

**SEBRING GAS SYSTEM, INC.
FLORIDA PUBLIC SERVICE COMMISSION
INVESTOR-OWNED NATURAL GAS UTILITY
EARNINGS SURVEILLANCE REPORT
DECEMBER 31, 2011**

FLORIDA PUBLIC SERVICE COMMISSION

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

SEBRING GAS SYSTEM, INC.
EARNINGS SURVEILLANCE REPORT SUMMARY
December 2011

SCHEDULE 1

| | (1) ACTUAL PER BOOKS | (2) FPSC ADJUSTMENTS | (3) FPSC ADJUSTED | (4) PRO FORMA ADJUSTMENTS | (5) PRO FORMA ADJUSTED |
|---|----------------------------|----------------------------|-------------------------|---------------------------------|------------------------------|
| I. AVERAGE RATE OF RETURN (JURISDICTIONAL) | | | | | |
| <u>NET OPERATING INCOME</u> | \$ 48,900 | \$ 277 | \$ 49,177 | \$ | \$ 49,177 |
| AVERAGE RATE BASE | \$ 1,505,882 | \$ 0 | \$ 1,505,882 | \$ | \$ 1,505,882 |
| AVERAGE RATE OF RETURN | <u>3.2473%</u> | | <u>3.2657%</u> | | <u>3.2657%</u> % |
| II. YEAR END RATE BASE (JURISDICTIONAL) | \$ 1,450,037 | \$ 0 | \$ 1,450,037 | | |

III. REQUIRED RATES OF RETURN
AVERAGE CAPITAL STRUCTURE
(FPSC ADJUSTED BASIS)

| | |
|----------|----------------|
| LOW | <u>8.6725%</u> |
| MIDPOINT | <u>9.2658%</u> |
| HIGH | <u>9.8592%</u> |

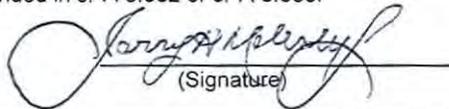
IV. EARNED RETURN ON EQUITY
(FPSC ADJUSTED BASIS)

| | |
|------------------------------------|----------------|
| A. INCLUDING FLEX RATE REVENUES | <u>1.3877%</u> |
| B. EXCLUDING FLEX RATE REVENUES | <u>1.3877%</u> |

I am aware that Section 837.06, Florida Statutes, provides:

Whoever knowingly makes a false statement in writing with
the intent to mislead a public servant in the performance of his
official duty shall be guilty of a misdemeanor of the second degree
punishable as provided in s. 775.082 or s. 775.083.

Jerry H. Melency, Jr. VP
(Name and Title of Chief
Financial Officer)


(Signature)

03/14/2012
(Date)

PSC/AFA13

SEBRING GAS SYSTEM, INC.
AVERAGE RATE OF RETURN
RATE BASE
December 2011

SCHEDULE 2
PAGE 1 OF 2

| | (1) | (2) | (3) | (4) | (5) | (7) | (8) | (9) |
|---------------------------------------|---------------------|---|----------------------------|------------------------------------|-------------------------------------|-------------------------|--------------------|--------------------|
| | PLANT IN SERVICE | ACCUMULATED DEPRECIATION & AMORTIZATION | NET PLANT IN SERVICE | PROPERTY HELD FOR FUTURE USE | CONSTRUCTION WORK IN PROGRESS | NET UTILITY PLANT | WORKING CAPITAL | TOTAL RATE BASE |
| PER BOOKS | <u>3,121,312</u> | <u>(1,554,813)</u> | <u>1,566,499</u> | <u>0</u> | <u>0</u> | <u>1,566,499</u> | <u>(60,617)</u> | <u>1,505,882</u> |
| <u>FPSC ADJUSTMENTS:</u> | | | | | | | | |
| TOTAL FPSC ADJUSTMENTS | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| FPSC ADJUSTED | <u>3,121,312</u> | <u>(1,554,813)</u> | <u>1,566,499</u> | <u>0</u> | <u>0</u> | <u>1,566,499</u> | <u>(60,617)</u> | <u>1,505,882</u> |
| <u>FLEX RATE REVENUES</u> | | | | | | | | |
| ADJUSTED FOR | | | | | | | | |
| FLEX RATE REVENUES | <u>3,121,312</u> | <u>(1,554,813)</u> | <u>1,566,499</u> | <u>0</u> | <u>0</u> | <u>1,566,499</u> | <u>(60,617)</u> | <u>1,505,882</u> |
| <u>PRO FORMA REVENUE INCREASE AND</u> | | | | | | | | |
| <u>ANNUALIZATION ADJUSTMENTS:</u> | | | | | | | | |
| TOTAL PRO FORMA ADJUSTME | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| PRO FORMA ADJUSTED | <u>3,121,312</u> | <u>(1,554,813)</u> | <u>1,566,499</u> | <u>0</u> | <u>0</u> | <u>1,566,499</u> | <u>(60,617)</u> | <u>1,505,882</u> |

