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August 17, 2017

Via E-Portal

Greg Shafer, Director
Division of Economics
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Docket 170004-GU

Dear Mr. Shafer:

Attached for filing, please find the Direct Testimony and Exhibit JHM-1 of Mr. Jerry Melendy, submitted in the referenced Docket on behalf of Sebring Gas System, Inc. along with the Company's *Petition for Approval of Sebring Gas System, Inc.'s Conservation Cost Revoery Factors*.

Should you have any questions, please may contact me.

Sincerely,



Paula M. Sparkman
Messer Caparello, P.A.
2618 Centennial Place
Tallahassee, FL 32308
850-222-0720

PMS/kc

cc: Jerry Melendy, Jr.

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

Docket No. 170004-GU
Filed: August 17, 2017

**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 2017 through December 2017. 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
Email: jmelendy@floridabestgas.com

3) Pursuant to the requirements of this Docket, the Company has pre-filed 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 2018 through December 2018 are projected to be \$44,676. The estimated conservation costs recovery true-up amount for the period January 2017 through December 2017 is an under-recovery of \$11,073.

5) The resulting net total projected conservation costs to be recovered for the period January 2018 through December 2018 are \$55,749. Based upon projected sales, the appropriate conservation cost recovery factors for the period January 2018 through December 2018 are as follows:

TS-1	\$.18218
TS-2	\$.08440
TS-3	\$.04943
TS-4	\$.04157

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 2018 through December 2018 and to billings thereafter until other conservation costs recovery factors are approved by the Commission.

DATED this 17th day of August, 2017.

Respectfully submitted,



PAULA M. SPARKMAN, ESQ.

Messer Caparello, PA

Post Office Box 15579

Tallahassee, FL 32317

psparkman@lawfla.com

(850) 222-0720

Attorneys for Sebring Gas System, Inc.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Sebring Gas System's Petition For Approval of Conservation Cost Recovery Factors, has been served by Electronic Mail to the following parties of record this 17th day of August, 2017

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 Law Firm Ansley Watson, Jr./Andrew Brown P.O. Box 1531 Tampa, FL 33601-1531 aw@macfar.com , ab@macfar.com
Gunster Law Firm Mr. Gregory M. Munson Ms. Beth Keating 215 South Monroe Street, Suite 601 Tallahassee, FL 32301 gmunson@gunster.com , bkeating@gunster.com	Office of Public Counsel J. Kelly/C. Rehwinkel c/o The Florida Legislature 111 West Madison Street, Rm 812 Tallahassee, FL 32399-1400 kelly_jr@leg.state.fl.us Rehwinkel.charles@leg.state.fl.us
Peoples Gas System Paula Brown Kandi M. Floyd Regulatory Affairs P.O. Box 111 Tampa, FL 33601-0111 regdept@tecoenergy.com	St. Joe Natural Gas Company, Inc. Mr. Andy Shoaf P.O. Box 549 Port St. Joe, FL 32457-0549 andy@stjoegas.com
Southern Company Gas Blake O'Farrow/Elizabeth Wade Ten Peachtree Place, Location 1470 Atlanta, GA 30309 bofarrow@southernco.com , ewade@southernco.com	Florida City Gas Carolyn Bermudez 933 East 25 th Street Hialiah, FL 33013-3498 cbermude@aglresources.com
Kelley Corbari/Stephanie Cuello Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, FL 32399 kcorbari@psc.state.fl.us scuello@psc.state.fl.us	Jerry H. Melendy, Jr. Sebring Gas System, Inc. 3515 U.S. Highway 27 South Sebring, FL 33870-5452 jmelendy@floridasbestgas.com


Paula M. Sparkman
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2618 Centennial Place
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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.170004-GU**

7 **August 17, 2017**

8

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

10 A. My name is Jerry H. Melendy, Jr. My business address is Sebring Gas
11 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 ENERGY
15 CONSERVATION PROGRAMS AND THE REVENUES AND COSTS
16 THAT ARE ASSOCIATED WITH THESE PROGRAMS?**

