciation Parameters

The recommended changes in the depreciation life and salvage parameters for the distribution and general plant accounts can be attributed mainly to two factors: 1) updated account ages to reflect activity since the last re-prescription; and, 2) changes in the associated reserve position. The accounts with a substantial change in depreciation expense are discussed below.

Mains and Services

The Mains and Services accounts have historically experienced minimal retirement activity making reliance on industry averages necessary. In fact, these accounts have experienced little, if any, retirement activity since 1992. With this in mind, we find that a change in the average service life for these accounts is warranted. We find that a 45-year average service life for Mains and a 40-year average service life for Services are appropriate.

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These are at the high end of the range of the industry average service lives currently estimated for Florida.

When a main or service is retired, it is generally abandoned in place rather than physically removed. Cost of removal is associated with activities incurred with the abandonment process. This involves labor and material costs associated with a crew to travel to the site, digging down to the pipe, cutting and capping, refilling the hole, and restoring the roadway. Restoring the roadway becomes significant if the main or service is located under pavement. In view of this, we find that the current salvage factors for these accounts are appropriate.

Measuring and Regulating Equipment - General

Any new additions to this account shall be placed in a separate sub-account from the embedded investment. The embedded investment represents the original investment for the vintage year 1988 with one small addition in 1991. This account has experienced no activity since then. Any new additions to this account shall not bear the burden of recovery associated with the embedded investment. We find that a whole life rate shall be based on a 33-year average service life and a negative two percent salvage factor. These are the same components underlying the currently prescribed depreciation rate for the embedded investment and are in line with industry expectations for this account.

Office Equipment

Recognizing that the average age of Sebring's office equipment is 4.8 years and there are no near term plans for retirement, we find that an increase in the currently prescribed 6-year service life is appropriate. A 12-year service life and an S3 mortality dispersion are more in line with the activity of the account.

Transportation

An increase in the currently prescribed average service life for the light trucks transportation account is indicated in view of the company's replacement policy. Sebring determines the retirement of its vehicles based on the amount of reliability and maintenance costs rather than the mileage or age of the vehicle.

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There has only been one recorded retirement since the last depreciation study review. With this in mind, we find that an 8-year average service life is appropriate for the light trucks account.

Power Operated Equipment

The data submitted indicates that this account's investment is 100% recovered and therefore shall receive no further depreciation accruals. Should the company add any new investment in this account, we find that a whole life rate based on a 15-year average service life, an S4 mortality dispersion, and zero salvage factor shall be utilized, as indicated on Attachment A.

Communication Equipment

In 1997, after the last depreciation review, the company purchased some communication equipment. According to the documentation provided, the company has been utilizing the 2.1% depreciation rate approved for Account 396, Power Operated Equipment, with this communication equipment investment. We find that a 12-year average service life with an S4 mortality dispersion is appropriate because it is more in line with industry expectations. Using these components together with the investment's average age of 4.5 years produces an average remaining life of 7.5 years.

This type of equipment is technologically sensitive. As such, the equipment is generally obsolete at retirement resulting in little or no salvage being realized. Therefore, we find that a salvage factor of zero is appropriate.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Sebring Gas Systems shall implement the recovery schedule, depreciation rates, and underlying depreciation parameters, as set forth in this Order. It is further

ORDERED that the depreciation rates and underlying depreciation parameters shall become effective on January 1, 2002. It is further

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ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective upon the issuance of a Consummating Order unless an appropriate petition, in the form provided by Rule 28-106.201, Florida Administrative Code, is received by the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings" attached hereto. It is further

ORDERED that in the event this Order becomes final, this docket shall be closed.

By ORDER of the Florida Public Service Commission this 24th Day of February, 2003.

BLANCA S. BAYÓ, Director
Division of the Commission Clerk
and Administrative Services

By: /s/ Kay Flynn
Kay Flynn, Chief
Bureau of Records and Hearing
Services

This is a facsimile copy. Go to the
Commission's Web site,
<http://www.floridapsc.com> or fax a request
to 1-850-413-7118, for a copy of the order
with signature.

(S E A L)

MKS

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing that is available under Section 120.57, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

The action proposed herein is preliminary in nature. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on March 17, 2003.

In the absence of such a petition, this order shall become final and effective upon the issuance of a Consummating Order.

Any objection or protest filed in this/these docket(s) before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

ORDER NO. PSC-03-0260-PAA-GU
DOCKET NO. 010906-GU
PAGE 8

SEBRING GAS SYSTEM, INC.
DOCKET NO. 010906-GU
2000 DEPRECIATION STUDY

Attachment A

| <u>ACCOUNT</u> | APPROVED | | | |
|---|-----------|--------|---------|-----------|
| | AVERAGE | NET | 1/01/02 | REMAINING |
| | REMAINING | | | SALVAGE |
| | LIFE | (%) | (%) | RATE |
| (YRS.) | (%) | (%) | (%) | |
| DISTRIBUTION PLANT | | | | |
| 376.1 - Mains - Steel | 17.1 | (30.0) | 93.49 | 2.1 |
| 376.2 - Mains - Plastic | 36.0 | (30.0) | 38.85 | 2.5 |
| 378 - Measuring and Reg. Ept. - Gen.-Embedded | 20.0 | (2.0) | 89.11 | 0.6 |
| 378 - Measuring and Reg. Ept. - Gen.-New | 33.0 | (2.0) | N/A | 3.1 * |
| 379 - Measuring and Regulating Ept. - City Gate | 21.0 | (2.0) | 50.27 | 2.5 |
| 380.1 - Services - Steel | 12.8 | (30.0) | 110.91 | 1.5 |
| 380.2 - Services - Plastic | 28.0 | (30.0) | 49.78 | 2.9 |
| 381 - Meters | 11.5 | 0.0 | 61.78 | 3.3 |
| 382 - Meter Installations | 19.7 | (5.0) | 58.95 | 2.3 |
| 383 - House Regulators | 17.2 | 0.0 | 53.49 | 2.7 |
| 384 - House Regulator Installations | 17.8 | (3.0) | 69.53 | 1.9 |
| 386 - Property on Customers' Premises | 11.5 | 0.0 | 43.62 | 4.9 |
| 387 - Other Equipment | 13.3 | 0.0 | 47.74 | 3.9 |
| GENERAL PLANT | | | | |
| 391.1 - Office Furniture | 8.4 | 0.0 | 0.00 | 11.9 |
| 391.2 - Office Equipment | 7.2 | 0.0 | 73.76 | 3.6 |
| 392.1 - Transportation - Trucks | 3.4 | 15.0 | 42.41 | 12.5 |
| 392.3 - Transportation - Other | 10.5 | 0.0 | 56.60 | 4.1 |
| 394 - Tools, Shop & Garage Equipment | 5.5 | 0.0 | 31.67 | 12.4 |
| 396 - Power Operated Equipment | 15.0 | 0.0 | N/A | 6.7 * |
| 397 - Communication Equipment | 7.5 | 0.0 | 29.84 | 9.4 |

* Denotes Whole Life Rate.

| APPROVED RECOVERY SCHEDULE | 1/01/02 INVESTMENT | 1/01/02 RESERVE | NET TO BE RECOVERED | AMORTIZATION PERIOD | ANNUAL EXPENSE |
|----------------------------|--------------------|-----------------|---------------------|---------------------|----------------|
| | (\$) | (\$) | (\$) | (YRS.) | (\$) |
| 391.1 Office Furniture | 0 | (644) | 644 | 5 Years | 129 |

Account 378. - Measuring and Regulating Station Equipment - General

| | Investment | Age - Beg. Yr. | Age-End Yr. | Weighted Avg. |
|-------------|------------|----------------|-------------|---------------|
| 1992 | 10,627.48 | 3.4 | 4.4 | 46,760.91 |
| Additions | 0.00 | 0.0 | 0.0 | 0.00 |
| Retirements | 0.00 | 0.0 | 0.0 | 0.00 |
| Total | 10,627.48 | | 4.4 | 46,760.91 |
| 1993 | 10,627.48 | 4.4 | 5.4 | 57,388.39 |
| Additions | 0.00 | 0.0 | 0.0 | 0.00 |
| Retirements | 0.00 | 0.0 | 0.0 | 0.00 |
| Total | 10,627.48 | | 5.4 | 57,388.39 |
| 1994 | 10,627.48 | 5.4 | 6.4 | 68,015.87 |
| Additions | 0.00 | 0.0 | 0.0 | 0.00 |
| Retirements | 0.00 | 0.0 | 0.0 | 0.00 |
| Total | 10,627.48 | | 6.4 | 68,015.87 |
| 1995 | 10,627.48 | 6.4 | 7.4 | 78,643.35 |
| Additions | 0.00 | 0.0 | 0.0 | 0.00 |
| Retirements | 0.00 | 0.0 | 0.0 | 0.00 |
| Total | 10,627.48 | | 7.4 | 78,643.35 |
| 1996 | 10,627.48 | 7.4 | 8.4 | 89,270.83 |
| Additions | 0.00 | 0.0 | 0.0 | 0.00 |
| Retirements | 0.00 | 0.0 | 0.0 | 0.00 |
| Totals | 10,627.48 | | 8.4 | 89,270.83 |
| 1997 | 10,627.48 | 8.4 | 9.4 | 99,898.31 |
| Additions | 0.00 | 0.0 | 0.0 | 0.00 |
| Retirements | 0.00 | 0.0 | 0.0 | 0.00 |
| Totals | 10,627.48 | | 9.4 | 99,898.31 |
| 1998 | 10,627.48 | 9.4 | 10.4 | 110,525.79 |
| Additions | 0.00 | 0.0 | 0.0 | 0.00 |
| Retirements | 0.00 | 0.0 | 0.0 | 0.00 |
| Totals | 10,627.48 | | 10.4 | 110,525.79 |
| 1999 | 10,627.48 | 10.4 | 11.4 | 121,153.27 |
| Additions | 0.00 | 0.0 | 0.0 | 0.00 |
| Retirements | 0.00 | 0.0 | 0.0 | 0.00 |
| Totals | 10,627.48 | | 11.4 | 121,153.27 |
| 2000 | 10,627.48 | 11.4 | 12.4 | 131,780.75 |
| Additions | 0.00 | 0.0 | 0.0 | 0.00 |
| Retirements | 0.00 | 0.0 | 0.0 | 0.00 |
| Totals | 10,627.48 | | 12.4 | 131,780.75 |
| 2001 | 10,627.48 | 12.4 | 13.4 | 142,408.23 |
| Additions | 0.00 | 0.0 | 0.0 | 0.00 |
| Retirements | 0.00 | 0.0 | 0.0 | 0.00 |
| Totals | 10,627.48 | | 13.4 | 142,408.23 |

25-12.045 Inactive Gas Service Lines.