SEBRING GAS SYSTEM, INC.
AVERAGE RATE OF RETURN
INCOME STATEMENT
December 2011

SCHEDULE 2
PAGE 2 OF 2

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) |
|--|--------------------|-------------------|-------------|-----------------------------|-------------------------|----------------------|-----------------------------|-----------------------------|--------------------------|--------------------------|----------------------|
| | OPERATING REVENUES | O & M GAS EXPENSE | O & M OTHER | DEPRECIATION & AMORTIZATION | TAXES OTHER THAN INCOME | INCOME TAXES CURRENT | DEFERRED INCOME TAXES (NET) | INVESTMENT TAX CREDIT (NET) | GAIN/LOSS ON DISPOSITION | TOTAL OPERATING EXPENSES | NET OPERATING INCOME |
| PER BOOKS, as adjusted January 2011 through December 2011 | 574,641 | 0 | 403,733 | 101,536 | 20,473 | 0 | 0 | 0 | 0 | 525,741 | 48,900 |
| <u>FPSC ADJUSTMENTS:</u> | | | | | | | | | | | |
| Disallowed lobbying expenses | | | (277) | | | | | | | (277) | 277 |
| TOTAL FPSC ADJUSTMENTS | 0 | 0 | (277) | 0 | 0 | 0 | 0 | 0 | 0 | (277) | 277 |
| FPSC ADJUSTED | 574,641 | 0 | 403,456 | 101,536 | 20,473 | 0 | 0 | 0 | 0 | 525,464 | 49,177 |
| <u>FLEX RATE REVENUES</u> ADJUSTED FOR | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| <u>FLEX RATE REVENUES</u> | 574,641 | 0 | 403,456 | 101,536 | 20,473 | 0 | 0 | 0 | 0 | 525,464 | 49,177 |
| <u>PRO FORMA REVENUE INCREASE AND ANNUALIZATION ADJUSTMENTS:</u> | | | | | | | | | | | |
| TOTAL PRO FORMA ADJUSTMENTS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| PRO FORMA ADJUSTED | 574,641 | 0 | 403,456 | 101,536 | 20,473 | 0 | 0 | 0 | 0 | 525,464 | 49,177 |
| PER BOOKS CURRENT MONTH AMOUNT | 47,053 | 0 | 37,451 | 8,583 | 1,862 | 0 | 0 | 0 | 0 | 47,896 | (843) |

