

ENERGY CONSERVATION ADJUSTMENT
 SUMMARY OF COST RECOVERY CLAUSE CALCULATION
 JANUARY 2011 THROUGH DECEMBER 2011

1. TOTAL INCREMENTAL COSTS (SCHEDULE C-2, PAGE1)	\$ 53,550
2. TRUE-UP (SCHEDULE C-3, PAGE 4, LINE 11)	\$ (11,034)
3. TOTAL (LINE 1 AND 2)	\$ 42,516

RATE SCHEDULE	BILLS	THERM SALES	CUSTOMER CHARGE REVENUES	DELIVERY CHARGE	TOTAL CUST & DELIVERY CHG REVENUE	ECCR REVENUES	ECCR AS % OF TOTAL REVENUES	DOLLARS THERM	TAX FACTOR	CONSERV FACTOR
TS-1	4,027	40,996	\$40,182	\$24,410	\$64,592	\$5,725	8.86%	0.13965	1.00503	0.14035
TS-2	851	26,422	\$10,236	\$13,033	\$23,269	\$1,865	8.01%	0.07057	1.00503	0.07093
TS-3	930	314,279	\$32,550	\$132,429	\$164,979	\$15,840	9.60%	0.05040	1.00503	0.05065
TS-4	387	457,378	<u>\$58,050</u>	\$156,860	\$214,910	\$19,086	8.88%	0.04173	1.00503	0.04194
TOTAL	6,195	839,075	\$141,018	\$326,732	\$467,750	\$42,516				

COM _____
 APA _____
 ECR _____
 GCL _____
 RAD _____
 SSC _____
 ADM _____
 OPC _____
 CLK _____

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ESTIMATED CONSERVATION PROGRAM COSTS BY PROGRAM BY MONTH
JANUARY 2011 THROUGH DECEMBER 2011

<u>PROGRAM</u>	<u>JAN</u> <u>2011</u>	<u>FEB</u> <u>2011</u>	<u>MAR</u> <u>2011</u>	<u>APR</u> <u>2011</u>	<u>MAY</u> <u>2011</u>	<u>JUN</u> <u>2011</u>	<u>JUL</u> <u>2011</u>	<u>AUG</u> <u>2011</u>	<u>SEP</u> <u>2011</u>	<u>OCT</u> <u>2011</u>	<u>NOV</u> <u>2011</u>	<u>DEC</u> <u>2011</u>	<u>TOTAL</u>
1 RESIDENTIAL NEW CONSTRUSTION	\$1,904	\$1,904	\$1,904	\$1,904	\$1,904	\$1,904	\$1,904	\$1,904	\$1,904	\$1,904	\$1,904	\$1,906	\$22,850
2 RESIDENTIAL APPLIANCE REPLACEMENT	\$1,225	\$1,225	\$1,225	\$1,225	\$1,225	\$1,225	\$1,225	\$1,225	\$1,225	\$1,225	\$1,225	\$1,225	\$14,700
3 RESIDENTIAL APPLIANCE RETENTION	\$1,334	\$1,334	\$1,334	\$1,334	\$1,333	\$1,333	\$1,333	\$1,333	\$1,333	\$1,333	\$1,333	\$1,333	\$16,000
TOTAL ALL PROGRAMS	\$4,463	\$4,463	\$4,463	\$4,463	\$4,462	\$4,462	\$4,462	\$4,462	\$4,462	\$4,462	\$4,462	\$4,464	\$53,550

COMPANY:

Sebring Gas System, Inc.
 Docket No. 100004-GU
 ECCR 2011 PROJECTIONS
 Exhibit JHM-1
 Page 3 of 12