(1) The following actions shall be taken for inactive gas service lines that have been used, but have become inactive without reuse:

(a) If there is no prospect for reuse, the service line shall be retired and physically abandoned within three months.

(b) After a service line has been inactive for a period of two years, if there is a prospect for reuse of the line, one of the following actions shall be taken within six months:

1. Disconnect the service line from all sources of gas and abandon or remove;

2. A valve on the service line shall be locked in the closed position and the service line plugged to prevent the flow of gas;

3. Remove the meter and plug the end of the service line to prevent the flow of gas.

(c) After five years of inactivity, service lines shall be retired and physically abandoned within six months.

(2) To physically abandon a service line, the operator must disconnect the service line from all sources of gas at the nearest point to the gas main. Where the appropriate governmental authority prohibits cutting pavement, the service line shall be disconnected at the nearest point not under a paved surface. The stub of the service line, the short section of the remaining service line to the main, shall be disconnected closer to the main or at the main, if at some later date it becomes accessible during normal operations.

(3) Records must be kept of the size, material, and location of all remaining service line stubs. These records must be readily available to personnel assigned to pipeline locating activities.

Specific Authority 368.05(2) FS. Law Implemented 368.05(2) FS. History—New 9-21-74, Repromulgated 10-7-75, Amended 10-2-84, Formerly 25-12.45, Amended 1-7-92.

Annual Status Report Analysis of Plant in Service Accounts

Company: Sebring Gas System, Inc.

For the Year Ended December 31, 2002

Page 1 of 3

| Acct. No. | Account Description | Depr. Rate | Beginning Balance* | Additions | Retirements | Reclass. | Adjustments | Transfers | Ending Balance* |
|--|-------------------------------------|------------|--------------------|-----------|-------------|----------|-------------|-----------|-----------------|
| 374 | Land and Land Rights | | \$ 9,400 | | | | | | \$ 9,400 |
| Amortizable General Plant Assets: | | | | | | | | | |
| 301 | Organization Costs | 0.033 | 143,996 | | | | | | 143,996 |
| Depreciable Assets: This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC. | | | | | | | | | |
| 376 | Mains - Steel | 0.029 | \$ 171,867 | \$ - | \$ - | | | | \$ 171,867 |
| 376 | Mains - Plastic | 0.030 | 767,176 | 1,489 | - | | | | 740,927 |
| 378 | M&R Station Equipment - General | 0.011 | 10,627 | - | - | | (27,738) | | 10,627 |
| 379 | M&R Station Equipment - Gate | 0.026 | 63,703 | - | - | | | | 63,703 |
| 380 | Services - Steel | 0.030 | 363,963 | - | (537) | | | | 363,426 |
| 380 | Services - Plastic | 0.029 | 147,375 | 4,753 | (2,242) | | | | 149,886 |
| 381 | Meters | 0.033 | 123,800 | 854 | - | | | | 124,654 |
| 382 | Meter Installations | 0.021 | 50,362 | 147 | - | | | | 50,509 |
| 383 | Regulators | 0.027 | 27,267 | - | - | | | | 27,267 |
| 384 | Regulator Installations | 0.019 | 40,294 | 132 | - | | | | 40,426 |
| 386 | Customer Conversion Cost | 0.047 | 69,168 | - | - | | | | 69,168 |
| 387 | Other Equipment | 0.033 | 3,314 | - | - | | | | 3,314 |
| 391 | Office Furniture | 0.057 | 482 | - | - | | | | 482 |
| 391 | Office Equipment | 0.158 | 16,716 | - | - | | | | 16,716 |
| 392 | Transportation Equip - Light Trucks | 0.097 | 73,715 | 17,959 | (12,197) | | | | 79,477 |
| 392 | Trans. Equipment - Other Vehicles | 0.097 | 1,030 | - | - | | | | 1,030 |
| 394 | Tools/Shop/Garage Equipment | 0.068 | 4,278 | 21 | - | | | | 4,299 |
| 396 | Power Operated Equipment | 0.021 | 1,444 | - | - | | | | 1,444 |
| 397 | Communication Equipment | 0.021 | 972 | - | - | | | | 972 |

Annual Status Report
Analysis of Entries in Accumulated Depreciation & Amortization

Company: Sebring Gas System, Inc.

For the Year Ended

December 31, 2002

Page 1 of 3

| Acct. No. | Account Description | Beginning Balance* | Accruals | Reclass. | Retirements | Gross Salvage | Cost of Removal | Adjustments | Transfers | Ending Balance* |
|---|-------------------------------------|--------------------|----------|----------|-------------|---------------|-----------------|-------------|-----------|-----------------|
| Amortizable General Plant Assets: | | | | | | | | | | |
| 301 | Organization Costs | \$ 47,968 | \$ 4,800 | | | | | \$ | | \$ 52,768 |
| This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC. | | | | | | | | | | |
| 376 | Mains - Steel | \$ 160,670 | \$ 3,609 | | \$ | | | \$ | | \$ 164,279 |
| 376 | Mains - Plastic | 298,031 | 18,490 | | | | | (5,909) | | 310,612 |
| 378 | M&R Station Equipment -General | 9,470 | 64 | | | | | . | | 9,534 |
| 379 | M&R Station Equipment - Gate | 32,026 | 1,592 | | | | | . | | 33,618 |
| 380 | Services - Steel | 403,669 | 6,058 | | (593) | | | (5) | | 409,129 |
| 380 | Services - Plastic | 73,358 | 6,497 | | (2,185) | | | 2 | | 77,672 |
| 381 | Meters | 76,483 | 4,099 | | | | | . | | 80,582 |
| 382 | Meter Installations | 29,689 | 1,158 | | | | | . | | 30,847 |
| 383 | Regulators | 14,584 | 736 | | | | | . | | 15,320 |
| 384 | Regulator Installations | 28,017 | 767 | | | | | . | | 28,784 |
| 386 | Customer Conversion Cost | 30,168 | 3,389 | | | | | . | | 33,557 |
| 387 | Other Equipment | 1,582 | 189 | | | | | . | | 1,771 |
| 391 | Office Furniture | 295 | 186 | | | | | (938) | | (457) |
| 391 | Office Equipment | 13,156 | 594 | | | | | (827) | | 12,923 |
| 392 | Transportation Equip - Light Trucks | 39,057 | 9,281 | | (12,197) | | | (769) | | 35,372 |
| 392 | Trans. Equipment - Other Vehicles | 583 | 41 | | | | | . | | 624 |
| 394 | Tools/Shop/Garage Equipment | 2,871 | 532 | | | | | (1,517) | | 1,886 |
| 396 | Power Operated Equipment | 1,444 | | | | | | . | | 1,444 |
| 397 | Communication Equipment | 291 | 91 | | | | | . | | 382 |

Annual Status Report Analysis of Plant in Service Accounts

Company: Sebring Gas System, Inc.
For the Year Ended
December 31, 2003

Page 1 of 3

| Acct. Account | No. Description | Depr. Rate | Beginning Balance* | Additions | Retirements | Reclass. | Adjustments | Transfers | Ending Balance |
|--|-----------------|------------|--------------------|-----------|-------------|----------|-------------|-----------|----------------|
| Amortizable General Plant Assets: | | | | | | | | | |
| 374 Land and Land Rights | | \$ | 9,400 | | | | | | \$ 9,400 |
| 301 Organization Costs | | 0.033 | 143,996 | | | | | | 143,996 |
| Depreciable Assets: | | | | | | | | | |
| *This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC. | | | | | | | | | |
| 376 Mains - Steel | | 0.029 | \$ 171,867 | \$ 826 | | | | | \$ 172,693 |
| 378 M&R Station Equipment - General | | 0.030 | 740,927 | | | | | | 742,604 |
| 379 M&R Station Equipment - Gate | | 0.026 | 63,703 | | | | | | 63,703 |
| 380 Services - Steel | | 0.030 | 363,426 | 402 | (180) | | | | 363,648 |
| 380 Services - Plastic | | 0.029 | 149,886 | 8,604 | (1,483) | | | | 157,006 |
| 381 Meters | | 0.033 | 124,654 | 1,050 | | | | | 125,705 |
| 382 Meter Installations | | 0.021 | 50,509 | 1,953 | | | | | 52,461 |
| 383 Regulators | | 0.027 | 27,267 | | | | | | 27,267 |
| 384 Regulator Installations | | 0.019 | 40,426 | 349 | | | | | 40,776 |
| 386 Customer Conversion Cost | | 0.047 | 69,168 | | | | | | 69,168 |
| 387 Other Equipment | | 0.033 | 3,314 | | | | | | 3,314 |
| 391 Office Furniture | | 0.057 | 482 | | | | | | 482 |
| 391 Office Equipment | | 0.158 | 16,716 | | | | | | 16,716 |
| 392 Transportation Equip - Light Trucks | | 0.097 | 79,477 | | (16,190) | | | | 63,288 |
| 392 Trans. Equipment - Other Vehicles | | 0.097 | 1,030 | | | | | | 1,030 |
| 394 Tools/Shop/Garage Equipment | | 0.068 | 4,299 | | | | | | 4,299 |
| 396 Power Operated Equipment | | 0.021 | 1,444 | | | | | | 1,444 |
| 397 Communication Equipment | | 0.021 | 972 | | | | | | 972 |

Annual Status Report
Analysis of Entries in Accumulated Depreciation & Amortization

Company: Sebring Gas System, Inc.