Sebring Gas System, Inc.
Schedule 2 Worksheet - Average Rate of Return
Dec-11

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
|-------------------------|-------------------|---------------------|-------------------|-------------------|-----------------|-------------------|----------------|-------------------|
| | Plant in | Accumulated | Net | Property | Construction | Net | Working | Total |
| <u>13 Month Average</u> | <u>Service</u> | <u>Depreciation</u> | <u>Plant in</u> | <u>Held for</u> | <u>Work in</u> | <u>Utility</u> | <u>Capital</u> | <u>Rate Base</u> |
| | | <u>Amortization</u> | <u>Service</u> | <u>Future Use</u> | <u>Progress</u> | <u>Plant</u> | | |
| Dec-10 | 3,075,398 | (1,504,289) | 1,571,109 | 0 | 0 | 1,571,109 | 0 | 1,571,109 |
| Jan-11 | 3,083,098 | (1,512,641) | 1,570,456 | 0 | 0 | 1,570,456 | 0 | 1,570,456 |
| Feb-11 | 3,089,224 | (1,521,013) | 1,568,211 | 0 | 0 | 1,568,211 | 0 | 1,568,211 |
| Mar-11 | 3,094,492 | (1,529,399) | 1,565,093 | 0 | 0 | 1,565,093 | 0 | 1,565,093 |
| Apr-11 | 3,100,040 | (1,537,800) | 1,562,240 | 0 | 0 | 1,562,240 | 0 | 1,562,240 |
| May-11 | 3,107,761 | (1,546,221) | 1,561,541 | 0 | 0 | 1,561,541 | 0 | 1,561,541 |
| Jun-11 | 3,112,772 | (1,554,660) | 1,558,111 | 0 | 0 | 1,558,111 | 0 | 1,558,111 |
| Jul-11 | 3,118,654 | (1,563,102) | 1,555,552 | 0 | 0 | 1,555,552 | 0 | 1,555,552 |
| Aug-11 | 3,144,717 | (1,571,587) | 1,573,130 | 0 | 0 | 1,573,130 | 0 | 1,573,130 |
| Sep-11 | 3,153,208 | (1,580,118) | 1,573,090 | 0 | 0 | 1,573,090 | 0 | 1,573,090 |
| Oct-11 | 3,160,429 | (1,588,670) | 1,571,759 | 0 | 0 | 1,571,759 | 0 | 1,571,759 |
| Nov-11 | 3,167,903 | (1,597,242) | 1,570,661 | 0 | 0 | 1,570,661 | 0 | 1,570,661 |
| Dec-11 | 3,169,361 | (1,605,825) | 1,563,536 | 0 | 0 | 1,563,536 | 0 | 1,563,536 |
| Thirteen month totals | <u>40,577,058</u> | <u>(20,212,567)</u> | <u>20,364,490</u> | <u>0</u> | <u>0</u> | <u>20,364,490</u> | <u>0</u> | <u>20,364,490</u> |
| Thirteen month averag | <u>3,121,312</u> | <u>(1,554,813)</u> | <u>1,566,499</u> | <u>0</u> | <u>0</u> | <u>1,566,499</u> | <u>0</u> | <u>1,566,499</u> |

SEBRING GAS SYSTEM, INC.
YEAR END RATE BASE
December 2011

SCHEDULE 3

| | (1) | (2) | (3) | (4) | (5) | (7) | (8) | (9) |
|--------------------------|-------------------------|---|----------------------------|---------------------------------|-------------------------------------|-------------------------|-------------------------|-------------------------|
| | PLANT IN SERVICE | ACCUMULATED DEPRECIATION & AMORTIZATION | NET PLANT IN SERVICE | PROPERTY HELD FOR FUTURE USE | CONSTRUCTION WORK IN PROGRESS | NET UTILITY PLANT | WORKING CAPITAL | TOTAL RATE BASE |
| PER BOOKS | <u>3,169,361</u> | <u>(1,605,825)</u> | <u>1,563,536</u> | <u>0</u> | <u>0</u> | <u>1,563,536</u> | <u>(113,499)</u> | <u>1,450,037</u> |
| <u>FPSC ADJUSTMENTS:</u> | | | | | | | | |
| TOTAL FPSC ADJUSTMENTS | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| FPSC ADJUSTED | <u><u>3,169,361</u></u> | <u><u>(1,605,825)</u></u> | <u><u>1,563,536</u></u> | <u><u>0</u></u> | <u><u>0</u></u> | <u><u>1,563,536</u></u> | <u><u>(113,499)</u></u> | <u><u>1,450,037</u></u> |