17 A. Yes.

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

19 A. My testimony will present actual and projected expenditures and
20 revenues related to promoting and administering the Company's energy
21 conservation programs in 2017 and 2018. I will provide the adjusted net
22 true-up amount associated with program administration for the January
23 2017 through December 2017 period. Actual program costs are

1 provided for the period January 1, 2017 through June 30, 2017, as well
2 as the costs the Company expects to incur from July 1, 2017 through
3 December 31, 2017. I will also indicate the total costs the Company
4 seeks to recover through its conservation factors during the period
5 January 1, 2018 through December 31, 2018. Finally, I will also propose
6 the energy conservation cost recovery factors which, when applied to
7 consumer bills during the period January 1, 2018 through December
8 31, 2018, will permit recovery of the Company's total conservation
9 costs.

10 **Q. HAVE YOU PREPARED A SUMMARY OF THE COMPANY'S**
11 **CONSERVATION PROGRAMS AND THE COSTS ASSOCIATED**
12 **WITH THESE PROGRAMS?**

13 A. Yes. Summaries of the Company's six approved programs are included
14 in Schedule C-4 of Exhibit JHM-1. Included are the Residential New
15 Construction Program, the Residential Appliance Replacement
16 Program, the Residential Appliance Retention Program, the
17 Commercial New Construction Program, the Commercial Appliance
18 Replacement Program and the Commercial Retention Program.

19 **Q. HAVE YOU PREPARED SCHEDULES THAT INCLUDE THE**
20 **COMPANY'S CONSERVATION PROGRAM EXPENDITURES FOR**
21 **THE CURRENT (2017) AND PROJECTED (2018) PERIODS?**

22 A. Yes. Schedule C-3, Exhibit JHM-1 provides actual conservation
23 expenses for the January 2017 through June 2017 period and projected

1 expenses for the July 2017 through December 2017 period. Projected
2 expenses for the January 2018 through December 2018 period are
3 included in Schedule C-2, Exhibit JHM-1.

4 **Q. HAVE YOU PREPARED A SCHEDULE THAT INCLUDES THE**
5 **COMPANY'S CONSERVATION RELATED REVENUES FOR 2017?**

6 A. Yes. Schedule C-3 (page 4 of 5), Exhibit JHM-1, provides actual
7 conservation revenue for the January 2017 through June 2017 period,
8 and projected conservation revenues for the July 2017 through
9 December 2017 period.

10 **Q. WHAT IS THE COMPANY'S ESTIMATED TRUE-UP FOR THE**
11 **PERIOD JANUARY 1, 2017 THROUGH DECEMBER 31, 2017?**

12 A. The Company is under-recovered by \$11,073 as calculated on
13 Schedule C-3, Page 4, Line 11, Exhibit JHM-1.

14 **Q. WHAT IS THE TOTAL COST THE COMPANY SEEKS TO RECOVER**
15 **DURING THE PERIOD JANUARY 1, 2018 THROUGH DECEMBER**
16 **31, 2018?**

17 A. As indicated on Schedule C-1, Exhibit JHM-1, the Company seeks to
18 recover \$55,749 during the referenced period. This amount represents
19 the projected costs of \$44,676 to be incurred during 2018, plus the
20 estimated true-up of \$11,073 for calendar year 2017.

21 **Q. WHAT ARE THE COMPANY'S PROPOSED ENERGY**
22 **CONSERVATION COST RECOVERY FACTORS FOR EACH RATE**

ENERGY CONSERVATION ADJUSTMENT
SUMMARY OF COST RECOVERY CLAUSE CALCULATION
JANUARY 2018 THROUGH DECEMBER 2018

1. TOTAL INCREMENTAL COSTS (SCHEDULE C-2, PAGE1)	\$ 44,676
2. TRUE-UP (SCHEDULE C-3, PAGE 4, LINE 11)	\$ 11,073
3. TOTAL (LINE 1 AND 2)	\$ 55,749

