

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

Docket No. 160004-GU
Filed: August 23, 2016

**PETITION FOR APPROVAL OF SEBRING GAS SYSTEM, INC.' S
CONSERVATION COST RECOVERY FACTORS**

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 factors and amounts as identified herein for the period January 2016 through December 2016. In support hereof, the Company states:

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

Sebring Gas System, Inc.
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:

Paula M. Sparkman
Messer Caparello, P. A.
2618 Centennial Place
P.O. Box 15579
Tallahassee, FL 32317
Email: psparkman@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 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 pre-filed forms, the recoverable conservation costs for the period January 2017 through December 2017 as projected to be \$33,300. The estimated conservation costs recovery true-up amount for the period January 2016 through December 2016 is an under-recovery of \$15,015.

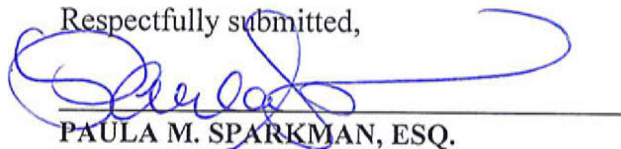
5) The resulting net total projected conservation costs to be recovered for the period January 2017 through December 2017 are \$48,315. Based upon projected sales, the appropriate conservation cost recovery factors for the period January 2017 through December 2017 are as follows:

TS-1	\$.19897
TS-2	\$.08761
TS-3	\$.05151
TS-4	\$.04456

WHEREFORE, Sebring Gas System, Inc. respectfully requests that this Commission approve the foregoing conservation cost recovery factors to be applied to customer bills for the period January 2017 through December 2017 and to billings thereafter until other conservation costs recovery factors are approved by the Commission.

DATED this 23rd day of August, 2016.

Respectfully submitted,



PAULA M. SPARKMAN, ESQ.

Messer Caparello, PA
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Tallahassee, FL 32317
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(850) 222-0720

Attorneys for Sebring Gas System, Inc.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Petition For Approval of Sebring Gas System, Inc.'s Conservation Costs Recovery Factors has been served by Electronic Mail or Hand Delivery to the following parties of record this 23rd day of August, 2016.

Florida Public Utilities Company/Florida Division of Chesapeake Utilities/Indiantown Mike Cassel 1750 SW 14 th Street, Suite 200 Fernandina Beach, FL 32034 mcassel@fpuc.com	MacFarlane Ferguson Law Firm Ansley Watson, Jr./Andrew Brown/Ashley Kellgren P.O. Box 1531 Tampa, FL 33601-1531 aw@macfar.com
Beth Keating Gunster, Yoakley & Stewart, P.A. 215 South Monroe Street, Suite 601 Tallahassee, FL 32301 bkeating@gunster.com	Office of Public Counsel J.R. Kelly/Charles Rehwinkel/Patricia Christensen c/o The Florida Legislature 111 West Madison Street, Rm 812 Tallahassee, FL 32399-1400 Jr.kelly@leg.state.fl.us Christensen.Patty@leg.state.fl.us
Peoples Gas System Paula Brown Kandi Floyd P.O. Box 111 Tampa, FL 33601-0111 regdept@tecoenergy.com	St. Joe Natural Gas Company, Inc. Mr. Charles A. Shoaf P.O. Box 549 Port St. Joe, FL 32457-0549\ andy@stjoegas.com
AGL Resources, Inc. Elizabeth Wade/Shannon Pierce Ten Peachtree Place Location 1470 Atlanta, GA 30309 ewade@aglresources.com	Florida City Gas Carolyn Bermudez 933 East 25 th Street Hialiah, FL 33013-3498 cbermude@aglresources.com
Kelley Corbari/Leslie Ames Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, FL 32399 kcorbari@psc.state.fl.us	Jerry H. Melendy, Jr. Sebring Gas System, Inc. 3515 U.S. Highway 27 South Sebring, FL 33870-5452 jmelendy@floridabestgas.com

Paula M. Sparkman
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2618 Centennial Place
Tallahassee, FL 32308
850-222-0720

1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

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

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

4 **On Behalf of**

5 **Sebring Gas System, Inc.**

6 **Docket No.160004-GU**

7 **August 20, 2016**

8

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

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

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

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

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

18 A. Yes.

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

21 A. My testimony will present actual and projected expenditures and
22 revenues related to promoting and administering the Company's
23 energy conservation programs in 2016 and 2017. I will provide the