ESTIMATED CONSERVATION PROGRAM COSTS PER PROGRAM
 JANUARY 2011 THROUGH DECEMBER 2011

PROGRAM	CAPITAL INVESTMENT	PAYROLL	MATERIAL & SUPPLIES	ADVERTISING	INCENTIVES	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
1 RESIDENTIAL NEW CONSTRUCTION	\$0	\$4,500	\$250	\$3,000	\$13,100	\$2,000	\$0	\$0	\$22,850
2 RESIDENTIAL APPLIANCE REPLACEMENT	\$0	\$4,500	\$250	\$3,000	\$4,950	\$2,000	\$0	\$0	\$14,700
3 RESIDENTIAL APPLIANCE RETENTION	\$0	\$4,500	\$250	\$3,000	\$6,250	\$2,000	\$0	\$0	\$16,000
PROGRAM COSTS	\$0	\$13,500	\$750	\$9,000	\$24,300	\$6,000	\$0	\$0	\$53,550

COMPANY:

Sebring Gas System, Inc.
Docket No. 100004-GU
ECCR 2011 PROJECTIONS
Exhibit JHM-1
Page 4 of 12

ESTIMATED CONSERVATION PROGRAM COSTS PER PROGRAM
JANUARY 2010 THROUGH DECEMBER 2010

<u>PROGRAM</u>	<u>CAPITAL INVESTMENT</u>	<u>PAYROLL</u>	<u>MATERIAL & SUPPLIES</u>	<u>ADVERTISING</u>	<u>INCENTIVES</u>	<u>OUTSIDE SERVICES</u>	<u>VEHICLE</u>	<u>OTHER</u>	<u>TOTAL</u>
1 RESIDENTIAL NEW CONSTRUCTION									
A. ACTUAL	\$0	\$1,147	\$155	\$2,592	\$5,500	\$2,304	\$0	\$0	\$11,698
B. ESTIMATED	<u>\$0</u>	<u>\$570</u>	<u>\$0</u>	<u>\$1,148</u>	<u>\$2,600</u>	<u>\$800</u>	<u>\$0</u>	<u>\$0</u>	<u>\$5,118</u>
TOTAL	\$0	\$1,717	\$155	\$3,740	\$8,100	\$3,104	\$0	\$0	\$16,816
2 RESIDENTIAL APPLIANCE REPLACEMENT									
A. ACTUAL	\$0	\$1,130	\$0	\$2,436	\$4,125	\$2,304	\$0	\$0	\$9,995
B. ESTIMATED	<u>\$0</u>	<u>\$570</u>	<u>\$0</u>	<u>\$1,148</u>	<u>\$2,000</u>	<u>\$800</u>	<u>\$0</u>	<u>\$0</u>	<u>\$4,518</u>
TOTAL	\$0	\$1,700	\$0	\$3,584	\$6,125	\$3,104	\$0	\$0	\$14,513
3 RESIDENTIAL APPLIANCE RETENTION									
A. ACTUAL	\$0	\$853	\$0	\$2,436	\$0	\$2,304	\$0	\$0	\$5,593
B. ESTIMATED	<u>\$0</u>	<u>\$570</u>	<u>\$0</u>	<u>\$1,148</u>	<u>\$1,000</u>	<u>\$800</u>	<u>\$0</u>	<u>\$0</u>	<u>\$3,518</u>
TOTAL	\$0	\$1,423	\$0	\$3,584	\$1,000	\$3,104	\$0	\$0	\$9,111
4 CONSERVATION EDUCATION									
A. ACTUAL	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
B. ESTIMATED	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
TOTAL	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
SUB-TOTAL	<u>\$0</u>	<u>\$4,840</u>	<u>\$155</u>	<u>\$10,908</u>	<u>\$15,225</u>	<u>\$9,312</u>	<u>\$0</u>	<u>\$0</u>	<u>\$40,440</u>

ESTIMATED CONSERVATION PROGRAM COSTS PER PROGRAM
 JANUARY 2010 THROUGH DECEMBER 2010

<u>PROGRAM</u>	CAPITAL INVESTMENT	PAYROLL	MATERIAL & SUPPLIES	ADVERTISING	INCENTIVES	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
SUB-TOTAL - PREVIOUS PAGE	\$0	\$4,840	\$155	\$10,908	\$15,225	\$9,312	\$0	\$0	\$40,440
5 PROGRAM									
A. ACTUAL	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
B. ESTIMATED	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
TOTAL	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6 PROGRAM									
A. ACTUAL	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
B. ESTIMATED	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
TOTAL	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7 PROGRAM									
A. ACTUAL	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
B. ESTIMATED	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
TOTAL	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PROGRAM COSTS	\$0	\$4,840	\$155	\$10,908	\$15,225	\$9,312	\$0	\$0	\$40,440