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	5,875	41,534	\$54,435	\$25,532	\$79,967	\$7,567	9.46%	0.18218	1.00503	0.18310
TS-2	618	18,640	\$7,430	\$9,194	\$16,625	\$1,573	9.46%	0.08440	1.00503	0.08482
TS-3	1,074	406,751	\$37,587	\$174,911	\$212,499	\$20,108	9.46%	0.04943	1.00503	0.04968
TS-4	445	637,499	\$66,758	\$213,312	\$280,070	\$26,502	9.46%	0.04157	1.00503	0.04178
TOTAL	8,012	1,104,424	\$166,210	\$422,950	\$589,160	\$55,749				

ESTIMATED CONSERVATION PROGRAM COSTS PER PROGRAM
 JANUARY 2018 THROUGH DECEMBER 2018

PROGRAM	CAPITAL INVESTMENT	PAYROLL	MATERIAL & SUPPLIES	ADVERTISING	INCENTIVES	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
1 RESIDENTIAL NEW CONSTRUCTION	\$0	\$2,546	\$0	\$0	\$3,500	\$254	\$0	\$0	\$6,300
2 RESIDENTIAL APPLIANCE REPLACEMENT	\$0	\$2,544	\$0	\$0	\$21,850	\$254	\$0	\$0	\$24,648
3 RESIDENTIAL APPLIANCE RETENTION	\$0	\$2,548	\$0	\$0	\$2,550	\$254	\$0	\$0	\$5,352
4 COMMERCIAL NEW CONSTRUCTION	\$0	\$1,522	\$0	\$0	\$0	\$254	\$0	\$0	\$1,776
5 COMMERCIAL APPLIANCE REPLACEMENT	\$0	\$1,525	\$0	\$0	\$1,500	\$275	\$0	\$0	\$3,300
6 COMMERCIAL RETENTION	\$0	\$1,525	\$0	\$0	\$1,500	\$275	\$0	\$0	\$3,300
PROGRAM COSTS	\$0	\$12,210	\$0	\$0	\$30,900	\$1,566	\$0	\$0	\$44,676

ESTIMATED CONSERVATION PROGRAM COSTS PER PROGRAM
JANUARY 2017 THROUGH DECEMBER 2017

<u>PROGRAM</u>	CAPITAL INVESTMENT	PAYROLL	MATERIAL & SUPPLIES	ADVERTISING	INCENTIVES	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
1 RESIDENTIAL NEW CONSTRUCTION									
A. ACTUAL	\$0	\$1,390	\$0	\$0	\$2,000	\$105	\$0	\$0	\$3,495
B. ESTIMATED	<u>\$0</u>	<u>\$925</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,100</u>	<u>\$126</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,151</u>
TOTAL	\$0	\$2,315	\$0	\$0	\$3,100	\$231	\$0	\$0	\$5,646
2 RESIDENTIAL APPLIANCE REPLACEMENT									
A. ACTUAL	\$0	\$1,390	\$0	\$0	\$12,300	\$105	\$0	\$0	\$13,795
B. ESTIMATED	<u>\$0</u>	<u>\$925</u>	<u>\$0</u>	<u>\$0</u>	<u>\$7,500</u>	<u>\$126</u>	<u>\$0</u>	<u>\$0</u>	<u>\$8,551</u>
TOTAL	\$0	\$2,315	\$0	\$0	\$19,800	\$231	\$0	\$0	\$22,346
3 RESIDENTIAL APPLIANCE RETENTION									
A. ACTUAL	\$0	\$1,390	\$0	\$0	\$1,250	\$105	\$0	\$0	\$2,745
B. ESTIMATED	<u>\$0</u>	<u>\$925</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,000</u>	<u>\$126</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,051</u>
TOTAL	\$0	\$2,315	\$0	\$0	\$2,250	\$231	\$0	\$0	\$4,796
4 COMMERCIAL NEW CONSTRUCTION									
A. ACTUAL	\$0	\$463	\$0	\$0	\$0	\$105	\$0	\$0	\$568
B. ESTIMATED	<u>\$0</u>	<u>\$925</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$126</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,051</u>
TOTAL	\$0	\$1,388	\$0	\$0	\$0	\$231	\$0	\$0	\$1,619
SUB-TOTAL	\$0	\$8,333	\$0	\$0	\$25,150	\$924	\$0	\$0	\$34,407