For the Year Ended

December 31, 2003

Page 1 of 3

| Acct. No. | Account Description | Beginning Balance* | Accruals | Reclass. | Retirements | Gross Salvage | Cost of Removal | Adjustments | Transfers | Ending Balance* |
|---|-------------------------------------|--------------------|----------|----------|-------------|---------------|-----------------|-------------|-----------|-----------------|
| mortizable General Plant Assets: | | | | | | | | | | |
| 301 | Organization Costs | \$ 52,768 | \$ 4,800 | | | | | \$ - | | \$ 57,568 |
| Its schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC. | | | | | | | | | | |
| 376 | Mains - Steel | \$ 164,279 | \$ 3,617 | | \$ - | | | \$ - | | \$ 167,896 |
| 376 | Mains - Plastic | 310,612 | 18,540 | | - | | | - | | 329,152 |
| 378 | M&R Station Equipment - General | 9,534 | 64 | | - | | | - | | 9,598 |
| 379 | M&R Station Equipment - Gate | 33,618 | 1,593 | | - | | | - | | 35,211 |
| 380 | Services - Steel | 409,129 | 5,451 | | (180) | | | - | | 414,400 |
| 380 | Services - Plastic | 77,672 | 4,404 | | (1,483) | | | - | | 80,593 |
| 381 | Meters | 80,582 | 4,121 | | - | | | (1) | | 84,702 |
| 382 | Meter Installations | 30,847 | 1,180 | | - | | | - | | 32,027 |
| 383 | Regulators | 15,320 | 736 | | - | | | - | | 16,056 |
| 384 | Regulator Installations | 28,784 | 770 | | - | | | - | | 29,554 |
| 386 | Customer Conversion Cost | 33,557 | 3,389 | | - | | | - | | 36,946 |
| 387 | Other Equipment | 1,771 | 129 | | - | | | (1) | | 1,899 |
| 391 | Office Furniture | (457) | 186 | | - | | | - | | (271) |
| 391 | Office Equipment | 12,923 | 594 | | - | | | - | | 13,517 |
| 392 | Transportation Equip - Light Trucks | 35,372 | 8,577 | | (16,190) | 1,046 | | - | | 28,805 |
| 392 | Trans. Equipment - Other Vehicles | 624 | 43 | | - | | | - | | 667 |
| 394 | Tools/Shop/Garage Equipment | 1,886 | 533 | | - | | | - | | 2,419 |
| 396 | Power Operated Equipment | 1,444 | - | | - | | | - | | 1,444 |
| 397 | Communication Equipment | 382 | 91 | | - | | | - | | 473 |

**Annual Status Report
Analysis of Plant in Service Accounts**

Company: Sebring Gas System, Inc.

For the Year Ended

December 31, 2004

Page 1 of 3

| Acct. No. | Account Description | Depr. Rate | Beginning Balance* | Additions | Retirements | Reclass. | Adjustments | Transfers | Ending Balance* |
|--|------------------------------------|------------|--------------------|-----------|-------------|----------|-------------|-----------|-----------------|
| 374 | Land and Land Rights | | \$ 9,400 | | | | 6,225 | | \$ 15,625 |
| Amortizable General Plant Assets: | | | | | | | | | |
| 301 | Organization Costs | 0.033 | 143,996 | | | | (30,224) | | 113,772 |
| Depreciable Assets: This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC. | | | | | | | | | |
| 376 | Mains - Steel | 0.029 | \$ 172,693 | \$ 864 | \$ - | | \$ (29,870) | | \$ 143,687 |
| 376 | Mains - Plastic | 0.030 | 742,604 | 1,129 | - | | 28,006 | | 771,739 |
| 378 | M&R Station Equipment -General | 0.011 | 10,627 | - | - | | (208) | | 10,419 |
| 379 | M&R Station Equipment - Gate | 0.026 | 63,703 | - | - | | (9,709) | | 53,994 |
| 380 | Services - Steel | 0.030 | 363,648 | 297 | - | | (8,096) | | 355,849 |
| 380 | Services - Plastic | 0.029 | 157,006 | 2,678 | - | | 105,285 | | 264,969 |
| 381 | Meters | 0.033 | 125,705 | - | - | | 10,811 | | 136,516 |
| 382 | Meter Installations | 0.021 | 52,461 | 278 | - | | (2,901) | | 49,838 |
| 383 | Regulators | 0.027 | 27,267 | - | - | | 368 | | 27,635 |
| 384 | Regulator Installations | 0.019 | 40,776 | 114 | - | | (435) | | 40,455 |
| 386 | Customer Conversion Cost | 0.047 | 69,168 | 86 | - | | (34,605) | | 34,649 |
| 387 | Other Equipment | 0.033 | 3,314 | - | - | | 2,959 | | 6,273 |
| 390 | Leasehold Improvements | | | | | | 2,800 | | 2,800 |
| 391 | Office Furniture | 0.057 | 482 | - | - | | | | 482 |
| 391 | Office Equipment | 0.158 | 16,716 | - | - | | (1,209) | | 15,507 |
| 392 | Transportaion Equip - Light Trucks | 0.097 | 63,288 | - | (15,145) | | (6,247) | | 41,896 |
| 392 | Trans. Equipment - Other Vehicles | 0.097 | 1,030 | - | - | | (1,030) | | 0 |
| 394 | Tools/Shop/Garage Equipment | 0.068 | 4,299 | - | - | | (4,015) | | 284 |
| 396 | Power Operated Equipment | 0.021 | 1,444 | - | - | | | | 1,444 |
| 397 | Communication Equipment | 0.021 | 972 | - | - | | | | 972 |

Annual Status Report

Analysis of Entries in Accumulated Depreciation & Amortization

Company: Sebring Gas System, Inc.

For the Year Ended

December 31, 2004

Page 1 of 3

| Acct. No. | Account Description | Beginning Balance* | Accruals | Reclass. | Retirements | Gross Salvage | Cost of Removal | Adjustments | Transfers | Ending Balance* |
|--|------------------------------------|--------------------|----------|----------|-------------|---------------|-----------------|-------------|-----------|-----------------|
| Amortizable General Plant Assets: | | | | | | | | | | |
| 301 | Organization Costs | \$ 57,568 | \$ 4,400 | | | | | \$ (20,564) | | \$ 41,404 |
| his schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC. | | | | | | | | | | |
| 376 | Mains - Steel | \$ 167,896 | \$ 3,324 | | \$ - | | | | | \$ 113,073 |
| 376 | Mains - Plastic | 329,152 | 19,022 | | - | | | (58,147) | | 267,082 |
| 378 | M&R Station Equipment -General | 9,598 | 32 | | - | | | (81,092) | | 2,585 |
| 379 | M&R Station Equipment - Gate | 35,211 | 1,451 | | - | | | (7,045) | | 18,285 |
| 380 | Services - Steel | 414,400 | 5,387 | | - | | | (18,377) | | 326,229 |
| 380 | Services - Plastic | 80,593 | 6,472 | | - | | | (93,558) | | 87,289 |
| 381 | Meters | 84,702 | 4,342 | | - | | | 224 | | 69,801 |
| 382 | Meter Installations | 32,027 | 1,169 | | - | | | (19,243) | | 24,616 |
| 383 | Regulators | 16,056 | 742 | | - | | | (8,580) | | 11,787 |
| 384 | Regulator Installations | 29,554 | 771 | | - | | | (5,011) | | 21,353 |
| 386 | Customer Conversion Cost | 36,946 | 2,334 | | - | | | (8,972) | | 15,097 |
| 387 | Other Equipment | 1,900 | 201 | | - | | | (24,183) | | 3,320 |
| 390 | Leasehold Improvements | 0 | - | | - | | | 1,219 | | 1,039 |
| 391 | Office Furniture | (271) | (92) | | - | | | 1,039 | | 184 |
| 391 | Office Equipment | 13,517 | 602 | | - | | | 547 | | 15,485 |
| 392 | Transportaion Equip - Light Trucks | 28,805 | 7,975 | | (15,148) | | | 1,366 | | 31,561 |
| 392 | Trans. Equipment - Other Vehicles | 667 | 19 | | - | | | 9,929 | | 180 |
| 394 | Tools/Shop/Garage Equipment | 2,419 | 222 | | - | | | (506) | | 291 |
| 396 | Power Operated Equipment | 1,444 | 14 | | - | | | (2,350) | | 1,241 |
| 397 | Communication Equipment | 473 | 91 | | - | | | (217) | | 564 |
| 399 | Prior year adjustment | 0 | 0 | | - | | | 9,788 | | 9,788 |

Annual Status Report Analysis of Plant in Service Accounts

Company: Sebring Gas System, Inc.

For the Year Ended

December 31, 2002

Page 1 of 3

| Acct. Account | Depr. Rate | Beginning Balance* | Additions | Retirements | Reclass. | Adjustments | Transfers | Ending Balance* |
|---|------------|--------------------|-----------|-------------|----------|-------------|-----------|-----------------|
| 374 Land and Land Rights | | \$ 9,400 | | | | | | \$ 9,400 |
| Amortizable General Plant Assets: | | | | | | | | |
| 301 Organization Costs | 0.033 | 143,996 | | | | | | 143,996 |
| Depreciable Assets: | | | | | | | | |
| This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC. | | | | | | | | |
| 376 Mains - Steel | 0.029 | \$ 171,867 | \$ - | \$ - | | | | \$ 171,867 |
| 376 Mains - Plastic | 0.030 | 767,176 | 1,489 | - | | | | 768,665 |
| 378 M&R Station Equipment -General | 0.011 | 10,627 | - | - | | (27,738) | | 10,627 |
| 379 M&R Station Equipment - Gate | 0.028 | 63,703 | - | - | | | | 63,703 |
| 380 Services - Steel | 0.030 | 363,983 | - | (537) | | | | 363,446 |
| 380 Services - Plastic | 0.029 | 147,375 | 4,753 | (2,242) | | | | 149,886 |
| 381 Meters | 0.033 | 123,800 | 854 | - | | | | 124,654 |
| 382 Meter Installations | 0.021 | 50,362 | 147 | - | | | | 50,509 |
| 383 Regulators | 0.027 | 27,267 | - | - | | | | 27,267 |
| 384 Regulator Installations | 0.019 | 40,294 | 132 | - | | | | 40,426 |
| 386 Customer Conversion Cost | 0.047 | 69,168 | - | - | | | | 69,168 |
| 387 Other Equipment | 0.033 | 3,314 | - | - | | | | 3,314 |
| 391 Office Furniture | 0.057 | 482 | - | - | | | | 482 |
| 391 Office Equipment | 0.158 | 16,716 | - | - | | | | 16,716 |
| 392 Transportaion Equip - Light Trucks | 0.097 | 73,715 | 17,959 | (12,197) | | | | 79,477 |
| 392 Trans. Equipment - Other Vehicles | 0.097 | 1,030 | - | - | | | | 1,030 |
| 394 Tools/Shop/Garage Equipment | 0.068 | 4,278 | 21 | - | | | | 4,299 |
| 396 Power Operated Equipment | 0.021 | 1,444 | - | - | | | | 1,444 |
| 397 Communication Equipment | 0.021 | 972 | - | - | | | | 972 |

Annual Status Report

Analysis of Entries in Accumulated Depreciation & Amortization

Company: Sebring Gas System, Inc.