1 adjusted net true-up amount associated with program administration
2 for the January 2015 through December 2015 period. Actual program
3 costs are provided for the period January 1, 2016 through June 30,
4 2016, as well as the costs the Company expects to incur from July 1,
5 2016 through December 31, 2016. I will also indicate the total costs
6 the Company seeks to recover through its conservation factors during
7 the period January 1, 2017 through December 31, 2017. Finally, I will
8 also propose the energy conservation cost recovery factors which,
9 when applied to consumer bills during the period January 1, 2017
10 through December 31, 2017, 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 six 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 the Commercial New Construction Program, the Commercial
20 Appliance Replacement Program and the Commercial Retention
21 Program.

1 Q. HAVE YOU PREPARED SCHEDULES THAT INCLUDE THE
2 COMPANY'S CONSERVATION PROGRAM EXPENDITURES FOR
3 THE CURRENT (2016) AND PROJECTED (2017) PERIODS?

4 A. Yes. Schedule C-3, Exhibit JHM-1 provides actual conservation
5 expenses for the January 2016 through June 2016 period and
6 projected expenses for the July 2016 through December 2016 period.
7 Projected expenses for the January 2017 through December 2017
8 period are included in Schedule C-2, Exhibit JHM-1.

9 Q. HAVE YOU PREPARED A SCHEDULE THAT INCLUDES THE
10 COMPANY'S CONSERVATION RELATED REVENUES FOR 2016?

11 A. Yes. Schedule C-3 (page 4 of 5), Exhibit JHM-1, provides actual
12 conservation revenue for the January 2016 through June 2016 period,
13 and projected conservation revenues for the July 2016 through
14 December 2016 period.

15 Q. WHAT IS THE COMPANY'S ESTIMATED TRUE-UP FOR THE
16 PERIOD JANUARY 1, 2016 THROUGH DECEMBER 31, 2016?

17 A. The Company is under-recovered by \$15,015, as calculated on
18 Schedule C-3, Page 4, Line 11, Exhibit JHM-1.

19 Q. WHAT IS THE TOTAL COST THE COMPANY SEEKS TO
20 RECOVER DURING THE PERIOD JANUARY 1, 2017 THROUGH
21 DECEMBER 31, 2017?

22 A. As indicated on Schedule C-1, Exhibit JHM-1, the Company seeks to
23 recover \$48,315 during the referenced period. This amount represents

1 the projected costs of \$33,300 to be incurred during 2017, plus the
2 estimated true-up of \$15,015 for calendar year 2016.

3 **Q. WHAT ARE THE COMPANY'S PROPOSED ENERGY**
4 **CONSERVATION COST RECOVERY FACTORS FOR EACH RATE**
5 **CLASS FOR THE JANUARY 2017 THROUGH DECEMBER 2017**
6 **PERIOD?**

7 A. Schedule C-1, Exhibit JHM-1, provides the calculation of the
8 Company's proposed ECCR factors for 2017.

9 The Conservation Adjustment Factors per therm for Sebring Gas
10 System are:

11	TS-1	\$.19897
12	TS-2	\$.08761
13	TS-3	\$.05151
14	TS-4	\$.04456

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

16 A. Yes.

ENERGY CONSERVATION ADJUSTMENT
SUMMARY OF COST RECOVERY CLAUSE CALCULATION
JANUARY 2017 THROUGH DECEMBER 2017

1. TOTAL INCREMENTAL COSTS (SCHEDULE C-2, PAGE1)	\$ 33,300
2. TRUE-UP (SCHEDULE C-3, PAGE 4, LINE 11)	\$ 15,015
3. TOTAL (LINE 1 AND 2)	\$ 48,315

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	5,469	34,682	\$50,713	\$20,894	\$71,607	\$6,866	9.59%	0.19798	1.00503	0.19897
TS-2	636	18,426	\$7,663	\$9,089	\$16,752	\$1,606	9.59%	0.08717	1.00503	0.08761
TS-3	1,001	323,762	\$35,029	\$138,026	\$173,055	\$16,594	9.59%	0.05125	1.00503	0.05151
TS-4	458	524,398	\$68,693	\$173,760	\$242,453	\$23,248	9.59%	0.04433	1.00503	0.04456
TOTAL	7,564	901,268	\$162,097	\$341,769	\$503,866	\$48,315				

COMPANY:

Sebring Gas System, Inc.

