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MESSER  CAPARELLO

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May 2, 2014

BY HAND DELIVERY

Ms. Ann Cole, Director
Commission Clerk and Administrative Services
Room 110, Easley Building
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850

Re: Docket No. 140004-GU

Dear Ms. Cole:

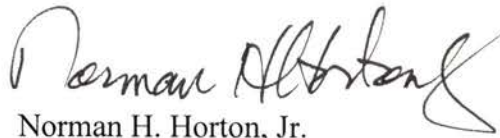
Enclosed for filing on behalf of Sebring Gas System, Inc. are an original and 10 copies of the following documents:

1. Sebring Gas System, Inc.'s Petition for Approval of Conservation Cost Recovery True-Up Amount;
2. Direct Testimony of Jerry H. Melendy; and
3. Schedules CT-1, CT-2, CT-3, CT-4, CT-5, and CT-6.

Please indicate receipt of this document by stamping the enclosed extra copy of this letter.

Thank you for your assistance in this matter.

Sincerely,


Norman H. Horton, Jr.

NHH:amb
Enclosures
cc: Mr. Jerry H. Melendy
Parties of Record

COM	<u>5</u>
AFD	<u>1</u>
APA	<u>1</u>
ECO	<u>1</u>
ENG	<u> </u>
GCL	<u>1</u>
IDM	<u> </u>
TEL	<u> </u>
CLK	<u>1 ct.rep</u>

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Natural Gas Conservation Cost)
Recovery Clause)
_____)

Docket No. 140004-GU
Filed: May 2, 2014

**PETITION FOR APPROVAL OF SEBRING GAS SYSTEM, INC.' S
CONSERVATION COST RECOVERY TRUE-UP AMOUNT**

Sebring Gas System, Inc. (“the Company”), through undersigned counsel and pursuant to the requirements of this docket, hereby petitions the Commission to approve its conservation cost recovery true-up amount for its natural gas division for the period January 2013 through December 2013. In support hereof, the Company states:

1) The Company is a natural gas utility company within the jurisdiction of this Commission. Its principal business address is:

3515 U.S. Highway 27 South
Sebring, FL 33870

2) The name and address of the person authorized to receive notices and communications with respect to this Petition are:

Norman H. Horton, Jr.,
Messer Caparello, P. A.
2618 Centennial Place
P.O. Box 15579
Tallahassee, FL 32317
Email: nhorton@lawfla.com

Jerry H. Melendy
Sebring Gas System, Inc.
3515 U.S. Highway 27 South
Sebring, FL 33870

3) Pursuant to the requirements of this Docket, the Company has prefiled testimony and the conservation cost recovery true-up forms (Composite Exhibit JHM-1) supplied by the Commission Staff in a manner consistent with the Commission Staff's instructions.


4) As indicated in the prefiled testimony and true-up forms, the Company underrecovered \$14,108 for January 2013 through December 2013.

WHEREFORE, the Company respectfully requests that this Commission enter its order approving the Company's true-up amount for its natural gas division for the period January 2013 through December 2013.

DATED this 2nd day of May, 2014.

Respectfully submitted,

MESSER CAPARELLO, P. A.
Post Office Box 15579
Tallahassee, FL 32317
nhorton@lawfla.com
(850) 222-0720


NORMAN H. HORTON, JR., ESQ.

Attorneys for Sebring Gas System, Inc.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that true and correct copies of the foregoing have been served by Electronic Mail and/or U. S. Mail this 2nd day of May, 2014 upon the following:

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Ms. Aleida Socarras
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Indiantown Division
1641 Worthington Road, Suite 220
West Palm Beach, FL 33409-6703


NORMAN H. HORTON, JR.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET 140004-GU

DIRECT TESTIMONY OF

JERRY H. MELENDY

ON BEHALF OF SEBRING GAS SYSTEM, INC.