CONSERVATION PROGRAM COSTS BY PROGRAM
 ACTUAL / ESTIMATED
 JANUARY 2010 THROUGH DECEMBER 2010

<u>PROGRAM</u>	<u>JAN</u> <u>2011</u>	<u>FEB</u> <u>2011</u>	<u>MAR</u> <u>2011</u>	<u>APR</u> <u>2011</u>	<u>MAY</u> <u>2011</u>	<u>JUN</u> <u>2011</u>	<u>JUL</u> <u>2011</u>	<u>AUG</u> <u>2011</u>	<u>SEP</u> <u>2011</u>	<u>OCT</u> <u>2011</u>	<u>NOV</u> <u>2011</u>	<u>DEC</u> <u>2011</u>	<u>TOTAL</u>
1 RESIDENTIAL NEW CONSTRUCTION	\$529	\$169	\$425	\$959	\$1,251	\$753	\$1,824	\$5,788	\$1,280	\$1,280	\$1,280	\$1,278	\$16,816
2 RESIDENTIAL APPLIANCE REPLACEMENT	\$1,054	\$694	\$1,089	\$1,484	\$1,701	\$287	\$2,349	\$1,337	\$1,130	\$1,130	\$1,130	\$1,128	\$14,513
3 RESIDENTIAL APPLIANCE RETENTION	\$529	\$169	\$287	\$959	\$1,251	\$287	\$1,824	\$287	\$880	\$880	\$880	\$878	\$9,111
TOTAL ALL PROGRAMS	\$2,112	\$1,032	\$1,801	\$3,402	\$4,203	\$1,327	\$5,997	\$7,412	\$3,290	\$3,290	\$3,290	\$3,284	\$40,440

ENERGY CONSERVATION ADJUSTMENT
JANUARY 2010 THROUGH DECEMBER 2010

CONSERVATION REVENUES	JAN 2010	FEB 2010	MAR 2010	APR 2010	MAY 2010	JUN 2010	JUL 2010	AUG 2010	SEP 2010	OCT 2010	NOV 2010	DEC 2010	TOTAL
RCS AUDIT FEES	0	0	0	0	0	0	0	0	0	0	0	0	0
OTHER PROGRAM REV	0	0	0	0	0	0	0	0	0	0	0	0	0
1. ECCR REVENUE	(3,216)	(2,780)	(2,917)	(2,170)	(2,016)	(2,023)	(1,827)	(1,792)	(1,899)	(1,999)	(2,155)	(2,642)	(27436)
2. CONSERV. ADJ. REV. (NET OF REV. TAXES)	0	0	0	0	0	0	0	0	0	0	0	0	0
3. TOTAL REVENUES	(3,216)	(2,780)	(2,917)	(2,170)	(2,016)	(2,023)	(1,827)	(1,792)	(1,899)	(1,999)	(2,155)	(2,642)	(27436)
4. PRIOR PERIOD TRUE-UP NOT APPLIC. TO PERIOD	0	0	0	0	0	0	0	0	0	0	0	0	0
5. CONSERV. REVS. APPLIC. TO PERIOD	(3,216)	(2,780)	(2,917)	(2,170)	(2,016)	(2,023)	(1,827)	(1,792)	(1,899)	(1,999)	(2,155)	(2,642)	(27,436)
6. CONSERVATION EXPS. (FORM C-3, PAGE 3)	2,112	1,032	1,801	3,402	4,203	1,327	5,997	7,412	3,290	3,290	3,290	3,284	40,440
7. TRUE-UP THIS PERIOD	(1,104)	(1,748)	(1,116)	1,232	2,187	(696)	4,170	5,620	1,391	1,291	1,135	642	13,004
8. INTEREST THIS PERIOD (C-3, PAGE 5)	(4)	(4)	(5)	(5)	(6)	(7)	(6)	(4)	(3)	(3)	(3)	(3)	(53)
9. TRUE-UP & INT BEGIN OF MONTH	(24,038)	(25,138)	(26,882)	(27,993)	(26,756)	(24,563)	(25,252)	(21,076)	(15,452)	(14,058)	(12,764)	(11,626)	(24,038)
10. PRIOR TRUE-UP COLLECT / (REFUND)	0	0	0	0	0	0	0	0	0	0	0	0	0
11. END OF PERIOD TOTAL NET TRUE-UP	(25,142)	(26,886)	(27,998)	(26,761)	(24,569)	(25,259)	(21,082)	(15,456)	(14,061)	(12,767)	(11,629)	(10,984)	(11,034)