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ECCR 2017 PROJECTIONS

Exhibit JHM-1

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ESTIMATED CONSERVATION PROGRAM COSTS PER PROGRAM
JANUARY 2017 THROUGH DECEMBER 2017

PROGRAM	CAPITAL INVESTMENT	PAYROLL	MATERIAL & SUPPLIES	ADVERTISING	INCENTIVES	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
1 RESIDENTIAL NEW CONSTRUCTION	\$0	\$1,200	\$0	\$300	\$5,000	\$700	\$0	\$0	\$7,200
2 RESIDENTIAL APPLIANCE REPLACEMENT	\$0	\$1,200	\$0	\$300	\$8,300	\$700	\$0	\$0	\$10,500
3 RESIDENTIAL APPLIANCE RETENTION	\$0	\$1,200	\$0	\$300	\$3,200	\$700	\$0	\$0	\$5,400
4 COMMERCIAL NEW CONSTRUCTION	\$0	\$1,200	\$0	\$300	\$0	\$600	\$0	\$0	\$2,100
5 COMMERCIAL APPLIANCE REPLACEMENT	\$0	\$1,200	\$0	\$300	\$3,900	\$600	\$0	\$0	\$6,000
6 COMMERCIAL RETENTION	\$0	\$1,200	\$0	\$300	\$0	\$600	\$0	\$0	\$2,100
PROGRAM COSTS	\$0	\$7,200	\$0	\$1,800	\$20,400	\$3,900	\$0	\$0	\$33,300

COMPANY:

Sebring Gas System, Inc.

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ECCR 2017 PROJECTIONS

Exhibit JHM-1

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ESTIMATED CONSERVATION PROGRAM COSTS PER PROGRAM
JANUARY 2016 THROUGH DECEMBER 2016

<u>PROGRAM</u>	CAPITAL INVESTMENT	PAYROLL	MATERIAL & SUPPLIES	ADVERTISING	INCENTIVES	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
1 RESIDENTIAL NEW CONSTRUCTION									
A. ACTUAL	\$0	\$1,744	\$0	\$0	\$1,950	\$667	\$0	\$0	\$4,361
B. ESTIMATED	<u>\$0</u>	<u>\$872</u>	<u>\$0</u>	<u>\$300</u>	<u>\$2,000</u>	<u>\$200</u>	<u>\$0</u>	<u>\$0</u>	<u>\$3,372</u>
TOTAL	\$0	\$2,616	\$0	\$300	\$3,950	\$867	\$0	\$0	\$7,733
2 RESIDENTIAL APPLIANCE REPLACEMENT									
A. ACTUAL	\$0	\$1,744	\$0	\$0	\$8,850	\$667	\$0	\$0	\$11,261
B. ESTIMATED	<u>\$0</u>	<u>\$872</u>	<u>\$0</u>	<u>\$300</u>	<u>\$1,000</u>	<u>\$200</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,372</u>
TOTAL	\$0	\$2,616	\$0	\$300	\$9,850	\$867	\$0	\$0	\$13,633
3 RESIDENTIAL APPLIANCE RETENTION									
A. ACTUAL	\$0	\$1,745	\$0	\$0	\$1,550	\$667	\$0	\$0	\$3,962
B. ESTIMATED	<u>\$0</u>	<u>\$872</u>	<u>\$0</u>	<u>\$300</u>	<u>\$800</u>	<u>\$200</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,172</u>
TOTAL	\$0	\$2,617	\$0	\$300	\$2,350	\$867	\$0	\$0	\$6,134
4 COMMERCIAL NEW CONSTRUCTION									
A. ACTUAL	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
B. ESTIMATED	<u>\$0</u>	<u>\$872</u>	<u>\$0</u>	<u>\$300</u>	<u>\$0</u>	<u>\$200</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,372</u>
TOTAL	\$0	\$872	\$0	\$300	\$0	\$200	\$0	\$0	\$1,372
SUB-TOTAL	\$0	\$8,721	\$0	\$1,200	\$16,150	\$2,801	\$0	\$0	\$28,872

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ESTIMATED CONSERVATION PROGRAM COSTS PER PROGRAM
JANUARY 2016 THROUGH DECEMBER 2016