SEBRING GAS SYSTEM, INC.
CAPITAL STRUCTURE
FPSC ADJUSTED BASIS
December 2011

SCHEDULE 4

| AVERAGE | PER BOOKS | ADJUSTMENTS | | ADJUSTED | RATIO (%) | LOW POINT | | MIDPOINT | | HIGH POINT | |
|-----------------------------|------------------|-------------|----------|------------------|------------------|---------------|-------------------|---------------|-------------------|---------------|-------------------|
| | | SPECIFIC | PRO RATA | | | COST RATE (%) | WEIGHTED COST (%) | COST RATE (%) | WEIGHTED COST (%) | COST RATE (%) | WEIGHTED COST (%) |
| LONG TERM DEBT | 472,380 | | | 472,380 | 30.1922% | 5.8515% | 1.7667% | 5.8515% | 1.7667% | 5.8515% | 1.7667% |
| SHORT TERM DEBT | 68,330 | | | 68,330 | 4.3673% | 5.8634% | 0.2561% | 5.8634% | 0.2561% | 5.8634% | 0.2561% |
| PREFERRED STOCK | 0 | 0 | | 0 | 0.0000% | 0.0000% | 0.0000% | 0.0000% | 0.0000% | 0.0000% | 0.0000% |
| CUSTOMER DEPOSITS | 95,522 | | | 95,522 | 6.1053% | 6.8712% | 0.4195% | 6.8712% | 0.4195% | 6.8712% | 0.4195% |
| COMMON EQUITY | 928,342 | 0 | | 928,342 | 59.3351% | 10.5000% | 6.2302% | 11.5000% | 6.8235% | 12.5000% | 7.4169% |
| DEFERRED INCOME TAXES | 0 | | | 0 | 0.0000% | 0.0000% | 0.0000% | 0.0000% | 0.0000% | 0.0000% | 0.0000% |
| TAX CREDITS - ZERO COST | 0 | | | 0 | 0.0000% | 0.0000% | 0.0000% | 0.0000% | 0.0000% | 0.0000% | 0.0000% |
| TAX CREDITS - WEIGHTED COST | 0 | | | 0 | 0.0000% | 0.0000% | 0.0000% | 0.0000% | 0.0000% | 0.0000% | 0.0000% |
| TOTAL | 1,564,574 | 0 | 0 | 1,564,574 | 100.0000% | | 8.6725% | | 9.2658% | | 9.8592% |

| YEAR END | PER BOOKS | ADJUSTMENTS | | ADJUSTED | RATIO (%) | LOW POINT | | MIDPOINT | | HIGH POINT | |
|-----------------------------|------------------|-------------|----------|------------------|------------------|---------------|-------------------|---------------|-------------------|---------------|-------------------|
| | | SPECIFIC | PRO RATA | | | COST RATE (%) | WEIGHTED COST (%) | COST RATE (%) | WEIGHTED COST (%) | COST RATE (%) | WEIGHTED COST (%) |
| LONG TERM DEBT | 440,344 | | | 440,344 | 27.9281% | 5.7038% | 1.5930% | 5.7038% | 1.5930% | 5.7038% | 1.5930% |
| SHORT TERM DEBT | 103,288 | | | 103,288 | 6.5509% | 5.7038% | 0.3736% | 5.7038% | 0.3736% | 5.7038% | 0.3736% |
| PREFERRED STOCK | 0 | | | 0 | 0.0000% | 0.0000% | 0.0000% | 0.0000% | 0.0000% | 0.0000% | 0.0000% |
| CUSTOMER DEPOSITS | 97,605 | | | 97,605 | 6.1904% | 6.8712% | 0.4254% | 6.8712% | 0.4254% | 6.8712% | 0.4254% |
| COMMON EQUITY | 935,472 | | | 935,472 | 59.3307% | 10.5000% | 6.2297% | 11.5000% | 6.8230% | 12.5000% | 7.4163% |
| DEFERRED INCOME TAXES | 0 | | | 0 | 0.0000% | 0.0000% | 0.0000% | 0.0000% | 0.0000% | 0.0000% | 0.0000% |
| TAX CREDITS - ZERO COST | 0 | | | 0 | 0.0000% | 0.0000% | 0.0000% | 0.0000% | 0.0000% | 0.0000% | 0.0000% |
| TAX CREDITS - WEIGHTED COST | 0 | | | 0 | 0.0000% | 0.0000% | 0.0000% | 0.0000% | 0.0000% | 0.0000% | 0.0000% |
| TOTAL | 1,576,709 | 0 | 0 | 1,576,709 | 100.0000% | | 8.6217% | | 9.2150% | | 9.8083% |

