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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.120004-GU**

**September 11, 2012**

**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 2012 and 2013. I will provide the

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1 adjusted net true-up amount associated with program administration  
2 for the January 2011 through December 2011 period. Actual program  
3 costs are provided for the period January 1, 2012 through August  
4 2012, as well as the costs the Company expects to incur from  
5 September 1, 2012 through December 31, 2012. I will also indicate  
6 the total costs the Company seeks to recover through its conservation  
7 factors during the period January 1, 2013 through December 31,  
8 2013. Finally, I will also propose the energy conservation cost  
9 recovery factors which, when applied to consumer bills during the  
10 period January 1, 2013 through December 31, 2013, 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-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 (2012) AND PROJECTED (2013) PERIODS?**

1 A. Yes. Schedule C-3, Exhibit JHM-1 provides actual conservation  
2 expenses for the January 2012 through August 2012 period and  
3 projected expenses for the September 2012 through December 2012  
4 period. Projected expenses for the January 2013 through December  
5 2013 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 2013?**

8 A. Yes. Schedule C-3 (page 4 of 5), Exhibit JHM-1, provides actual  
9 conservation revenue for the January 2012 through August 2012  
10 period, and projected conservation revenues for the September 2012  
11 through December 2012 period.

12 **Q. WHAT IS THE COMPANY'S ESTIMATED TRUE-UP FOR THE**  
13 **PERIOD JANUARY 1, 2012 THROUGH DECEMBER 31, 2012?**

14 A. The Company is over-recovered by \$26,515, 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, 2013 THROUGH**  
18 **DECEMBER 31, 2013?**

19 A. As indicated on Schedule C-1, Exhibit JHM-1, the Company seeks to  
20 recover \$25,485 during the referenced period. This amount represents  
21 the projected costs of \$52,000 to be incurred during 2013, plus the  
22 estimated true-up of \$25,485 for calendar year 2012.

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 2013.

7 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

8 A. Yes.