For the Year Ended

December 31, 2002

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| Acct. No. | Account Description | Beginning Balance* | Accruals | Reclass. | Retirements | Gross Salvage | Cost of Removal | Adjustments | Transfers | Ending Balance* |
|---|-------------------------------------|--------------------|----------|----------|-------------|---------------|-----------------|-------------|-----------|-----------------|
| mortizable General Plant Assets: | | | | | | | | | | |
| 301 | Organization Costs | \$ 47,968 | \$ 4,800 | | | | | \$ | | \$ 52,768 |
| This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC. | | | | | | | | | | |
| 376 | Mains - Steel | \$ 160,670 | \$ 3,609 | | \$ | | | \$ | | \$ 164,279 |
| 376 | Mains - Plastic | 298,031 | 18,490 | | . | | | (5,909) | | 310,612 |
| 378 | M&R Station Equipment - General | 9,470 | 64 | | . | | | . | | 9,534 |
| 379 | M&R Station Equipment - Gate | 32,026 | 1,592 | | . | | | . | | 33,618 |
| 380 | Services - Steel | 403,669 | 6,058 | | (593) | | | (5) | | 409,129 |
| 380 | Services - Plastic | 73,358 | 6,497 | | (2,185) | | | 2 | | 77,672 |
| 381 | Meters | 76,483 | 4,099 | | . | | | . | | 80,582 |
| 382 | Meter Installations | 29,689 | 1,158 | | . | | | . | | 30,847 |
| 383 | Regulators | 14,584 | 736 | | . | | | . | | 15,320 |
| 384 | Regulator Installations | 28,017 | 767 | | . | | | . | | 28,784 |
| 386 | Customer Conversion Cost | 30,168 | 3,389 | | . | | | . | | 33,557 |
| 387 | Other Equipment | 1,582 | 189 | | . | | | . | | 1,771 |
| 391 | Office Furniture | 295 | 186 | | . | | | (938) | | (457) |
| 391 | Office Equipment | 13,156 | 594 | | . | | | (827) | | 12,923 |
| 392 | Transportation Equip - Light Trucks | 39,057 | 9,281 | | (12,197) | | | (769) | | 35,372 |
| 392 | Trans. Equipment - Other Vehicles | 583 | 41 | | . | | | . | | 624 |
| 394 | Tools/Shop/Garage Equipment | 2,871 | 532 | | . | | | (1,517) | | 1,886 |
| 396 | Power Operated Equipment | 1,444 | . | | . | | | . | | 1,444 |
| 397 | Communication Equipment | 291 | 91 | | . | | | . | | 382 |

Annual Status Report Analysis of Plant in Service Accounts

Company: Sebring Gas System, Inc.
 For the Year Ended December 31, 2001

Page 1 of 3

| Account No. | Description | Depr. Rate | Beginning Balance* | Additions | Retirements | Reclass. | Adjustments | Transfers | Ending Balance* |
|--|-------------------------------------|------------|--------------------|-----------|-------------|----------|-------------|-----------|-----------------|
| 374 | Land and Land Rights | | \$ 9,400 | | | | | | \$ 9,400 |
| Depreciable General Plant Assets: | | | | | | | | | |
| 301 | Organization Costs | 0.033 | 143,996 | | | | | | 143,996 |
| Depreciable Assets: This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC. | | | | | | | | | |
| 378 | Mains - Steel | 0.029 | \$ 171,867 | \$ - | \$ - | | | | \$ 171,867 |
| 376 | Mains - Plastic | 0.030 | 761,472 | 5,704 | - | | | | 767,176 |
| 378 | M&R Station Equipment -General | 0.011 | 10,627 | - | - | | | | 10,627 |
| 379 | M&R Station Equipment - Gate | 0.026 | 63,703 | - | - | | | | 63,703 |
| 380 | Services - Steel | 0.030 | 363,963 | - | - | | | | 363,963 |
| 380 | Services - Plastic | 0.029 | 138,021 | 9,354 | - | | | | 147,375 |
| 381 | Meters | 0.033 | 119,437 | 4,363 | - | | | | 123,800 |
| 382 | Meter Installations | 0.021 | 48,744 | 1,618 | - | | | | 50,362 |
| 383 | Regulators | 0.027 | 27,246 | 21 | - | | | | 27,267 |
| 384 | Regulator Installations | 0.019 | 39,986 | 308 | - | | | | 40,294 |
| 386 | Customer Conversion Cost | 0.047 | 69,081 | 87 | - | | | | 69,168 |
| 387 | Other Equipment | 0.033 | 3,314 | - | - | | | | 3,314 |
| 391 | Office Furniture | 0.057 | 482 | - | - | | | | 482 |
| 391 | Office Equipment | 0.158 | 11,577 | 5,139 | - | | | | 16,716 |
| 392 | Transportation Equip - Light Trucks | 0.097 | 73,715 | - | - | | | | 73,715 |
| 392 | Trans. Equipment - Other Vehicles | 0.097 | 1,030 | - | - | | | | 1,030 |
| 394 | Tools/Shop/Garage Equipment | 0.068 | 4,278 | - | - | | | | 4,278 |
| 396 | Power Operated Equipment | 0.021 | 1,444 | - | - | | | | 1,444 |
| 397 | Communication Equipment | 0.021 | 972 | - | - | | | | 972 |

Annual Status Report

Analysis of Entries in Accumulated Depreciation & Amortization

Company: Sebring Gas System, Inc.

For the Year Ended

December 31, 2001

Page 1 of 3

| Account Description | Beginning Balance* | Accruals | Reclass. | Retirements | Gross Salvage | Cost of Removal | Adjustments | Transfers | Ending Balance* |
|--|--------------------|----------|----------|-------------|---------------|-----------------|-------------|-----------|-----------------|
| Depreciable General Plant Assets: | | | | | | | | | |
| 01 Organization Costs | \$ 43,168 | \$ 4,800 | | | | | \$ - | | \$ 47,968 |
| <p><small>Schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC.</small></p> | | | | | | | | | |
| 6 Mains - Steel | \$ 155,686 | \$ 4,984 | | \$ - | | | \$ - | | \$ 160,670 |
| 6 Mains - Plastic | 275,108 | 22,923 | | | | | - | | 298,031 |
| 8 M&R Station Equipment - General | 9,265 | 117 | | | | | 88 | | 9,470 |
| 9 M&R Station Equipment - Gate | 30,369 | 1,657 | | | | | - | | 32,026 |
| 0 Services - Steel | 392,745 | 10,910 | | | | | 14 | | 403,669 |
| 0 Services - Plastic | 70,125 | 4,185 | | | | | (952) | | 73,358 |
| 1 Meters | 74,635 | 4,051 | | | | | (2,203) | | 76,483 |
| 2 Meter Installations | 28,639 | 1,050 | | | | | - | | 29,689 |
| 3 Regulators | 14,123 | 736 | | | | | (275) | | 14,584 |
| 1 Regulator Installations | 27,253 | 764 | | | | | - | | 28,017 |
| 3 Customer Conversion Cost | 28,918 | 3,250 | | | | | - | | 30,168 |
| 7 Other Equipment | 1,532 | 109 | | | | | (59) | | 1,582 |
| Office Furniture | 267 | 28 | | | | | - | | 295 |
| Office Equipment | 10,828 | 2,328 | | | | | - | | 13,156 |
| 1 Transportal on Equip - Light Trucks | 31,824 | 7,150 | | | | | 83 | | 39,057 |
| 1 Trans. Equipment - Other Vehicles | 644 | 100 | | | | | (161) | | 583 |
| 1 Tools/Shop/Garage Equipment | 2,581 | 290 | | | | | - | | 2,871 |
| 1 Power Operated Equipment | 1,444 | - | | | | | - | | 1,444 |
| 1 Communication Equipment | 270 | 21 | | | | | - | | 291 |

Annual Status Report Analysis of Plant in Service Accounts

Company: Sebring Gas System, Inc.
For the Year Ended December 31, 2002

Page 1 of 3

| Acct. No. | Account Description | Depr. Rate | Beginning Balance* | Additions | Retirements | Reclass. | Adjustments | Transfers | Ending Balance* |
|--|-------------------------------------|------------|--------------------|-----------|-------------|----------|-------------|-----------|-----------------|
| 374 | Land and Land Rights | | \$ 9,400 | | | | | | \$ 9,400 |
| Amortizable General Plant Assets: | | | | | | | | | |
| 301 | Organization Costs | 0.033 | 143,996 | | | | | | 143,996 |
| Depreciable Assets: This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC. | | | | | | | | | |
| 376 | Mains - Steel | 0.029 | \$ 171,867 | \$ - | \$ - | | | | \$ 171,867 |
| 376 | Mains - Plastic | 0.030 | 787,176 | 1,489 | - | | | | 790,000 |
| 378 | M&R Station Equipment -General | 0.011 | 10,627 | - | - | | (27,738) | | 10,627 |
| 379 | M&R Station Equipment - Gate | 0.026 | 63,703 | - | - | | | | 63,703 |
| 380 | Services - Steel | 0.030 | 363,983 | - | (537) | | | | 363,446 |
| 380 | Services - Plastic | 0.029 | 147,375 | 4,753 | (2,242) | | | | 149,886 |
| 381 | Meters | 0.033 | 123,800 | 854 | - | | | | 124,654 |
| 382 | Meter Installations | 0.021 | 50,362 | 147 | - | | | | 50,509 |
| 383 | Regulators | 0.027 | 27,267 | - | - | | | | 27,267 |
| 384 | Regulator Installations | 0.019 | 40,294 | 132 | - | | | | 40,426 |
| 386 | Customer Conversion Cost | 0.047 | 69,168 | - | - | | | | 69,168 |
| 387 | Other Equipment | 0.033 | 3,314 | - | - | | | | 3,314 |
| 391 | Office Furniture | 0.057 | 482 | - | - | | | | 482 |
| 391 | Office Equipment | 0.158 | 16,716 | - | - | | | | 16,716 |
| 392 | Transportation Equip - Light Trucks | 0.097 | 73,715 | 17,959 | (12,197) | | | | 79,477 |
| 392 | Trans. Equipment - Other Vehicles | 0.097 | 1,030 | - | - | | | | 1,030 |
| 394 | Tools/Shop/Garage Equipment | 0.068 | 4,278 | 21 | - | | | | 4,299 |
| 396 | Power Operated Equipment | 0.021 | 1,444 | - | - | | | | 1,444 |
| 397 | Communication Equipment | 0.021 | 972 | - | - | | | | 972 |

Annual Status Report

Analysis of Entries in Accumulated Depreciation & Amortization

Company: Sebring Gas System, Inc.