Sebring Gas System, Inc.
Schedule 4 Worksheet - Capital Structure
12/31/11

| 13 Month Average | Dec-10 | Jan-11 | Feb-11 | Mar-11 | Apr-11 | May-11 | Jun-11 | Jul-11 | Aug-11 | Sep-11 | Oct-11 | Nov-11 | Dec-11 | Average Per Books |
|-----------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|----------------------|
| Long-term Debt | 503,787 | 501,088 | 493,310 | 488,079 | 482,806 | 477,537 | 472,243 | 466,967 | 461,680 | 456,363 | 451,042 | 445,693 | 440,344 | 472,380 |
| Short-term Debt | 61,011 | 61,210 | 61,409 | 61,608 | 61,807 | 62,006 | 62,203 | 62,385 | 62,567 | 62,749 | 62,931 | 103,113 | 103,288 | 68,330 |
| Preferred Stock | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Customer Deposits | 93,430 | 93,330 | 93,655 | 94,180 | 94,230 | 95,730 | 95,830 | 96,480 | 97,780 | 96,730 | 95,980 | 96,830 | 97,605 | 95,522 |
| Common Stock | 1,800 | 1,800 | 1,800 | 1,800 | 1,800 | 1,800 | 1,800 | 1,800 | 1,800 | 1,800 | 1,800 | 1,800 | 1,800 | 1,800 |
| Paid-in Capital | 774,880 | 774,880 | 774,880 | 774,880 | 774,880 | 774,880 | 774,880 | 774,880 | 774,880 | 774,880 | 774,880 | 774,880 | 774,880 | 774,880 |
| Current Year Profit (Loss) | 42,789 | 26,106 | 28,091 | 47,025 | 43,692 | 50,470 | 44,121 | 35,953 | 41,235 | 31,291 | 38,079 | 43,681 | 43,536 | 39,697 |
| Retained Earnings (Deficit) | 72,467 | 115,256 | 115,256 | 115,256 | 115,256 | 115,256 | 115,256 | 115,256 | 115,256 | 115,256 | 115,256 | 115,256 | 115,256 | 111,965 |
| Common Equity | 891,936 | 918,042 | 920,027 | 938,960 | 935,628 | 942,406 | 936,056 | 927,889 | 933,171 | 923,227 | 930,015 | 935,617 | 935,472 | 928,342 |
| | | 2 | | | | | | | | | | | | |
| Deferred Income Taxes | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Tax Crs-Zero Crs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Tx Crs-Weighted Cst | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | | | 8 | | | | | | 8 | | | | |
| Total | <u>1,550,164</u> | <u>1,573,671</u> | <u>1,568,401</u> | <u>1,582,827</u> | <u>1,574,470</u> | <u>1,577,679</u> | <u>1,566,333</u> | <u>1,553,721</u> | <u>1,555,198</u> | <u>1,539,069</u> | <u>1,539,968</u> | <u>1,581,254</u> | <u>1,576,709</u> | <u>1,564,574</u> |

