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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.110004-GU

September 13, 2011

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 2011 and 2012. I will provide the

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1 adjusted net true-up amount associated with program administration
2 for the January 2010 through December 2010 period. Actual program
3 costs are provided for the period January 1, 2011 through August
4 2011, as well as the costs the Company expects to incur from
5 September 1, 2011 through December 31, 2011. I will also indicate
6 the total costs the Company seeks to recover through its conservation
7 factors during the period January 1, 2012 through December 31,
8 2012. Finally, I will also propose the energy conservation cost
9 recovery factors which, when applied to consumer bills during the
10 period January 1, 2012 through December 31, 2012, will permit
11 recovery of the Company's 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-4 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 (2011) AND PROJECTED (2012) PERIODS?**

1 A. Yes. Schedule C-3, Exhibit JHM-1 provides actual conservation
2 expenses for the January 2011 through August 2011 period and
3 projected expenses for the September 2011 through December 2011
4 period. Projected expenses for the January 2012 through December
5 2012 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 2011?**

8 A. Yes. Schedule C-3 (page 4 of 5), Exhibit JHM-1, provides actual
9 conservation revenue for the January 2011 through August 2011
10 period, and projected conservation revenues for the September 2011
11 through December 2011 period.

12 **Q. WHAT IS THE COMPANY'S ESTIMATED TRUE-UP FOR THE**
13 **PERIOD JANUARY 1, 2011 THROUGH DECEMBER 31, 2011?**

14 A. The Company is over-recovered by \$17,791, as calculated on
15 Schedule C-3, Page 4, line 11, Exhibit JHM-1.

16 **Q. WHAT IS THE TOTAL COST THE COMPANY SEEKS TO**
17 **RECOVER DURING THE PERIOD JANUARY 1, 2012 THROUGH**
18 **DECEMBER 31, 2012?**

19 A. As indicated on Schedule C-1, Exhibit JHM-1, the Company seeks to
20 recover \$17,159 during the referenced period. This amount represents
21 the projected costs of \$34,950 to be incurred during 2012, plus the
22 estimated true-up of \$17,791 for calendar year 2011.

1 **Q. WHAT ARE THE COMPANY'S PROPOSED ENERGY**
2 **CONSERVATION COST RECOVERY FACTORS FOR EACH RATE**
3 **CLASS FOR THE JANUARY 2012 THROUGH DECEMBER 2012**
4 **PERIOD?**

5 A. Schedule C-1, Exhibit JHM-1, provides the calculation of the
6 Company's proposed ECCR factors for 2012.

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

8 A. Yes.