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**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

**In Re: Energy Conservation Cost Recovery Factors**

**Direct Testimony of Jerry H. Melendy, Jr.**

**On Behalf of**

**Sebring Gas System, Inc.**

**Docket No.100004-GU**

**September 17, 2010**

**Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

A. My name is Jerry H. Melendy, Jr. My business address is Sebring Gas System, Inc., US Highway 27 South, Sebring, FL 33870.

**Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

A. I am Vice President of Sebring Gas Company, Inc. (the "Company").

**Q. ARE YOU FAMILIAR WITH THE COMPANY'S APPROVED ENERGY CONSERVATION PROGRAMS AND THE REVENUES AND COSTS THAT ARE ASSOCIATED WITH THESE PROGRAMS?**

A. Yes.

**Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS DOCKET?**

A. My testimony will present actual and projected expenditures and revenues related to promoting and administering the Company's energy conservation programs in 2010 and 2011. I will provide the

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1 adjusted net true-up amount associated with program administration  
2 for the January 2009 through December 2009 period. Actual program  
3 costs are provided for the period January 1, 2010 through July 2010,  
4 as well as the costs the Company expects to incur from September 1,  
5 2010 through December 31, 2010. I will also indicate the total costs  
6 the Company seeks to recover through its conservation factors during  
7 the period January 1, 2011 through December 31, 2011. Finally, I will  
8 also propose the energy conservation cost recovery factors which,  
9 when applied to consumer bills during the period January 1, 2011  
10 through December 31, 2011, will permit recovery of the Company's  
11 total conservation costs.

12 **Q. HAVE YOU PREPARED A SUMMARY OF THE COMPANY'S**  
13 **CONSERVATION PROGRAMS AND THE COSTS ASSOCIATED**  
14 **WITH THESE PROGRAMS?**

15 A. Yes. Summaries of the Company's four approved programs are  
16 included in Schedule C-5 of Exhibit JHM-1. Included are the  
17 Residential New Construction Program, the Residential Appliance  
18 Replacement Program, the Residential Appliance Retention Program  
19 and the Conservation Education Program.

20 **Q. HAVE YOU PREPARED SCHEDULES THAT INCLUDE THE**  
21 **COMPANY'S CONSERVATION PROGRAM EXPENDITURES FOR**  
22 **THE CURRENT (2009) AND PROJECTED (2010) PERIODS?**

1 A. Yes. Schedule C-3, Exhibit JHM-1 provides actual conservation  
2 expenses for the January 2010 through July 2010 period and  
3 projected expenses for the August 2010 through December 2010  
4 period. Projected expenses for the January 2011 through December  
5 2011 period are included in Schedule C-2, Exhibit JHM-1.

6 **Q. HAVE YOU PREPARED A SCHEDULE THAT INCLUDES THE**  
7 **COMPANY'S CONSERVATION RELATED REVENUES FOR 2010?**

8 A. Yes. Schedule C-3 (page 4 of 5), Exhibit JHM-1, provides actual  
9 conservation revenue for the January 2010 through July 2010 period,  
10 and projected conservation revenues for the August 2010 through  
11 December 2010 period.

12 **Q. WHAT IS THE COMPANY'S ESTIMATED TRUE-UP FOR THE**  
13 **PERIOD JANUARY 1, 2010 THROUGH DECEMBER 31, 2010?**

14 A. The Company is over-recovered by \$11,034, as calculated on  
15 Schedule C-3, Page 4, line 11, Exhibit JHM-1. The Company's  
16 calculation accounts for the final audited true-up for the year January  
17 1, 2009 through December 31, 2009, which was an over-recovery of  
18 \$24,038, including interest.

19 **Q. WHAT IS THE TOTAL COST THE COMPANY SEEKS TO**  
20 **RECOVER DURING THE PERIOD JANUARY 1, 2011 THROUGH**  
21 **DECEMBER 31, 2011?**

22 A. As indicated on Schedule C-1, Exhibit JHM-1, the Company seeks to  
23 recover \$42,516 during the referenced period. This amount represents

1 the projected costs of \$53,550 to be incurred during 2011, plus the  
2 estimated true-up of \$11,034 for calendar year 2010.

3 **Q. WHAT ARE THE COMPANY'S PROPOSED ENERGY**  
4 **CONSERVATION COST RECOVERY FACTORS FOR EACH RATE**  
5 **CLASS FOR THE JANUARY 2011 THROUGH DECEMBER 2011**  
6 **PERIOD?**

7 A. Schedule C-1, Exhibit JHM-1, provides the calculation of the  
8 Company's proposed ECCR factors for 2011.

9 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

10 A. Yes.