Sebring Gas System, Inc.
Schedule 4 Worksheet - Average Interest Rates
12/31/11

| 13 Month Average | Dec-10 | Jan-11 | Feb-11 | Mar-11 | Apr-11 | May-11 | Jun-11 | Jul-11 | Aug-11 | Sep-11 | Oct-11 | Nov-11 | Dec-11 | Average Per Books |
|------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|----------------------|
| WSB #9516103 Balance | - | - | - | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| WSB #9516103 Rate | 6.00% | 6.00% | 6.00% | 6.00% | 6.00% | 6.00% | 6.00% | 6.00% | 6.00% | 6.00% | 6.00% | 6.00% | 6.00% | #DIV/0! |
| Book Interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| WSB #9216103 Balance | 452,374 | 449,874 | 447,374 | 444,874 | 442,374 | 439,874 | 437,374 | 434,874 | 432,374 | 429,874 | 427,374 | 424,874 | 422,374 | 437,374 |
| WSB #9216103 Rate | 5.50% | 5.50% | 5.50% | 5.50% | 5.50% | 5.50% | 5.50% | 5.50% | 5.50% | 5.50% | 5.50% | 5.50% | 5.50% | 5.62% |
| Book Interest | 2,155 | 2,146 | 1,935 | 2,118 | 2,019 | 2,110 | 2,013 | 2,073 | 2,063 | 1,986 | 2,034 | 1,961 | 2,008 | 26,622 |
| BOA # 68211063021599 Balance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 40,000 | 40,000 | 6,154 |
| Interest Rate | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 5.25% | 5.25% | 7.85% |
| Book Interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 362 | 161 | 523 |
| WSB 1376306 Balance | 112,424 | 112,424 | 107,344 | 104,812 | 102,238 | 99,669 | 97,072 | 94,478 | 91,873 | 89,237 | 86,599 | 83,932 | 81,258 | 97,182 |
| WSB 1376306 Interest Rate | 6.50% | 6.50% | 6.50% | 6.50% | 6.50% | 6.50% | 6.50% | 6.50% | 6.50% | 6.50% | 6.50% | 6.50% | 6.50% | 6.78% |
| Book Interest | 648 | 636 | 561 | 606 | 564 | 569 | 541 | 543.8 | 534 | 502 | 499 | 471 | 464 | 7,140 |
| Total Debt | 564,798 | 562,298 | 554,719 | 549,687 | 544,613 | 539,543 | 534,446 | 529,352 | 524,247 | 519,112 | 513,973 | 508,806 | 503,632 | 638,441 |
| | 5.84% | 5.83% | 5.87% | 5.84% | 5.77% | 5.85% | 5.82% | 5.82% | 5.83% | 5.83% | 5.80% | 6.20% | 5.70% | 4.96% |
| | 2,803 | 2,782 | 2,496 | 2,724 | 2,583 | 2,679 | 2,555 | 2,616 | 2,597 | 2,488 | 2,533 | 2,795 | 2,634 | 34,285 |
| Long-term Portion | 503,787 | 501,088 | 493,310 | 488,079 | 482,806 | 477,537 | 472,243 | 466,967 | 461,680 | 456,363 | 451,042 | 445,693 | 440,344 | 472,380 |
| | 5.84% | 5.83% | 5.87% | 5.84% | 5.77% | 5.85% | 5.82% | 5.82% | 5.83% | 5.83% | 5.80% | 6.20% | 5.70% | 5.8515% |
| | 2,500 | 2,479 | 2,220 | 2,419 | 2,290 | 2,371 | 2,257 | 2,308 | 2,287 | 2,187 | 2,223 | 2,270 | 2,133 | 29,945 |
| Short-term Portion | 61,011 | 61,210 | 61,409 | 61,608 | 61,807 | 62,006 | 62,203 | 62,385 | 62,567 | 62,749 | 62,931 | 103,113 | 103,288 | 68,330 |
| | 5.84% | 5.83% | 5.87% | 5.84% | 5.77% | 5.85% | 5.82% | 5.82% | 5.83% | 5.83% | 5.80% | 6.20% | 5.70% | 5.8634% |
| | 303 | 303 | 276 | 305 | 293 | 308 | 297 | 308 | 310 | 301 | 310 | 525 | 500 | 4,340 |
| <u>Customer Deposits</u> | | | | | | | | | | | | | | |
| Residential | 11,880 | 11,730 | 11,830 | 11,730 | 11,880 | 12,280 | 12,380 | 12,430 | 12,530 | 12,580 | 12,830 | 12,980 | 12,930 | 12,307 |
| | 6.00% | 6.00% | 6.00% | 6.00% | 6.00% | 6.00% | 6.00% | 6.00% | 6.00% | 6.00% | 6.00% | 6.00% | 6.00% | 6.00% |
| | 59 | 59 | 59 | 59 | 59 | 61 | 62 | 62 | 63 | 63 | 64 | 65 | 65 | 800 |
| Commercial | 81,550 | 81,600 | 81,825 | 82,450 | 82,350 | 83,450 | 83,450 | 84,050 | 85,250 | 84,150 | 83,150 | 83,850 | 84,675 | 83,215 |
| | 7.00% | 7.00% | 7.00% | 7.00% | 7.00% | 7.00% | 7.00% | 7.00% | 7.00% | 7.00% | 7.00% | 7.00% | 7.00% | 7.00% |
| | 476 | 476 | 477 | 481 | 480 | 487 | 487 | 490 | 497 | 491 | 485 | 489 | 494 | 6311 |
| Total | 93,430 | 93,330 | 93,655 | 94,180 | 94,230 | 95,730 | 95,830 | 96,480 | 97,780 | 96,730 | 95,980 | 96,830 | 97,605 | 95,522 |
| | 6.87% | 6.87% | 6.87% | 6.88% | 6.87% | 6.87% | 6.87% | 6.87% | 6.87% | 6.87% | 6.87% | 6.87% | 6.87% | 6.87% |
| | 535 | 535 | 536 | 540 | 540 | 548 | 549 | 552 | 560 | 554 | 549 | 554 | 559 | 7,110 |