for the Year Ended

December 31, 2002

Page 1 of 3

| Account | Beginning Balance* | Accruals | Reclass. | Retirements | Gross Salvage | Cost of Removal | Adjustments | Transfers | Ending Balance* |
|---|-----------------------|----------|----------|-------------|------------------|--------------------|-------------|-----------|--------------------|
| Amortizable General Plant Assets: | | | | | | | | | |
| 301 Organization Costs | \$ 47,968 | \$ 4,800 | | | | | \$ | | \$ 52,768 |
| This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC. | | | | | | | | | |
| 376 Mains - Steel | \$ 160,670 | \$ 3,609 | | \$ | | | \$ | | \$ 164,279 |
| 376 Mains - Plastic | 298,031 | 18,490 | | . | | | (5,909) | | 310,612 |
| 378 M&R Station Equipment -General | 9,470 | 64 | | . | | | . | | 9,534 |
| 379 M&R Station Equipment - Gate | 32,026 | 1,592 | | . | | | . | | 33,618 |
| 380 Services - Steel | 403,669 | 6,058 | | (593) | | | (5) | | 409,129 |
| 380 Services - Plastic | 73,358 | 6,497 | | (2,185) | | | 2 | | 77,672 |
| 381 Meters | 76,483 | 4,099 | | . | | | . | | 80,582 |
| 382 Meter Installations | 29,689 | 1,158 | | . | | | . | | 30,847 |
| 383 Regulators | 14,584 | 736 | | . | | | . | | 15,320 |
| 384 Regulator Installations | 28,017 | 767 | | . | | | . | | 28,784 |
| 386 Customer Conversion Cost | 30,168 | 3,389 | | . | | | . | | 33,557 |
| 387 Other Equipment | 1,582 | 189 | | . | | | . | | 1,771 |
| 391 Office Furniture | 295 | 186 | | . | | | (938) | | (457) |
| 391 Office Equipment | 13,156 | 594 | | . | | | (827) | | 12,923 |
| 392 Transportation Equip - Light Trucks | 39,057 | 9,281 | | (12,197) | | | (769) | | 35,372 |
| 392 Trans. Equipment - Other Vehicles | 583 | 41 | | . | | | . | | 624 |
| 394 Tools/Shop/Garage Equipment | 2,871 | 532 | | . | | | (1,517) | | 1,886 |
| 396 Power Operated Equipment | 1,444 | . | | . | | | . | | 1,444 |
| 397 Communication Equipment | 291 | 91 | | . | | | . | | 382 |

**Annual Status Report
Analysis of Plant in Service Accounts**

Company: Sebring Gas System, Inc.

For the Year Ended

December 31, 2004

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| Acct. No. | Account Description | Depr. Rate | Beginning Balance* | Additions | Retirements | Reclass. | Adjustments | Transfers | Ending Balance* |
|--|-------------------------------------|------------|--------------------|-----------|-------------|----------|-------------|-----------|-----------------|
| 374 | Land and Land Rights | | \$ 9,400 | | | | 6,225 | | \$ 15,625 |
| Amortizable General Plant Assets: | | | | | | | | | |
| 301 | Organization Costs | 0.033 | 143,996 | | | | (30,224) | | 113,772 |
| Depreciable Assets: This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC. | | | | | | | | | |
| 376 | Mains - Steel | 0.029 | \$ 172,693 | \$ 864 | \$ - | | \$ (29,870) | | \$ 143,687 |
| 376 | Mains - Plastic | 0.030 | 742,604 | 1,129 | - | | 28,006 | | 771,739 |
| 378 | M&R Station Equipment -General | 0.011 | 10,627 | - | - | | (208) | | 10,419 |
| 379 | M&R Station Equipment - Gate | 0.026 | 63,703 | - | - | | (9,709) | | 53,994 |
| 380 | Services - Steel | 0.030 | 363,648 | 297 | - | | (8,096) | | 355,849 |
| 380 | Services - Plastic | 0.029 | 157,006 | 2,678 | - | | 105,285 | | 264,969 |
| 381 | Meters | 0.033 | 125,705 | - | - | | 10,811 | | 136,516 |
| 382 | Meter Installations | 0.021 | 52,461 | 278 | - | | (2,901) | | 49,838 |
| 383 | Regulators | 0.027 | 27,267 | - | - | | 368 | | 27,635 |
| 384 | Regulator Installations | 0.019 | 40,776 | 114 | - | | (435) | | 40,455 |
| 386 | Customer Conversion Cost | 0.047 | 69,168 | 86 | - | | (34,605) | | 34,649 |
| 387 | Other Equipment | 0.033 | 3,314 | - | - | | 2,959 | | 6,273 |
| 390 | Leasehold Improvements | | | | | | 2,800 | | 2,800 |
| 391 | Office Furniture | 0.057 | 482 | - | - | | | | 482 |
| 391 | Office Equipment | 0.158 | 16,716 | - | - | | (1,209) | | 15,507 |
| 392 | Transportation Equip - Light Trucks | 0.097 | 63,288 | - | (15,145) | | (6,247) | | 41,896 |
| 392 | Trans. Equipment - Other Vehicles | 0.097 | 1,030 | - | - | | (1,030) | | 0 |
| 394 | Tools/Shop/Garage Equipment | 0.068 | 4,299 | - | - | | (4,015) | | 284 |
| 396 | Power Operated Equipment | 0.021 | 1,444 | - | - | | | | 1,444 |
| 397 | Communication Equipment | 0.021 | 972 | - | - | | | | 972 |

Annual Status Report

Analysis of Entries in Accumulated Depreciation & Amortization

Company: Sebring Gas System, Inc.

For the Year Ended

December 31, 2004

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| Acct. No. | Account Description | Beginning Balance* | Accruals | Reclass. | Retirements | Gross Salvage | Cost of Removal | Adjustments | Transfers | Ending Balance* |
|--|------------------------------------|--------------------|----------|----------|-------------|---------------|-----------------|-------------|-----------|-----------------|
| Amortizable General Plant Assets: | | | | | | | | | | |
| 301 | Organization Costs | \$ 57,568 | \$ 4,400 | | | | | \$ (20,564) | | \$ 41,404 |
| his schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC. | | | | | | | | | | |
| 376 | Mains - Steel | \$ 167,896 | \$ 3,324 | | \$ - | | | | | |
| 376 | Mains - Plastic | 329,152 | 19,022 | | - | | | (58,147) | | \$ 113,073 |
| 378 | M&R Station Equipment -General | 9,598 | 32 | | - | | | (81,092) | | 267,082 |
| 379 | M&R Station Equipment - Gate | 35,211 | 1,451 | | - | | | (7,045) | | 2,585 |
| 380 | Services - Steel | 414,400 | 5,387 | | - | | | (18,377) | | 18,285 |
| 380 | Services - Plastic | 80,593 | 6,472 | | - | | | (93,558) | | 326,229 |
| 381 | Meters | 84,702 | 4,342 | | - | | | 224 | | 87,289 |
| 382 | Meter Installations | 32,027 | 1,169 | | - | | | (19,243) | | 69,801 |
| 383 | Regulators | 16,056 | 742 | | - | | | (8,580) | | 24,616 |
| 384 | Regulator Installations | 29,554 | 771 | | - | | | (5,011) | | 11,787 |
| 386 | Customer Conversion Cost | 36,946 | 2,334 | | - | | | (8,972) | | 21,353 |
| 387 | Other Equipment | 1,900 | 201 | | - | | | (24,183) | | 15,097 |
| 390 | Leasehold Improvements | 0 | - | | - | | | 1,219 | | 3,320 |
| 391 | Office Furniture | (271) | (92) | | - | | | 1,039 | | 1,039 |
| 391 | Office Equipment | 13,517 | 602 | | - | | | 547 | | 184 |
| 392 | Transportaion Equip - Light Trucks | 28,805 | 7,975 | | (15,148) | | | 1,366 | | 15,485 |
| 392 | Trans. Equipment - Other Vehicles | 667 | 19 | | - | | | 9,929 | | 31,561 |
| 394 | Tools/Shop/Garage Equipment | 2,419 | 222 | | - | | | (506) | | 180 |
| 396 | Power Operated Equipment | 1,444 | 14 | | - | | | (2,350) | | 291 |
| 397 | Communication Equipment | 473 | 91 | | - | | | (217) | | 1,241 |
| 399 | Prior year adjustment | 0 | 0 | | - | | | 9,788 | | 564 |
| | | | | | | | | 9,788 | | 9,788 |

Annual Status Report Analysis of Plant in Service Accounts

Company: Sebring Gas System, Inc.
For the Year Ended December 31, 2005

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| Account No. | Description | Depr. Rate | Beginning Balance* | Additions | Retirements | Reclass. | Adjustments | Transfers | Ending Balance* |
|--|-------------------------------------|------------|--------------------|-----------|-------------|----------|-------------|-----------|-----------------|
| 374 | Land and Land Rights | | \$ 15,625 | | | | | | \$ 15,625 |
| Depreciable General Plant Assets: | | | | | | | | | |
| 301 | Organization Costs | 0.033 | 113,772 | | | | | | 113,772 |
| Depreciable Assets: This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC. | | | | | | | | | |
| 76 | Mains - Steel | 0.029 | \$ 143,687 | \$ 18 | \$ - | | | | \$ 143,704 |
| 76 | Mains - Plastic | 0.030 | 771,739 | 61,375 | - | | (1) | | 833,113 |
| 78 | M&R Station Equipment -General | 0.011 | 10,419 | - | - | | (1) | | 10,419 |
| 79 | M&R Station Equipment - Gate | 0.026 | 53,994 | - | - | | | | 53,994 |
| 80 | Services - Steel | 0.030 | 355,849 | - | - | | | | 355,849 |
| 80 | Services - Plastic | 0.029 | 264,969 | 14,914 | - | | | | 279,884 |
| 31 | Meters | 0.033 | 136,516 | 2,408 | - | | (1) | | 138,923 |
| 32 | Meter Installations | 0.021 | 49,838 | 1,979 | - | | (1) | | 51,816 |
| 33 | Regulators | 0.027 | 27,635 | 449 | - | | | | 28,084 |
| 34 | Regulator Installations | 0.019 | 40,455 | 181 | - | | | | 40,638 |
| 36 | Customer Conversion Cost | 0.047 | 34,649 | - | - | | 2 | | 34,650 |
| 37 | Other Equipment | 0.033 | 6,273 | - | - | | 1 | | 6,273 |
| 30 | Leasehold Improvements | | 2,800 | - | - | | | | 2,800 |
| 1 | Office Furniture | 0.057 | 482 | - | - | | | | 482 |
| 1 | Office Equipment | 0.158 | 15,507 | 3,025 | - | | | | 18,532 |
| 2 | Transportation Equip - Light Trucks | 0.097 | 41,896 | - | - | | 1 | | 41,897 |
| 2 | Trans. Equipment - Other Vehicles | 0.097 | 0 | - | - | | | | 0 |
| 4 | Tools/Shop/Garage Equipment | 0.068 | 284 | 6,612 | - | | 1 | | 6,897 |
| 3 | Power Operated Equipment | 0.021 | 1,444 | 7,799 | - | | | | 9,243 |
| 7 | Communication Equipment | 0.021 | 972 | - | - | | | | 972 |

Annual Status Report
Analysis of Entries in Accumulated Depreciation & Amortization

Company: Sebring Gas System, Inc.