<u>PROGRAM</u>	CAPITAL INVESTMENT	PAYROLL	MATERIAL & SUPPLIES	ADVERTISING	INCENTIVES	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
SUB-TOTAL - PREVIOUS PAGE	\$0	\$8,721	\$0	\$1,200	\$16,150	\$2,801	\$0	\$0	\$28,872
5 COMMERCIAL APPLIANCE REPLACE									
A. ACTUAL	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
B. ESTIMATED	<u>\$0</u>	<u>\$872</u>	<u>\$0</u>	<u>\$300</u>	<u>\$1,000</u>	<u>\$200</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,372</u>
TOTAL	\$0	\$872	\$0	\$300	\$0	\$200	\$0	\$0	\$2,372
6 COMMERCIAL RETENTION									
A. ACTUAL	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
B. ESTIMATED	<u>\$0</u>	<u>\$872</u>	<u>\$0</u>	<u>\$300</u>	<u>\$0</u>	<u>\$200</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,372</u>
TOTAL	\$0	\$872	\$0	\$300	\$0	\$200	\$0	\$0	\$1,372
PROGRAM COSTS	<u>\$0</u>	<u>\$10,465</u>	<u>\$0</u>	<u>\$1,800</u>	<u>\$16,150</u>	<u>\$3,201</u>	<u>\$0</u>	<u>\$0</u>	<u>\$32,616</u>

CONSERVATION PROGRAM COSTS BY PROGRAM
ACTUAL / ESTIMATED
JANUARY 2016 THROUGH DECEMBER 2016

<u>PROGRAM</u>	<u>JAN</u> <u>2016</u>	<u>FEB</u> <u>2016</u>	<u>MAR</u> <u>2016</u>	<u>APR</u> <u>2016</u>	<u>MAY</u> <u>2016</u>	<u>JUN</u> <u>2016</u>	<u>JUL</u> <u>2016</u>	<u>AUG</u> <u>2016</u>	<u>SEP</u> <u>2016</u>	<u>OCT</u> <u>2016</u>	<u>NOV</u> <u>2016</u>	<u>DEC</u> <u>2016</u>	<u>TOTAL</u>
1 RESIDENTIAL NEW CONSTRUCTION	\$275	\$824	\$277	\$968	\$308	\$1,708	\$562	\$562	\$562	\$562	\$562	\$563	\$7,733
2 RESIDENTIAL APPLIANCE REPLACEMENT	\$275	\$7,024	\$1,502	\$968	\$1,183	\$309	\$396	\$396	\$396	\$396	\$394	\$394	\$13,633
3 RESIDENTIAL CUSTOMER RETENTION	\$275	\$1,074	\$277	\$968	\$1,058	\$308	\$362	\$362	\$362	\$362	\$363	\$363	\$6,134
4 COMMERCIAL NEW CONSTRUCTION	\$0	\$0	\$0	\$0	\$0	\$0	\$229	\$229	\$229	\$229	\$228	\$228	\$1,372
5 COMMERCIAL APPLIANCE REPLACE	\$0	\$0	\$0	\$0	\$0	\$0	\$395	\$395	\$395	\$395	\$396	\$396	\$2,372
6 COMMERCIAL RETENTION	\$0	\$0	\$0	\$0	\$0	\$0	\$229	\$229	\$229	\$229	\$228	\$228	\$1,372
TOTAL ALL PROGRAMS	\$825	\$8,922	\$2,056	\$2,904	\$2,549	\$2,325	\$2,173	\$2,173	\$2,173	\$2,173	\$2,171	\$2,172	\$32,616