MAY 2, 2014

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

2 A. My name is Jerry H. Melendy. My business address is Sebring Gas System,
3 Inc., 3515 U.S. Highway 27 South, Sebring FL 33870

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

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

6 **Q. ARE YOU FAMILIAR WITH THE COMPANY'S CURRENT**
7 **ENERGY CONSERVATION PROGRAMS?**

8 A. Yes.

9 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

10 A. My testimony presents data and summaries that describe the planned and
11 actual activities and expenses for the Company's energy conservation
12 programs incurred during the period January 2013 through December 2013. I
13 will also identify the final conservation true-up amount for the above
14 referenced period.

1 **Q. HAVE YOU PREPARED A SUMMARY OF THE COMPANY'S**
2 **CONSERVATION PROGRAMS AND THE COSTS ASSOCIATED**
3 **WITH THESE PROGRAMS?**

4 A. Yes. Summaries of the Company's four approved programs for which costs
5 were incurred during the period January 2013 through December 2013 are
6 included in Schedule CT-6 of Exhibit JHM-1. Included are the Residential
7 New Construction Program, the Residential Appliance Replacement Program,
8 the Residential Appliance Retention Program and the Conservation Education
9 Program.

10 **Q. HAVE YOU PREPARED SCHEDULES WHICH SHOW THE**
11 **EXPENDITURES ASSOCIATED WITH THE COMPANY'S ENERGY**
12 **CONSERVATION PROGRAMS FOR THE APPLICABLE PERIOD?**

13 A. Yes. Exhibit JHM-1 includes schedules CT-1, CT-2 and CT-3 detail the
14 Company's actual conservation related expenditures for the period, along with
15 a comparison of the actual program costs and true-up to the projected costs
16 and true-up for the period.

17 **Q. WHAT WAS THE TOTAL COST INCURRED BY THE COMPANY**
18 **TO ADMINISTER ITS FOUR CONSERVATION PROGRAMS FOR**
19 **THE TWELVE MONTH PERIOD ENDING DECEMBER 2012?**

20 A. As indicated on Schedule CT-2, page 2, of Exhibit JHM-1, the Company's
21 total 2013 programs costs were \$53,967.

1 **Q. HAVE YOU PREPARED A SCHEDULE WHICH SHOWS THE**
2 **VARIANCE OF ACTUAL FROM PROJECTED COSTS BY**
3 **CATEGORIES OF EXPENSES?**

4 A. Yes. Schedule CT-2, page 3, of Exhibit JHM-1, displays these variances.

5 **Q. WHAT IS THE COMPANY'S FINAL TRUE-UP FOR THE TWELVE**
6 **MONTHS ENDING DECEMBER 2013?**

7 A. The final true-up amount as shown on Schedule CT-1, of Exhibit JHM-1 is an
8 underrecovery of \$14,108.

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

10 A. Yes.

ADJUSTED NET TRUE-UP
FOR MONTHS: JANUARY 2013 THROUGH DECEMBER 2013

END OF PERIOD TRUE-UP

PRINCIPLE	(\$5,215)	
INTEREST	<u>(\$23)</u>	(\$5,238)

LESS PROJECTED TRUE-UP

PRINCIPLE	(\$19,295)	
INTEREST	(\$51)	(\$19,346)