For the Year Ended

December 31, 2005

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| Acct. No. | Account Description | Beginning Balance* | Accruals | Reclass. | Retirements | Gross Salvage | Cost of Removal | Adjustments | Transfers | Ending Balance* |
|--|-------------------------------------|--------------------|----------|----------|-------------|---------------|-----------------|-------------|-----------|-----------------|
| mortizable General Plant Assets: | | | | | | | | | | |
| 301 | Organization Costs | \$ 41,404 | \$ 4,800 | | | | | \$ - | | \$ 46,204 |
| is schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC. | | | | | | | | | | |
| 376 | Mains - Steel | \$ 113,073 | \$ 3,017 | | \$ - | | | 1 | | \$ 116,091 |
| 376 | Mains - Plastic | 267,082 | 19,701 | | - | | | - | | 286,783 |
| 378 | M&R Station Equipment -General | 2,585 | 63 | | - | | | (1) | | 2,647 |
| 379 | M&R Station Equipment - Gate | 18,285 | 1,350 | | - | | | - | | 19,635 |
| 180 | Services - Steel | 326,229 | 5,341 | | - | | | - | | 331,570 |
| 180 | Services - Plastic | 87,289 | 8,019 | | - | | | - | | 95,308 |
| 81 | Meters | 69,801 | 4,514 | | - | | | - | | 74,315 |
| 82 | Meter Installations | 24,616 | 1,173 | | - | | | - | | 25,789 |
| 83 | Regulators | 11,787 | 747 | | - | | | - | | 12,534 |
| 84 | Regulator Installations | 21,353 | 770 | | - | | | - | | 22,123 |
| 86 | Customer Conversion Cost | 15,097 | 1,698 | | - | | | (1) | | 16,794 |
| 87 | Other Equipment | 3,320 | 245 | | - | | | (1) | | 3,564 |
| 30 | Leasehold Improvements | 1,039 | - | | - | | | - | | 1,039 |
| 31 | Office Furniture | 184 | 58 | | - | | | - | | 242 |
| 31 | Office Equipment | 15,485 | 638 | | - | | | - | | 16,123 |
| 32 | Transportation Equip - Light Trucks | 31,561 | 5,831 | | - | | | 3 | | 37,395 |
| 32 | Trans. Equipment - Other Vehicles | 180 | - | | - | | | - | | 180 |
| 34 | Tools/Shop/Garage Equipment | 291 | 204 | | - | | | - | | 495 |
| 36 | Power Operated Equipment | 1,241 | 101 | | - | | | - | | 1,342 |
| 37 | Communication Equipment | 564 | 91 | | - | | | - | | 655 |
| 39 | Prior year adjustment | 9,788 | 0 | | - | | | - | | 9,788 |

**Annual Status Report
Analysis of Plant in Service Accounts**

Company: Sebring Gas System, Inc.

For the Year Ended December 31, 2004

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| Acct. No. | Account Description | Depr. Rate | Beginning Balance* | Additions | Retirements | Reclass. | Adjustments | Transfers | Ending Balance* |
|--|------------------------------------|------------|--------------------|-----------|-------------|----------|-------------|-----------|-----------------|
| 374 | Land and Land Rights | | \$ 9,400 | | | | 6,225 | | \$ 15,625 |
| Amortizable General Plant Assets: | | | | | | | | | |
| 301 | Organization Costs | 0.033 | 143,996 | | | | (30,224) | | 113,772 |
| Depreciable Assets: This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC. | | | | | | | | | |
| 376 | Mains - Steel | 0.029 | \$ 172,693 | \$ 864 | \$ - | | \$ (29,870) | | \$ 143,687 |
| 376 | Mains - Plastic | 0.030 | 742,604 | 1,129 | - | | 28,006 | | 771,739 |
| 378 | M&R Station Equipment -General | 0.011 | 10,627 | - | - | | (208) | | 10,419 |
| 379 | M&R Station Equipment - Gate | 0.026 | 63,703 | - | - | | (9,709) | | 53,994 |
| 380 | Services - Steel | 0.030 | 363,648 | 297 | - | | (8,096) | | 355,849 |
| 380 | Services - Plastic | 0.029 | 157,006 | 2,678 | - | | 105,285 | | 264,969 |
| 381 | Meters | 0.033 | 125,705 | - | - | | 10,811 | | 136,516 |
| 382 | Meter Installations | 0.021 | 52,461 | 278 | - | | (2,901) | | 49,838 |
| 383 | Regulators | 0.027 | 27,267 | - | - | | 368 | | 27,635 |
| 384 | Regulator Installations | 0.019 | 40,776 | 114 | - | | (435) | | 40,455 |
| 386 | Customer Conversion Cost | 0.047 | 69,168 | 86 | - | | (34,605) | | 34,649 |
| 387 | Other Equipment | 0.033 | 3,314 | - | - | | 2,959 | | 6,273 |
| 390 | Leasehold Improvements | | | | | | 2,800 | | 2,800 |
| 391 | Office Furniture | 0.057 | 482 | - | - | | | | 482 |
| 391 | Office Equipment | 0.158 | 16,716 | - | - | | (1,209) | | 15,507 |
| 392 | Transportaion Equip - Light Trucks | 0.097 | 63,288 | - | (15,145) | | (6,247) | | 41,896 |
| 392 | Trans. Equipment - Other Vehicles | 0.097 | 1,030 | - | - | | (1,030) | | 0 |
| 394 | Tools/Shop/Garage Equipment | 0.068 | 4,299 | - | - | | (4,015) | | 284 |
| 396 | Power Operated Equipment | 0.021 | 1,444 | - | - | | | | 1,444 |
| 397 | Communication Equipment | 0.021 | 972 | - | - | | | | 972 |

Annual Status Report

Analysis of Entries in Accumulated Depreciation & Amortization

Company: Sebring Gas System, Inc.

For the Year Ended

December 31, 2004

Page 1 of 3

| Acct. No. | Account Description | Beginning Balance* | Accruals | Reclass. | Retirements | Gross Salvage | Cost of Removal | Adjustments | Transfers | Ending Balance* |
|--|-------------------------------------|--------------------|----------|----------|-------------|---------------|-----------------|-------------|-----------|-----------------|
| Amortizable General Plant Assets: | | | | | | | | | | |
| 301 | Organization Costs | \$ 57,568 | \$ 4,400 | | | | | \$ (20,564) | | \$ 41,404 |
| his schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC. | | | | | | | | | | |
| 376 | Mains - Steel | \$ 167,896 | \$ 3,324 | | \$ - | | | (58,147) | | \$ 113,073 |
| 376 | Mains - Plastic | 329,152 | 19,022 | | - | | | (81,092) | | 267,082 |
| 378 | M&R Station Equipment -General | 9,598 | 32 | | - | | | (7,045) | | 2,585 |
| 379 | M&R Station Equipment - Gate | 35,211 | 1,451 | | - | | | (18,377) | | 18,285 |
| 380 | Services - Steel | 414,400 | 5,387 | | - | | | (93,558) | | 326,229 |
| 380 | Services - Plastic | 80,593 | 6,472 | | - | | | 224 | | 87,289 |
| 381 | Meters | 84,702 | 4,342 | | - | | | (19,243) | | 69,801 |
| 382 | Meter Installations | 32,027 | 1,169 | | - | | | (8,580) | | 24,616 |
| 383 | Regulators | 16,056 | 742 | | - | | | (5,011) | | 11,787 |
| 384 | Regulator Installations | 29,554 | 771 | | - | | | (8,972) | | 21,353 |
| 386 | Customer Conversion Cost | 36,946 | 2,334 | | - | | | (24,183) | | 15,097 |
| 387 | Other Equipment | 1,900 | 201 | | - | | | 1,219 | | 3,320 |
| 390 | Leasehold Improvements | 0 | - | | - | | | 1,039 | | 1,039 |
| 391 | Office Furniture | (271) | (92) | | - | | | 547 | | 184 |
| 391 | Office Equipment | 13,517 | 602 | | - | | | 1,368 | | 15,485 |
| 392 | Transportation Equip - Light Trucks | 28,805 | 7,975 | | (15,148) | | | 9,929 | | 31,561 |
| 392 | Trans. Equipment - Other Vehicles | 667 | 19 | | - | | | (506) | | 180 |
| 394 | Tools/Shop/Garage Equipment | 2,419 | 222 | | - | | | (2,350) | | 291 |
| 396 | Power Operated Equipment | 1,444 | 14 | | - | | | (217) | | 1,241 |
| 397 | Communication Equipment | 473 | 91 | | - | | | - | | 564 |
| 399 | Prior year adjustment | 0 | 0 | | - | | | 9,788 | | 9,788 |

Annual Status Report Analysis of Plant in Service Accounts

Company: Sebring Gas System, Inc.
For the Year Ended December 31, 2005

Page 1 of 3

| Acct. No. | Account Description | Depr. Rate | Beginning Balance* | Additions | Retirements | Reclass. | Adjustments | Transfers | Ending Balance* |
|--|-------------------------------------|------------|--------------------|-----------|-------------|----------|-------------|-----------|-----------------|
| 374 | Land and Land Rights | | \$ 15,625 | | | | | | \$ 15,625 |
| Amortizable General Plant Assets: | | | | | | | | | |
| 301 | Organization Costs | 0.033 | 113,772 | | | | | | 113,772 |
| Depreciable Assets: This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC. | | | | | | | | | |
| 376 | Mains - Steel | 0.029 | \$ 143,687 | \$ 18 | \$ - | | | | \$ 143,704 |
| 376 | Mains - Plastic | 0.030 | 771,739 | 61,375 | - | | (1) | | 833,113 |
| 378 | M&R Station Equipment - General | 0.011 | 10,419 | - | - | | (1) | | 10,419 |
| 379 | M&R Station Equipment - Gate | 0.026 | 53,994 | - | - | | | | 53,994 |
| 380 | Services - Steel | 0.030 | 355,849 | - | - | | | | 355,849 |
| 380 | Services - Plastic | 0.029 | 264,969 | 14,914 | - | | | | 279,884 |
| 381 | Meters | 0.033 | 136,516 | 2,408 | - | | 1 | | 138,923 |
| 382 | Meter Installations | 0.021 | 49,838 | 1,979 | - | | (1) | | 51,816 |
| 383 | Regulators | 0.027 | 27,635 | 449 | - | | (1) | | 28,084 |
| 384 | Regulator Installations | 0.019 | 40,455 | 181 | - | | | | 40,638 |
| 386 | Customer Conversion Cost | 0.047 | 34,649 | - | - | | 2 | | 34,650 |
| 387 | Other Equipment | 0.033 | 6,273 | - | - | | 1 | | 6,273 |
| 390 | Leasehold Improvements | | 2,800 | - | - | | | | 2,800 |
| 391 | Office Furniture | 0.057 | 482 | - | - | | | | 482 |
| 391 | Office Equipment | 0.158 | 15,507 | 3,025 | - | | | | 18,532 |
| 392 | Transportation Equip - Light Trucks | 0.097 | 41,896 | - | - | | | | 41,897 |
| 392 | Trans. Equipment - Other Vehicles | 0.097 | 0 | - | - | | 1 | | 0 |
| 394 | Tools/Shop/Garage Equipment | 0.068 | 284 | 6,612 | - | | | | 6,897 |
| 396 | Power Operated Equipment | 0.021 | 1,444 | 7,799 | - | | 1 | | 9,243 |
| 397 | Communication Equipment | 0.021 | 972 | - | - | | | | 972 |

Annual Status Report

Analysis of Entries in Accumulated Depreciation & Amortization

Company: Sebring Gas System, Inc.