ESTIMATED CONSERVATION PROGRAM COSTS PER PROGRAM
 JANUARY 2017 THROUGH DECEMBER 2017

<u>PROGRAM</u>	CAPITAL INVESTMENT	PAYROLL	MATERIAL & SUPPLIES	ADVERTISING	INCENTIVES	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
SUB-TOTAL - PREVIOUS PAGE	\$0	\$8,333	\$0	\$0	\$25,150	\$924	\$0	\$0	\$34,407
5 COMMERCIAL APPLIANCE REPLACE									
A. ACTUAL	\$0	\$463	\$0	\$0	\$0	\$0	\$0	\$0	\$463
B. ESTIMATED	<u>\$0</u>	<u>\$925</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,000</u>	<u>\$250</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,175</u>
TOTAL	\$0	\$1,388	\$0	\$0	\$1,000	\$250	\$0	\$0	\$2,638
6 COMMERCIAL RETENTION									
A. ACTUAL	\$0	\$463	\$0	\$0	\$0	\$0	\$0	\$0	\$463
B. ESTIMATED	<u>\$0</u>	<u>\$925</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,000</u>	<u>\$250</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,175</u>
TOTAL	\$0	\$1,388	\$0	\$0	\$1,000	\$250	\$0	\$0	\$2,638
PROGRAM COSTS	<u>\$0</u>	<u>\$11,109</u>	<u>\$0</u>	<u>\$0</u>	<u>\$27,150</u>	<u>\$1,424</u>	<u>\$0</u>	<u>\$0</u>	<u>\$39,683</u>

ENERGY CONSERVATION ADJUSTMENT
JANUARY 2017 THROUGH DECEMBER 2017

CONSERVATION REVENUES	JAN 2017	FEB 2017	MAR 2017	APR 2017	MAY 2017	JUN 2017	JUL 2017	AUG 2017	SEP 2017	OCT 2017	NOV 2017	DEC 2017	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	(4,690)	(4,215)	(4,567)	(3,760)	(3,879)	(3,482)	(3,338)	(3,596)	(3,835)	(3,877)	(4,365)	(4,833)	(48,437)
2. CONSERV. ADJ. REV. (NET OF REV. TAXES)	0	0	0	0	0	0	0	0	0	0	0	0	0
3. TOTAL REVENUES	(4,690)	(4,215)	(4,567)	(3,760)	(3,879)	(3,482)	(3,338)	(3,596)	(3,835)	(3,877)	(4,365)	(4,833)	(48,437)
4. PRIOR PERIOD TRUE-UP NOT APPLIC. TO PERIOD	1,608	1,608	1,608	1,608	1,608	1,608	1,685	1,685	1,685	1,685	1,685	1,686	<u>19,761</u>
5. CONSERV. REVS. APPLIC. TO PERIOD	(3,082)	(2,607)	(2,959)	(2,152)	(2,271)	(1,874)	(1,653)	(1,911)	(2,150)	(2,192)	(2,680)	(3,147)	(28,677)
6. CONSERVATION EXPS. (FORM C-3, PAGE 3)	7,180	927	4,052	4,599	1,428	3,556	3,556	3,556	3,556	3,556	3,556	3,556	<u>39,683</u>
7. TRUE-UP THIS PERIOD	4,098	(1,680)	1,093	2,447	(843)	1,682	1,903	1,645	1,406	1,364	876	409	11,006
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	19,761	23,862	22,185	23,285	25,736	24,899	26,587	28,495	30,147	31,559	32,930	33,812	
10. PRIOR TRUE-UP COLLECT / (REFUND)	(1,608)	(1,608)	(1,608)	(1,608)	(1,608)	(1,608)	(1,685)	(1,685)	(1,685)	(1,685)	(1,685)	(1,686)	
11. END OF PERIOD TOTAL NET TRUE-UP	23,862	22,185	23,285	25,736	24,899	26,587	28,495	30,147	31,559	32,930	33,812	34,229	11,073