ENERGY CONSERVATION ADJUSTMENT
JANUARY 2016 THROUGH DECEMBER 2016

CONSERVATION REVENUES	JAN 2016	FEB 2016	MAR 2016	APR 2016	MAY 2016	JUN 2016	JUL 2016	AUG 2016	SEP 2016	OCT 2016	NOV 2016	DEC 2016	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	(2,483)	(2,728)	(2,494)	(2,060)	(2,032)	(1,863)	(1,717)	(1,991)	(1,996)	(2,128)	(2,221)	(2,587)	(26,300)
2. CONSERV. ADJ. REV. (NET OF REV. TAXES)	0	0	0	0	0	0	0	0	0	0	0	0	0
3. TOTAL REVENUES	(2,483)	(2,728)	(2,494)	(2,060)	(2,032)	(1,863)	(1,717)	(1,991)	(1,996)	(2,128)	(2,221)	(2,587)	(26,300)
4. PRIOR PERIOD TRUE-UP NOT APPLIC. TO PERIOD	719	719	720	719	719	720	719	719	720	719	719	720	<u>8,632</u>
5. CONSERV. REVS. APPLIC. TO PERIOD	(1,764)	(2,009)	(1,774)	(1,341)	(1,313)	(1,143)	(998)	(1,272)	(1,276)	(1,409)	(1,502)	(1,867)	(17,668)
6. CONSERVATION EXPS. (FORM C-3, PAGE 3)	825	8,922	2,056	2,904	2,549	2,325	2,173	2,173	2,173	2,173	2,171	2,172	<u>32,616</u>
7. TRUE-UP THIS PERIOD	(939)	6,913	282	1,563	1,236	1,182	1,175	901	897	764	669	305	14,948
8. INTEREST THIS PERIOD (C-3, PAGE 5)	2	3	6	5	5	5	6	6	6	7	7	7	66
9. TRUE-UP & INT BEGIN OF MONTH	8,632	7,695	14,612	14,900	16,467	17,709	18,896	20,077	20,984	21,887	22,658	23,334	
10. PRIOR TRUE-UP COLLECT / (REFUND)	(719)	(719)	(720)	(719)	(719)	(720)	(719)	(719)	(720)	(719)	(719)	(720)	
11. END OF PERIOD TOTAL NET TRUE-UP	7,695	14,612	14,900	16,467	17,709	18,896	20,077	20,984	21,887	22,658	23,334	23,647	15,015

COMPANY:

Sebring Gas System, Inc.
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Exhibit JHM-1

CALCULATION OF TRUE-UP AND INTEREST PROVISION
JANUARY 2016 THROUGH DECEMBER 2016

<u>INTEREST PROVISION</u>	JAN 2016	FEB 2016	MAR 2016	APR 2016	MAY 2016	JUN 2016	JUL 2016	AUG 2016	SEP 2016	OCT 2016	NOV 2016	DEC 2016	<u>TOTAL</u>
BEGINNING TRUE-UP	8,632	7,695	14,612	14,900	16,467	17,709	18,896	20,077	20,984	21,887	22,658	23,334	
END. T-UP BEFORE INT. (C3,4)	7,693	14,608	14,894	16,463	17,703	18,891	20,071	20,978	21,881	22,651	23,327	23,639	
TOTAL BEG. & END. T-UP	16,325	22,304	29,506	31,362	34,171	36,599	38,967	41,055	42,865	44,539	45,985	46,973	
AVERAGE TRUE-UP	8,163	11,152	14,753	15,681	17,085	18,300	19,484	20,527	21,432	22,269	22,993	23,487	
INT. RATE-FIRST DAY OF REPORTING BUSINESS MTH.	0.40%	0.40%	0.42%	0.44%	0.34%	0.36%	0.38%	0.40%	0.40%	0.40%	0.40%	0.40%	
INT. RATE-FIRST DAY OF SUBSEQUENT BUSINESS MTH.	0.40%	0.42%	0.44%	0.34%	0.36%	0.38%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	
TOTAL	0.80%	0.82%	0.86%	0.78%	0.70%	0.74%	0.78%	0.80%	0.80%	0.80%	0.80%	0.80%	
AVG INTEREST RATE	0.40%	0.41%	0.43%	0.39%	0.35%	0.37%	0.39%	0.40%	0.40%	0.40%	0.40%	0.40%	
MONTHLY AVG. INT. RATE	0.03%	0.03%	0.04%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	
INTEREST PROVISION	2.45	3.35	5.90	4.70	5.13	5.49	5.85	6.16	6.43	6.68	6.90	7.36	66.40

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

Program Title

Residential New Construction Program

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 Sebring Gas System, Inc. (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
\$400 Gas High Efficiency Storage tank Water Heater
\$550 Tankless Water Heating
\$500 Gas Heating
\$150 Gas Cooking
\$100 Gas Clothes Drying

Program Projections

For the twelve month period of January through December 2017, the Company estimates that six new homes will qualify for allowances.

Program Fiscal Expenditures

For the twelve month period of January through December 2017, the Company estimates expenses to be \$7,200.

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

Program Title

Residential Appliance Replacement Program

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 appliances through the purchase of energy efficient natural gas appliances.

Current Approved Allowances

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

Program Projections

For the twelve month period of January through December 2017, the Company estimates that fifteen natural gas appliances will receive allowances under the Company's program.