For the Year Ended

December 31, 2005

Page 1 of 3

| Account No. Description | Beginning Balance* | Accruals | Reclass. | Retirements | Gross Salvage | Cost of Removal | Adjustments | Transfers | Ending Balance* |
|---|--------------------|----------|----------|-------------|---------------|-----------------|-------------|-----------|-----------------|
| Nondepreciable General Plant Assets: | | | | | | | | | |
| 301 Organization Costs | \$ 41,404 | \$ 4,800 | | | | | \$ - | | \$ 46,204 |
| Depreciable General Plant Assets: | | | | | | | | | |
| * This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC. | | | | | | | | | |
| 76 Mains - Steel | \$ 113,073 | \$ 3,017 | | \$ - | | | | | \$ 116,091 |
| 76 Mains - Plastic | 267,082 | 19,701 | | - | | | 1 | | 286,783 |
| 78 M&R Station Equipment - General | 2,585 | 63 | | - | | | - | | 2,647 |
| 79 M&R Station Equipment - Gate | 18,285 | 1,350 | | - | | | (1) | | 19,635 |
| 30 Services - Steel | 326,229 | 5,341 | | - | | | - | | 331,570 |
| 30 Services - Plastic | 87,289 | 8,019 | | - | | | - | | 95,308 |
| 11 Meters | 69,801 | 4,514 | | - | | | - | | 74,315 |
| 12 Meter Installations | 24,616 | 1,173 | | - | | | - | | 25,789 |
| 13 Regulators | 11,787 | 747 | | - | | | - | | 12,534 |
| 14 Regulator Installations | 21,353 | 770 | | - | | | - | | 22,123 |
| 6 Customer Conversion Cost | 15,097 | 1,698 | | - | | | - | | 16,794 |
| 7 Other Equipment | 3,320 | 245 | | - | | | (1) | | 3,564 |
| 0 Leasehold Improvements | 1,039 | - | | - | | | (1) | | 1,039 |
| 1 Office Furniture | 184 | 58 | | - | | | - | | 242 |
| 1 Office Equipment | 15,485 | 638 | | - | | | - | | 16,123 |
| 2 Transportation Equip - Light Trucks | 31,561 | 5,831 | | - | | | - | | 37,395 |
| 2 Trans. Equipment - Other Vehicles | 180 | - | | - | | | 3 | | 180 |
| 4 Tools/Shop/Garage Equipment | 291 | 204 | | - | | | - | | 495 |
| 3 Power Operated Equipment | 1,241 | 101 | | - | | | - | | 1,342 |
| 7 Communication Equipment | 564 | 91 | | - | | | - | | 655 |
| 3 Prior year adjustment | 9,788 | 0 | | - | | | - | | 9,788 |

**Annual Status Report
Analysis of Plant in Service Accounts**

Company: Sebring Gas System, Inc.

For the Year Ended

December 31, 2004

Page 1 of 3

| Acct. No. | Account Description | Depr. Rate | Beginning Balance* | Additions | Retirements | Reclass. | Adjustments | Transfers | Ending Balance* |
|--|-------------------------------------|------------|--------------------|-----------|-------------|----------|-------------|-----------|-----------------|
| 374 | Land and Land Rights | | \$ 9,400 | | | | 6,225 | | \$ 15,625 |
| Amortizable General Plant Assets: | | | | | | | | | |
| 301 | Organization Costs | 0.033 | 143,996 | | | | (30,224) | | 113,772 |
| Depreciable Assets: This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC. | | | | | | | | | |
| 376 | Mains - Steel | 0.029 | \$ 172,693 | \$ 864 | \$ - | | \$ (29,870) | | \$ 143,687 |
| 376 | Mains - Plastic | 0.030 | 742,604 | 1,129 | - | | 28,006 | | 771,739 |
| 378 | M&R Station Equipment -General | 0.011 | 10,627 | - | - | | (208) | | 10,419 |
| 379 | M&R Station Equipment - Gate | 0.026 | 63,703 | - | - | | (9,709) | | 53,994 |
| 380 | Services - Steel | 0.030 | 363,648 | 297 | - | | (8,096) | | 355,849 |
| 380 | Services - Plastic | 0.029 | 157,006 | 2,678 | - | | 105,285 | | 264,969 |
| 381 | Meters | 0.033 | 125,705 | - | - | | 10,811 | | 136,516 |
| 382 | Meter Installations | 0.021 | 52,461 | 278 | - | | (2,901) | | 49,838 |
| 383 | Regulators | 0.027 | 27,267 | - | - | | 368 | | 27,635 |
| 384 | Regulator Installations | 0.019 | 40,776 | 114 | - | | (435) | | 40,455 |
| 386 | Customer Conversion Cost | 0.047 | 69,168 | 86 | - | | (34,605) | | 34,649 |
| 387 | Other Equipment | 0.033 | 3,314 | - | - | | 2,959 | | 6,273 |
| 390 | Leasehold Improvements | | | | | | 2,800 | | 2,800 |
| 391 | Office Furniture | 0.057 | 482 | - | - | | | | 482 |
| 391 | Office Equipment | 0.158 | 16,716 | - | - | | (1,209) | | 15,507 |
| 392 | Transportation Equip - Light Trucks | 0.097 | 63,288 | - | (15,145) | | (6,247) | | 41,896 |
| 392 | Trans. Equipment - Other Vehicles | 0.097 | 1,030 | - | - | | (1,030) | | 0 |
| 394 | Tools/Shop/Garage Equipment | 0.068 | 4,299 | - | - | | (4,015) | | 284 |
| 396 | Power Operated Equipment | 0.021 | 1,444 | - | - | | | | 1,444 |
| 397 | Communication Equipment | 0.021 | 972 | - | - | | | | 972 |

Annual Status Report Analysis of Entries in Accumulated Depreciation & Amortization

Company: Sebring Gas System, Inc.

For the Year Ended

December 31, 2004

Page 1 of 3

| Acct. No. | Description | Beginning Balance* | Accruals | Reclass. | Retirements | Gross Salvage | Cost of Removal | Adjustments | Transfers | Ending Balance* |
|--|------------------------------------|--------------------|----------|----------|-------------|---------------|-----------------|-------------|-----------|-----------------|
| Amortizable General Plant Assets: | | | | | | | | | | |
| 301 | Organization Costs | \$ 57,568 | \$ 4,400 | | | | | \$ (20,564) | | \$ 41,404 |
| his schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC. | | | | | | | | | | |
| 376 | Mains - Steel | \$ 167,896 | \$ 3,324 | | \$ - | | | | | \$ 113,073 |
| 376 | Mains - Plastic | 329,152 | 19,022 | | - | | | (58,147) | | 267,082 |
| 378 | M&R Station Equipment -General | 9,598 | 32 | | - | | | (81,092) | | 2,585 |
| 379 | M&R Station Equipment - Gate | 35,211 | 1,451 | | - | | | (7,045) | | 18,285 |
| 380 | Services - Steel | 414,400 | 5,387 | | - | | | (18,377) | | 326,229 |
| 380 | Services - Plastic | 80,593 | 6,472 | | - | | | (93,558) | | 87,289 |
| 381 | Meters | 84,702 | 4,342 | | - | | | 224 | | 69,801 |
| 382 | Meter Installations | 32,027 | 1,169 | | - | | | (19,243) | | 24,616 |
| 383 | Regulators | 16,056 | 742 | | - | | | (8,580) | | 11,787 |
| 384 | Regulator Installations | 29,554 | 771 | | - | | | (5,011) | | 21,353 |
| 386 | Customer Conversion Cost | 36,946 | 2,334 | | - | | | (8,972) | | 15,097 |
| 387 | Other Equipment | 1,900 | 201 | | - | | | (24,183) | | 3,320 |
| 390 | Leasehold Improvements | 0 | - | | - | | | 1,219 | | 1,039 |
| 391 | Office Furniture | (271) | (92) | | - | | | 1,039 | | 184 |
| 391 | Office Equipment | 13,517 | 602 | | - | | | 547 | | 15,485 |
| 392 | Transportaion Equip - Light Trucks | 28,805 | 7,975 | | (15,148) | | | 1,388 | | 31,561 |
| 392 | Trans. Equipment - Other Vehicles | 667 | 19 | | - | | | 9,929 | | 180 |
| 394 | Tools/Shop/Garage Equipment | 2,419 | 222 | | - | | | (506) | | 291 |
| 396 | Power Operated Equipment | 1,444 | 14 | | - | | | (2,350) | | 1,241 |
| 397 | Communication Equipment | 473 | 91 | | - | | | (217) | | 564 |
| 399 | Prior year adjustment | 0 | 0 | | - | | | 9,788 | | 9,788 |

Annual Status Report Analysis of Plant in Service Accounts

Company: Sebring Gas System, Inc.