CALCULATION OF TRUE-UP AND INTEREST PROVISION
JANUARY 2010 THROUGH DECEMBER 2010

<u>INTEREST PROVISION</u>	<u>JAN 2010</u>	<u>FEB 2010</u>	<u>MAR 2010</u>	<u>APR 2010</u>	<u>MAY 2010</u>	<u>JUN 2010</u>	<u>JUL 2010</u>	<u>AUG 2010</u>	<u>SEP 2010</u>	<u>OCT 2010</u>	<u>NOV 2010</u>	<u>DEC 2010</u>	<u>TOTAL</u>
BEGINNING TRUE-UP	(24,038)	(25,138)	(26,882)	(27,993)	(26,756)	(24,563)	(25,252)	(21,076)	(15,452)	(14,058)	(12,764)	(11,626)	
END. T-UP BEFORE INT.	(25,138)	(26,882)	(27,993)	(26,756)	(24,563)	(25,252)	(21,076)	(15,452)	(14,058)	(12,764)	(11,626)	(10,981)	
TOTAL BEG. & END. T-UP	(49,176)	(52,020)	(54,875)	(54,749)	(51,319)	(49,815)	(46,328)	(36,528)	(29,510)	(26,822)	(24,390)	(22,607)	
AVERAGE TRUE-UP	(24,588)	(26,010)	(27,438)	(27,375)	(25,660)	(24,908)	(23,164)	(18,264)	(14,755)	(13,411)	(12,195)	(11,304)	
INT. RATE-FIRST DAY OF REPORTING BUSINESS MTH.	0.20%	0.20%	0.21%	0.21%	0.23%	0.34%	0.35%	0.30%	0.28%	0.28%	0.28%	0.28%	
INT. RATE-FIRST DAY OF SUBSEQUENT BUSINESS MTH	0.20%	0.21%	0.21%	0.23%	0.34%	0.35%	0.30%	0.28%	0.28%	0.28%	0.28%	0.28%	
TOTAL	0.40%	0.41%	0.42%	0.44%	0.57%	0.69%	0.65%	0.58%	0.56%	0.56%	0.56%	0.56%	
AVG INTEREST RATE	0.20%	0.21%	0.21%	0.22%	0.29%	0.35%	0.33%	0.29%	0.28%	0.28%	0.28%	0.28%	
MONTHLY AVG. INT. RATE	0.0167%	0.0171%	0.0175%	0.0183%	0.0238%	0.0288%	0.0271%	0.0242%	0.0233%	0.0233%	0.0233%	0.0233%	
INTEREST PROVISION	\$ (4)	\$ (4)	\$ (5)	\$ (5)	\$ (6)	\$ (7)	\$ (6)	\$ (4)	\$ (3)	\$ (3)	\$ (3)	\$ (3)	\$ (53)

Schedule C-5
Page 1 of 4

**Sebring Gas System
Program Description and Progress**

Program Title:

Residential New Construction Program

Reporting Period

January 2010 through August 2010

Program Description:

This program is designed to increase the overall penetration of natural gas in the single family and multi-family residential construction markets of the Company's service territory by expanding consumer energy options in new homes. Incentives are offered to any home builder or developer who installs the below listed energy efficient appliances.