ADJUSTED NET TRUE-UP \$14,108

ANALYSIS OF ENERGY CONSERVATION PROGRAM COSTS
ACTUAL VERSUS ESTIMATED

JANUARY 2013 THROUGH DECEMBER 2013

	<u>ACTUAL</u>	<u>PROJECTED</u>	<u>DIFFERENCE</u>
CAPITAL INVESTMENT	\$0	\$0	\$0
PAYROLL & BENEFITS	\$8,460	\$8,064 C-3, 1	\$396
MATERIALS & SUPPLIES	\$0	\$0	\$0
ADVERTISING	\$23,288	\$9,604 C-3, 1	\$13,684
INCENTIVES	\$11,175	\$14,300 C-3, 1	(\$3,125)
OUTSIDE SERVICES	\$11,044	\$7,438 C-3, 1	\$3,606
VEHICLES	\$0	\$0 C-3, 1	\$0
OTHER	<u>\$0</u>	<u>\$0</u> C-3, 1	<u>\$0</u>
SUB TOTAL	\$53,967	\$39,406 C-3, 1	\$14,561
PROGRAM REVENUES	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
TOTAL PROGRAM COSTS	\$53,967	\$39,406 C-3, 1	\$14,561
LESS: PRIOR PERIOD TRUE-UP	(\$25,707)	(\$25,707) C-3, 5	\$0
CONSERVATION REVENUES APPLICABLE TO THE PERIOD	(\$33,476)	(\$32,994) C-3,4(1)	(\$482)
ROUNDING ADJUSTMENTS	<u>\$1</u>	<u>\$0</u>	<u>\$1</u>
TRUE-UP BEFORE INTEREST	(\$5,215)	(\$19,295)	\$14,080
INTEREST PROVISION	(\$23)	(\$51) C-3,4(9)	\$28
END OF PERIOD TRUE-UP	<u>(\$5,238)</u>	<u>(\$19,346)</u>	<u>\$14,108</u>
() REFLECTS OVER-RECOVERY			

Actual Conservation Program Costs per Program
 For Months: January 2013 through December 2013

Program Name	<u>Capital Investment</u>	<u>Payroll & Benefits</u>	<u>Materials & Supplies</u>	<u>Advertising</u>	<u>Incentives</u>	<u>Outside Services</u>	<u>Vehicles</u>	<u>Other</u>	<u>TOTAL</u>
Program 1: Res. New Home Const.	\$0	\$2,823	\$0	\$7,748	\$0	\$3,682	\$0	\$0	\$14,253
Program 2: Res. Appliance Replace	\$0	\$2,823	\$0	\$7,777	\$4,975	\$3,682	\$0	\$0	\$19,257
Program 3: Customer Retention	\$0	\$2,814	\$0	\$7,763	\$6,200	\$3,680	\$0	\$0	\$20,457
TOTAL	\$0	\$8,460	\$0	\$23,288	\$11,175	\$11,044	\$0	\$0	\$53,967

Conservation Costs per Program - Variance Actual Versus Projected
For Months: January 2013 through December 2013

Program Name	<u>Capital Investment</u>	<u>Payroll & Benefits</u>	<u>Materials & Supplies</u>	<u>Advertising</u>	<u>Incentives</u>	<u>Outside Services</u>	<u>Vehicles</u>	<u>Other</u>	<u>TOTAL</u>
Program 1 Res. New Home Const.	\$0	\$396	\$0	\$13,684	(\$3,125)	\$3,606	\$0	\$0	\$14,561
Program 2 Res. Appliance Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Program 3 Customer Retention	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$396	\$0	\$13,684	(\$3,125)	\$3,606	\$0	\$0	\$14,561
TOTAL	\$0	\$396	\$0	\$13,684	(\$3,125)	\$3,606	\$0	\$0	\$14,561

Energy conservation Adjustment Calculation of True-Up and Interest Provision
 Summary of Expenses By program By Month
 For Months: January 2013 through December 2013

Program Name	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>TOTAL</u>
Program 1 Res. New Home Const.	\$379	\$376	\$376	\$403	\$453	\$474	\$434	\$676	\$1,192	\$1,165	\$2,655	\$5,670	\$14,253
Program 2 Res. Appliance Replace	\$379	\$376	\$376	\$1,078	\$453	\$1,149	\$434	\$1,373	\$1,211	\$1,140	\$4,933	\$6,356	\$19,257
Program 3 Customer Retention	\$379	\$676	\$376	\$1,453	\$453	\$1,024	\$434	\$1,290	\$1,191	\$1,119	\$3,849	\$8,213	\$20,457
TOTAL	\$1,137	\$1,428	\$1,128	\$2,935	\$1,358	\$2,648	\$1,301	\$3,339	\$3,594	\$3,423	\$11,437	\$20,240	\$53,968