SEBRING GAS SYSTEM, INC.
EARNED RETURN ON COMMON EQUITY
FPSC ADJUSTED BASIS
December 2011

SCHEDULE 5

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

| | | |
|---|---------------------------|--------------|
| FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN | <u>3.2657%</u> | (Schedule 1) |
| LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR: | | |
| LONG TERM DEBT | 1.7667% | |
| SHORT TERM DEBT | 0.2561% | |
| PREFERRED STOCK | 0.0000% | |
| CUSTOMER DEPOSITS | 0.4195% | |
| TAX CREDITS-WEIGHTED COST(MIDPOINT) | <u>0.0000%</u> | |
| SUBTOTAL | <u>2.4423%</u> | |
| TOTAL | 0.8234% | |
| DIVIDED BY RECONCILED COMMON EQUITY RATIO | <u>59.3351%</u> | |
| JURISDICTIONAL RETURN ON COMMON EQUITY | <u><u>1.3877%</u></u> | |

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

| | | |
|---|---------------------------|-----------------------------|
| NET OPERATING REVENUE EXCLUDING FLEX RATE REVENUES | \$ 49,177 | (Schedule 2, p. 2 of 2) |
| RATE BASE EXCLUDING FLEX RATE REVENUES | <u>\$ 1,505,882</u> | (Schedule 2, p. 1 of 2) |
| FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN | <u>3.2657%</u> | |
| LESS: RECONCILED AVERAGE JURISDICTIONAL WEIGHTED COST RATES FOR: | | |
| LONG TERM DEBT | 1.7667% | |
| SHORT TERM DEBT | 0.2561% | |
| PREFERRED STOCK | 0.0000% | |
| CUSTOMER DEPOSITS | 0.4195% | |
| TAX CREDITS-WEIGHTED COST(MIDPOINT) | <u>0.0000%</u> | |
| SUBTOTAL | <u>2.4423%</u> | |
| TOTAL | 0.8234% | |
| DIVIDED BY RECONCILED COMMON EQUITY RATIO | <u>59.3351%</u> | |
| JURISDICTIONAL RETURN ON COMMON EQUITY | <u><u>1.3877%</u></u> | |