Current Approved Allowances:

\$350	Gas Storage Tank Water Heating
\$450	Gas Tankless Water Heating
\$350	Gas Heating
\$100	Gas Cooking
\$100	Gas Clothes Drying

Program Activity and Projections:

During the eight-month reporting period January 2010 through August 2010, twenty (20) new homes allowances were paid. The Company projects ten (10) new homes will qualify for allowances during the period September through December 2010.

Program Fiscal Expenditures:

During the eight month reporting period, actual expenditures for this program totaled \$11,698. The Company projects that total expenditures will equal \$5,118, for the 2010 annual period.

Schedule C-5
Page 2 of 4

**Sebring Gas System
Program Description and Progress**

Program Title:

Residential Appliance Replacement Program

Reporting Period

January 2010 through August 2010

Program Description:

This program is designed to encourage the replacement of inefficient non-natural gas residential appliances with energy efficient natural gas appliances. Incentives are offered for the replacement of non-gas water heating, heating, cooking, or clothes drying appliances through the purchase and/or lease of energy efficient natural gas appliances.

Current Approved Allowances:

\$525	Gas Storage Tank Water Heating
\$525	Gas Tankless Water Heating
\$625	Gas Heating
\$100	Gas Cooking
\$100	Gas Clothes Drying

Program Projections:

During the eight-month reporting period January 2010 through August 2010, eight (8) residential appliance (storage water heaters) replacement allowances were paid. The Company projects four (4) residential appliance installations (one water heater and four cooking conversions) will qualify for replacement allowances during the period September through December 2010.

Program Fiscal Expenditures:

During the eight-month reporting period, actual expenditures for this program were \$9,995. The Company projects that total expenditures will equal \$4,518 for the 2010 annual period.

Schedule C-5
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Sebring Gas System Program Description and Progress

Program Title:

Residential Appliance Retention Program

Reporting Period

January 2010 through August 2010

Program Description:

The Company offers this program to existing customers to promote the retention of energy-efficient appliances and encourage the continued use of natural gas in the home. As an incentive to continue to provide substantial benefits to the customer and utilize our resources effectively, this program offers cash allowances to the customer.

Current Approved Allowances:

\$350	Gas Storage Tank Water Heating
\$450	Gas Tankless Water Heating
\$350	Gas Heating
\$100	Gas Cooking
\$100	Gas Clothes Drying

Program Activity and Projections:

During the eight-month reporting period January 2010 through August 2010, zero (0) residential appliance retention allowance was paid. The Company projects five (5) residential appliance installations (two storage water heaters, two dryers and one cooking appliance) will qualify for retention allowances during the period September through December 2010 as a result of increased sales and consumer education activities.

Program Fiscal Expenditures:

During the eight-month reporting period, actual expenditures for this program were \$5,593. The Company projects that total expenditures will equal \$3,518 for the 2010 annual period.

Schedule C-5
Page 4 of 4

**Sebring Gas System, Inc.
Program Description and Progress**

Program Title:

Conservation Education Program

Reporting Period

January 2010 through August 2010

Program Description:

The objective of this program is to inform consumers about the Company's energy conservation programs and provide general information on energy efficiency measures that will reduce energy consumption and cost.

Program Activity and Projections:

The Company continues to communicate with several homebuilders, appliance retailers and contractors in its service area to provide information on its programs. The Company attends local builder association meetings, participating in their events. The Company continues to use a part-time outside contract sales group in an attempt to increase program participation. In 2009, the Company began participation in the Get Gas Florida consumer education program supported by the Florida Natural Gas Association. In the year 2010 the Company began a program of direct mailings to inform the public located within its service area of the benefit of using natural gas and the awareness of the programs offered by the Company.

Program Fiscal Expenditures:

During the year 2010, the Company booked the expenditures for the education program to the various incentive programs. These expenditures were \$3,528 for the first eight months of 2010. The Company projects that total expenditures will equal \$4,989 for the 2010 annual period.