Energy conservation Adjustment Calculation of True-Up and Interest Provision

For Months: January 2013 through December 2013

Conservation Revenues	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
1 RCS AUDIT FEES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2 OTHER PROGRAM REVS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3 CONSERV. ADJ. REVS	<u>(\$3,311)</u>	<u>(\$3,126)</u>	<u>(\$3,260)</u>	<u>(\$2,974)</u>	<u>(\$2,847)</u>	<u>(\$2,210)</u>	<u>(\$2,541)</u>	<u>(\$2,253)</u>	<u>(\$2,414)</u>	<u>(\$2,729)</u>	<u>(\$2,660)</u>	<u>(\$3,152)</u>	(\$33,476)
4 TOTAL REVENUES	(\$3,311)	(\$3,126)	(\$3,260)	(\$2,974)	(\$2,847)	(\$2,210)	(\$2,541)	(\$2,253)	(\$2,414)	(\$2,729)	(\$2,660)	(\$3,152)	(\$33,476)
5 PRIOR PERIOD TRUE-UP NOT APPLICABLE TO THIS PERIOD	<u>(\$2,142)</u>	<u>(\$2,142)</u>	<u>(\$2,142)</u>	<u>(\$2,142)</u>	<u>(\$2,142)</u>	<u>(\$2,142)</u>	<u>(\$2,142)</u>	<u>(\$2,142)</u>	<u>(\$2,142)</u>	<u>(\$2,142)</u>	<u>(\$2,142)</u>	<u>(\$2,142)</u>	<u>(\$25,707)</u>
6 CONSERVATION REVS APPLICABLE TO THIS PERIOD	<u>(\$5,453)</u>	<u>(\$5,268)</u>	<u>(\$5,403)</u>	<u>(\$5,116)</u>	<u>(\$4,989)</u>	<u>(\$4,352)</u>	<u>(\$4,683)</u>	<u>(\$4,395)</u>	<u>(\$4,556)</u>	<u>(\$4,871)</u>	<u>(\$4,802)</u>	<u>(\$5,294)</u>	<u>(\$59,182)</u>
7 CONSERVATION EXPS (FROM CT-3, PAGE 1)	\$1,137	\$1,428	\$1,128	\$2,935	\$1,358	\$2,648	\$1,301	\$3,339	\$3,594	\$3,423	\$11,437	\$20,240	\$53,968
8 TRUE-UP THIS PERIOD	(\$4,316)	(\$3,841)	(\$4,275)	(\$2,181)	(\$3,631)	(\$1,704)	(\$3,382)	(\$1,057)	(\$962)	(\$1,448)	\$6,635	\$14,946	<u>(\$5,215)</u>
9 INT. PROV. THIS PERIOD (FROM CT-3, PAGE 3)	(\$3)	(\$3)	(\$3)	(\$2)	(\$2)	(\$2)	(\$2)	(\$1)	(\$1)	(\$1)	(\$1)	(\$1)	(\$23)
10 TRUE-UP & INT. PROV. BEGINNING OF MONTH.	(\$25,707)	(\$27,884)	(\$29,586)	(\$31,721)	(\$31,763)	(\$33,254)	(\$32,817)	(\$34,058)	(\$32,974)	(\$31,795)	(\$31,101)	(\$22,325)	
11 PRIOR TRUE-UP COLLECTED (REFUNDED)	<u>\$2,142</u>	<u>\$2,142</u>	<u>\$2,142</u>	<u>\$2,142</u>	<u>\$2,142</u>	<u>\$2,142</u>	<u>\$2,142</u>	<u>\$2,142</u>	<u>\$2,142</u>	<u>\$2,142</u>	<u>\$2,142</u>	<u>\$2,142</u>	
TOTAL NET TRUE-UP													
12 (SUM LINES 8+9+10+11)	(27,884)	(29,586)	(31,721)	(31,763)	(33,254)	(32,817)	(34,058)	(32,974)	(31,795)	(31,101)	(22,325)	(5,238)	(5,238)

SEBRING GAS SYSTEM, INC.