For the Year Ended December 31, 2004

Page 1 of 3

| Acct. No. | Account Description | Depr. Rate | Beginning Balance* | Additions | Retirements | Reclass. | Adjustments | Transfers | Ending Balance* |
|--|-------------------------------------|------------|--------------------|-----------|-------------|----------|-------------|-----------|-----------------|
| 374 | Land and Land Rights | | \$ 9,400 | | | | 6,225 | | \$ 15,625 |
| Amortizable General Plant Assets: | | | | | | | | | |
| 301 | Organization Costs | 0.033 | 143,996 | | | | (30,224) | | 113,772 |
| Depreciable Assets: This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC. | | | | | | | | | |
| 376 | Mains - Steel | 0.029 | \$ 172,693 | \$ 864 | \$ - | | \$ (29,870) | | \$ 143,687 |
| 376 | Mains - Plastic | 0.030 | 742,604 | 1,129 | - | | 28,006 | | 771,739 |
| 378 | M&R Station Equipment -General | 0.011 | 10,627 | - | - | | (208) | | 10,419 |
| 379 | M&R Station Equipment - Gate | 0.026 | 63,703 | - | - | | (9,709) | | 53,994 |
| 380 | Services - Steel | 0.030 | 363,648 | 297 | - | | (8,096) | | 355,849 |
| 380 | Services - Plastic | 0.029 | 157,006 | 2,678 | - | | 105,285 | | 264,969 |
| 381 | Meters | 0.033 | 125,705 | - | - | | 10,811 | | 136,516 |
| 382 | Meter Installations | 0.021 | 52,461 | 278 | - | | (2,901) | | 49,838 |
| 383 | Regulators | 0.027 | 27,267 | - | - | | 368 | | 27,635 |
| 384 | Regulator Installations | 0.019 | 40,776 | 114 | - | | (435) | | 40,455 |
| 386 | Customer Conversion Cost | 0.047 | 69,168 | 86 | - | | (34,605) | | 34,649 |
| 387 | Other Equipment | 0.033 | 3,314 | - | - | | 2,959 | | 6,273 |
| 390 | Leasehold Improvements | | | | | | 2,800 | | 2,800 |
| 391 | Office Furniture | 0.057 | 482 | - | - | | | | 482 |
| 391 | Office Equipment | 0.158 | 16,716 | - | - | | (1,209) | | 15,507 |
| 392 | Transportation Equip - Light Trucks | 0.097 | 63,288 | - | (15,145) | | (6,247) | | 41,896 |
| 392 | Trans. Equipment - Other Vehicles | 0.097 | 1,030 | - | - | | (1,030) | | 0 |
| 394 | Tools/Shop/Garage Equipment | 0.068 | 4,299 | - | - | | (4,015) | | 284 |
| 396 | Power Operated Equipment | 0.021 | 1,444 | - | - | | | | 1,444 |
| 397 | Communication Equipment | 0.021 | 972 | - | - | | | | 972 |

Annual Status Report

Analysis of Entries in Accumulated Depreciation & Amortization

Company: Sebring Gas System, Inc.

For the Year Ended

December 31, 2004

Page 1 of 3

| Acct. No. | Account Description | Beginning Balance* | Accruals | Reclass. | Retirements | Gross Salvage | Cost of Removal | Adjustments | Transfers | Ending Balance* |
|---|-------------------------------------|--------------------|----------|----------|-------------|---------------|-----------------|-------------|-----------|-----------------|
| Amortizable General Plant Assets: | | | | | | | | | | |
| 301 | Organization Costs | \$ 57,568 | \$ 4,400 | | | | | \$ (20,564) | | \$ 41,404 |
| This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC. | | | | | | | | | | |
| 376 | Mains - Steel | \$ 167,896 | \$ 3,324 | | \$ - | | | | | \$ 113,073 |
| 376 | Mains - Plastic | 329,152 | 19,022 | | - | | | (58,147) | | 267,082 |
| 378 | M&R Station Equipment - General | 9,598 | 32 | | - | | | (81,092) | | 2,585 |
| 379 | M&R Station Equipment - Gate | 35,211 | 1,451 | | - | | | (7,045) | | 18,285 |
| 380 | Services - Steel | 414,400 | 5,387 | | - | | | (18,377) | | 326,229 |
| 380 | Services - Plastic | 80,593 | 6,472 | | - | | | (93,558) | | 87,289 |
| 381 | Meters | 84,702 | 4,342 | | - | | | 224 | | 69,801 |
| 382 | Meter Installations | 32,027 | 1,169 | | - | | | (19,243) | | 24,616 |
| 383 | Regulators | 16,056 | 742 | | - | | | (8,580) | | 11,787 |
| 384 | Regulator Installations | 29,554 | 771 | | - | | | (5,011) | | 21,353 |
| 386 | Customer Conversion Cost | 36,946 | 2,334 | | - | | | (8,972) | | 15,097 |
| 387 | Other Equipment | 1,900 | 201 | | - | | | (24,183) | | 3,320 |
| 390 | Leasehold Improvements | 0 | - | | - | | | 1,219 | | 1,039 |
| 391 | Office Furniture | (271) | (92) | | - | | | 1,039 | | 184 |
| 391 | Office Equipment | 13,517 | 602 | | - | | | 547 | | 15,485 |
| 192 | Transportation Equip - Light Trucks | 28,805 | 7,975 | | (15,148) | | | 1,368 | | 31,561 |
| 192 | Trans. Equipment - Other Vehicles | 667 | 19 | | - | | | 9,929 | | 180 |
| 194 | Tools/Shop/Garage Equipment | 2,419 | 222 | | - | | | (506) | | 291 |
| 196 | Power Operated Equipment | 1,444 | 14 | | - | | | (2,350) | | 1,241 |
| 97 | Communication Equipment | 473 | 91 | | - | | | (217) | | 564 |
| 99 | Prior year adjustment | 0 | 0 | | - | | | 9,788 | | 9,788 |

Annual Status Report Analysis of Plant in Service Accounts

Company: Sebring Gas System, Inc.
 For the Year Ended December 31, 2005

| Account No. Description | Depr. Rate | Beginning Balance* | Additions | Retirements | Reclass. | Adjustments | Transfers | Ending Balance* |
|--|------------|--------------------|-----------|-------------|----------|-------------|-----------|-----------------|
| Page 1 of 3 | | | | | | | | |
| 374 Land and Land Rights | | \$ 15,625 | | | | | | \$ 15,625 |
| Depreciable General Plant Assets: | | | | | | | | |
| 301 Organization Costs | 0.033 | 113,772 | | | | | | 113,772 |
| Depreciable Assets: This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC. | | | | | | | | |
| 76 Mains - Steel | 0.029 | \$ 143,687 | \$ 18 | \$ - | | | | \$ 143,704 |
| 76 Mains - Plastic | 0.030 | 771,739 | 61,375 | - | | (1) | | 833,113 |
| 78 M&R Station Equipment - General | 0.011 | 10,419 | - | - | | (1) | | 10,419 |
| 79 M&R Station Equipment - Gate | 0.026 | 53,994 | - | - | | | | 53,994 |
| 80 Services - Steel | 0.030 | 355,849 | - | - | | | | 355,849 |
| 80 Services - Plastic | 0.029 | 264,969 | 14,914 | - | | | | 279,884 |
| 31 Meters | 0.033 | 136,516 | 2,408 | - | | 1 | | 138,923 |
| 32 Meter Installations | 0.021 | 49,838 | 1,979 | - | | (1) | | 51,816 |
| 33 Regulators | 0.027 | 27,835 | 449 | - | | (1) | | 28,084 |
| 34 Regulator Installations | 0.019 | 40,455 | 181 | - | | | | 40,638 |
| 36 Customer Conversion Cost | 0.047 | 34,649 | - | - | | 2 | | 34,650 |
| 37 Other Equipment | 0.033 | 6,273 | - | - | | 1 | | 6,273 |
| 0 Leasehold Improvements | | 2,800 | - | - | | | | 2,800 |
| 1 Office Furniture | 0.057 | 482 | - | - | | | | 482 |
| 1 Office Equipment | 0.158 | 15,507 | 3,025 | - | | | | 18,532 |
| 2 Transportaion Equip - Light Trucks | 0.097 | 41,896 | - | - | | | | 41,897 |
| 2 Trans. Equipment - Other Vehicles | 0.097 | 0 | - | - | | 1 | | 0 |
| 4 Tools/Shop/Garage Equipment | 0.068 | 284 | 6,612 | - | | | | 6,897 |
| 3 Power Operated Equipment | 0.021 | 1,444 | 7,799 | - | | 1 | | 9,243 |
| 7 Communication Equipment | 0.021 | 972 | - | - | | | | 972 |

Annual Status Report
Analysis of Entries in Accumulated Depreciation & Amortization

Company: Sebring Gas System, Inc.

For the Year Ended December 31, 2005

Page 1 of 3

| Account No. | Description | Beginning Balance* | Accruals | Reclass. | Retirements | Gross Salvage | Cost of Removal | Adjustments | Transfers | Ending Balance* |
|---|-------------------------------------|--------------------|----------|----------|-------------|---------------|-----------------|-------------|-----------|-----------------|
| Nondepreciable General Plant Assets: | | | | | | | | | | |
| 301 | Organization Costs | \$ 41,404 | \$ 4,800 | | | | | \$ - | | \$ 46,204 |
| * This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC. | | | | | | | | | | |
| 76 | Mains - Steel | \$ 113,073 | \$ 3,017 | | \$ - | | | 1 | | \$ 116,091 |
| 76 | Mains - Plastic | 267,082 | 19,701 | | - | | | - | | 286,783 |
| 78 | M&R Station Equipment - General | 2,585 | 63 | | - | | | (1) | | 2,647 |
| 79 | M&R Station Equipment - Gate | 18,285 | 1,350 | | - | | | - | | 19,635 |
| 30 | Services - Steel | 326,229 | 5,341 | | - | | | - | | 331,570 |
| 30 | Services - Plastic | 87,289 | 8,019 | | - | | | - | | 95,308 |
| 11 | Meters | 69,801 | 4,514 | | - | | | - | | 74,315 |
| 12 | Meter Installations | 24,616 | 1,173 | | - | | | - | | 25,789 |
| 3 | Regulators | 11,787 | 747 | | - | | | - | | 12,534 |
| 4 | Regulator Installations | 21,353 | 770 | | - | | | - | | 22,123 |
| 6 | Customer Conversion Cost | 15,097 | 1,698 | | - | | | (1) | | 16,794 |
| 7 | Other Equipment | 3,320 | 245 | | - | | | (1) | | 3,564 |
| 0 | Leasehold Improvements | 1,039 | - | | - | | | - | | 1,039 |
| 1 | Office Furniture | 184 | 58 | | - | | | - | | 242 |
| 1 | Office Equipment | 15,485 | 638 | | - | | | - | | 16,123 |
| 2 | Transportation Equip - Light Trucks | 31,561 | 5,831 | | - | | | 3 | | 37,395 |
| 2 | Trans. Equipment - Other Vehicles | 180 | - | | - | | | - | | 180 |
| 3 | Tools/Shop/Garage Equipment | 291 | 204 | | - | | | - | | 495 |
| 3 | Power Operated Equipment | 1,241 | 101 | | - | | | - | | 1,342 |
| 7 | Communication Equipment | 564 | 91 | | - | | | - | | 655 |
| 1 | Prior year adjustment | 9,788 | 0 | | - | | | - | | 9,788 |