Program Fiscal Expenditures

For the twelve month period of January through December 2017, the Company estimates expenses to be \$10,500.

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

Program Title

Residential Appliance Retention Program

Program Description

This program is designed to encourage existing customers to continue to use natural gas in the home. As an incentive to continue to provide substantial benefits to the customer and utilize our county's resources effectively, this program offers cash allowances to the customer.

Current Approved Allowances

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

Program Projections

For the twelve month period of January through December 2017, the Company estimates eighteen natural gas appliances will receive allowances under the Company's program.

Program Fiscal Expenditures

For the twelve month period of January through December 2017, the Company estimates expenses to be \$5,400.

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

Program Title

Conservation Education Program

Program Description

The object 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 costs.

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 2016, the Company booked the expenditures for the education program to the various incentive programs.

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

Program Title

Small Commercial Food Service

Program Description

This program is designed to encourage owners and operators of Small Commercial Food Service establishments to purchase energy efficient natural gas appliances through the offering of commercial appliance rebates.

Current Approved Allowances

New Construction:

Tank W/H	\$1,000
Tankless W/H	\$2,000
Range/Oven	\$1,000
Fryer	\$3,000

Retrofit:

Tank W/H	\$1,500
Tankless W/H	\$2,500
Range/Oven	\$1,500
Fryer	\$3,000

Retention:

Tank W/H	\$1,000
Tankless W/H	\$2,000
Range/Oven	\$1,000
Fryer	\$3,000

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

Program Title

Large Commercial Non-Food Service

Program Description

This program is designed to encourage owners and operators of Large Commercial Non-Food Service establishments to purchase energy efficient natural gas appliances through the offering of commercial appliance rebates.

Current Approved Allowances

New Construction:

Tank W/H \$1,500

Tankless W/H \$2,000

Retrofit:

Tank W/H \$2,000

Tankless W/H \$2,500

Retention:

Tank W/H \$1,500

Tankless W/H \$2,000

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

Program Title

Large Commercial Food Service

Program Description

This program is designed to encourage owners and operators of Large Commercial Food Service establishments to purchase energy efficient natural gas appliances through the offering of commercial appliance rebates.

Current Approved Allowances

New Construction:

Tank W/H	\$1,500
Tankless W/H	\$2,000
Range/Oven	\$1,500
Fryer	\$3,000

Retrofit:

Tank W/H	\$2,000
Tankless W/H	\$2,500
Range/Oven	\$1,500
Fryer	\$3,000

Retention:

Tank W/H	\$1,500
Tankless W/H	\$2,000
Range/Oven	\$1,500
Fryer	\$3,000

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

Program Title

Large Commercial Hospitality

Program Description

This program is designed to encourage owners and operators of Large Commercial Hospitality establishments to purchase energy efficient natural gas appliances through the offering of commercial appliance rebates.

Current Approved Allowances

New Construction:

Tank W/H	\$1,500
Tankless W/H	\$2,000
Range/Oven	\$1,500
Fryer	\$3,000
Dryer	\$1,500

Retrofit:

Tank W/H	\$2,000
Tankless W/H	\$2,500
Range/Oven	\$1,500
Fryer	\$3,000
Dryer	\$1,500

Large Commercial Hospitality Program, continued from page 16 of 19

Retention:

Tank W/H	\$1,500
Tankless W/H	\$2,000
Range/Oven	\$1,500
Fryer	\$3,000
Dryer	\$1,500

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

Program Title

Large Commercial Cleaning Service

Program Description

This program is designed to encourage owners and operators of Large Commercial Hospitality establishments to purchase energy efficient natural gas appliances through the offering of commercial appliance rebates.

Current Approved Allowances

New Construction:

Tank W/H	\$1,500
Tankless W/H	\$2,000
Dryer	\$1,500

Retrofit:

Tank W/H	\$2,000
Tankless W/H	\$2,500
Range/Oven	\$1,500

Retention:

Tank W/H	\$1,500
Tankless W/H	\$2,000
Dryer	\$1,500

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

The Company's Commercial Rebate Programs contain all commercial rebates and expenditures for the reporting period. The Company books the expenditures in the format below, with the estimated expenses for the various programs:

ESTIMATED EXPENSES FOR THE REPORTING PERIOD JANUARY THROUGH DECEMBER 2017

Commercial New Construction:	\$2,100
Commercial Appliance Replacement	\$6,000
Commercial Retention	\$2,100