Reconciliation and Explanation of differences between Filing and
PSC Audit Report for January 2013 through December 2013.

NO DIFFERENCES ARE KNOWN AS OF THE DATE OF THIS FILING

SEBRING GAS SYSTEM, INC.
Program Description and Progress

Program Title:

Residential New Construction

Program Description:

The Residential New Construction Program is designed to increase the overall penetration of natural gas in the single family and multi-family construction residential markets of the Company's service territory by expanding consumer energy options in new homes.

For the period January 1, 2013 through December 31, 2013, the Company operated under the terms of Order No. PSC-10-0551-PAA-EG, issued on September 7, 2010.

Order No. PSC-10-0551-PAA-EG prescribed the following Residential New Construction Cash Allowances:

Gas Storage Tank Water Heater	\$350
Gas High Efficiency Storage Tanks Water Heater	\$400
Gas Tankless Water Heater	\$550
Gas Heating	\$500
Gas Cooking	\$150
Gas Clothes Drying	\$100

Program Accomplishments:

For the twelve month period January 2013 through December 2013, the Company paid no incentives related to this program.

Program Fiscal Expenditures:

During 2013 expenditures for the Residential New Construction Program totaled \$14,253.00

Program Progress Summary:

Since the inception of the Residential New Home Construction Program in July 2007, twenty (20) new home allowances have been paid. The Company representatives continue to work closely with area builders to promote the installation of natural gas appliances in new residence construction.

SEBRING GAS SYSTEM, INC.

Program Description and Progress

Program Title:

Residential Appliance Replacement Program

Program Description:

The Residential Appliance Replacement 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-natural gas water heating, heating, cooking or clothes drying appliances through the purchase and/or lease of energy efficient natural gas appliances.

For the period January 1, 2013 through December 31, 2013, the Company operated under the terms of Order No. PSC-10-0551-PAA-EG, issued on September 7, 2010.

Order No. PSC-10-0551-PAA-EG prescribed the following Residential Appliance Replacement Cash Allowances:

	\$500
Gas Storage Tank Water Heater	\$550
Gas High Efficiency Storage Tanks Water Heater	\$675
Gas Tankless Water Heater	\$725
Gas Heating	\$200
Gas Cooking	\$150
Gas Clothes Drying	

Program Accomplishments:

For the twelve month period January 2013 through December 2013, the Company paid 10 incentives, which were comprised of 7 tankless water heaters, 1 furnace and 2 ranges.

Program Fiscal Expenditures:

During 2013 expenditures for the Resident Appliance Replacement Program totaled \$19,257.00

Program Progress Summary:

Since the inception of the Residential Appliance Replacement Program in July 2007, forty three (43) residential appliance replacement allowances have been paid.

SEBRING GAS SYSTEM, INC.

Program Description and Progress

Program Title:

Residential Appliance Retention Program

Program Description:

The Company offers the Residential Appliance Retention 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.

For the period January 1, 2013 through December 31, 2013, the Company operated under the terms of Order No. PSC-10-0551-PAA-EG, issued on September 7, 2010.

Order No. PSC-10-0551-PAA-EG prescribed the following Residential Appliance Replacement Cash Allowances:

Gas Storage Tank Water Heater	\$350
Gas High Efficiency Storage Tanks Water Heater	\$400
Gas Tankless Water Heater	\$550
Gas Heating	\$500
Gas Cooking	\$100
Gas Clothes Drying	\$100

Program Accomplishments:

For the twelve month period January 2013 through December 2013, the Company paid 17 incentives, which were comprised of 1 high efficiency storage tank water heater, 8 tankless water heaters and 8 ranges.

Program Fiscal Expenditures:

During 2013 expenditures for the Resident Appliance Retention Program totaled \$20,457

Program Progress Summary:

Since the inception of the Residential Appliance Replacement Program in July 2007, sixty two (62) residential appliance retention allowances have been paid.