CALCULATION OF TRUE-UP AND INTEREST PROVISION
JANUARY 2017 THROUGH DECEMBER 2017

<u>INTEREST PROVISION</u>	JAN 2017	FEB 2017	MAR 2017	APR 2017	MAY 2017	JUN 2017	JUL 2017	AUG 2017	SEP 2017	OCT 2017	NOV 2017	DEC 2017	<u>TOTAL</u>
BEGINNING TRUE-UP CT-3.2 Previous period	19,761	23,862	22,185	23,285	25,736	24,899	26,587	28,495	30,147	31,559	32,930	33,812	
END. T-UP BEFORE INT. (C3,4)	23,859	22,182	23,279	25,732	24,894	26,581	28,490	30,140	31,553	32,923	33,805	34,221	
TOTAL BEG. & END. T-UP	43,620	46,044	45,464	49,016	50,630	51,480	55,076	58,636	61,699	64,482	66,735	68,034	
AVERAGE TRUE-UP	21,810	23,022	22,732	24,508	25,315	25,740	27,538	29,318	30,850	32,241	33,367	34,017	
INT. RATE-FIRST DAY OF REPORTING BUSINESS MTH.	0.72%	0.74%	0.94%	0.94%	0.86%	0.96%	0.96%	0.96%	0.96%	0.96%	0.96%	0.90%	
INT. RATE-FIRST DAY OF SUBSEQUENT BUSINESS MTH.	0.74%	0.94%	0.94%	0.86%	0.96%	0.96%	0.96%	0.96%	0.96%	0.96%	0.90%	0.90%	
TOTAL	1.46%	1.68%	1.88%	1.80%	1.82%	1.92%	1.92%	1.92%	1.92%	1.92%	1.86%	1.80%	
AVG INTEREST RATE	0.73%	0.84%	0.94%	0.90%	0.91%	0.96%	0.96%	0.96%	0.96%	0.96%	0.93%	0.90%	
MONTHLY AVG. INT. RATE	0.06%	0.07%	0.08%	0.08%	0.08%	0.08%	0.08%	0.08%	0.08%	0.08%	0.08%	0.08%	
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 2018, the Company estimates that the following allowances will be paid for the Residential New Home Construction Program:

- Tankless Water Heating: 3 allowances at \$550 each for a total of \$1,650.
- Gas Cooking: 11 allowances at \$100 each for a total of \$1,650.
- Gas Clothes Drying: 2 allowances at \$100 each for a total of \$200.

The total estimated allowances for the Residential New Home Construction Program is \$3,500.

Program Fiscal Expenditures

For the twelve month period of January through December 2018, the Company estimates expenses of the Residential New Home Construction Program to be \$6,300.

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 2018, the Company estimates that the following allowances will be paid for Residential Appliance Replacement Program

Program:

Tankless Water Heating: 28 allowances at \$675 each for a total of \$18,900.
Gas Cooking: 11 allowances at \$200 each for a total of \$2,200.
Gas Clothes Drying: 5 allowances at \$150 each for a total of \$750.

The total estimated allowances for the Residential Appliance Replacement Program is \$21,850.

Program Fiscal Expenditures

For the twelve month period of January through December 2018, the Company estimates expenses of the Residential Appliance Replacement Program to be \$24,648.

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 2018, the Company estimates that the following allowances will be paid for Residential Appliance Retention Program:

Gas High Efficiency Storage Tank Water Heater: 1 allowance at \$400 for a total of \$400
Tankless Water Heating: 3 allowances at \$550 each for a total of \$1,650.
Gas Cooking: 3 allowances at \$100 each for a total of \$300.
Gas Clothes Drying: 2 allowances at \$100 each for a total of \$200.

The total estimated allowances for the Residential Appliance Retention Program is \$2,550.

Program Fiscal Expenditures

For the twelve month period of January through December 2018, the Company estimates expenses of the Residential Appliance Retention Program to be \$5,352.

**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:

The Company books any 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: 50% of the purchase and installation cost up to the amounts below.

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

Replacement: 100% of the purchase and installation cost up to the amounts below.

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

Retention: 50% of the purchase and installation cost up to the amounts below.

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: 50% of the purchase and installation cost up to the amounts below.

Tank W/H \$1,500

Tankless W/H \$2,000

Replacement: 100% of the purchase and installation cost up to the amounts below.

Tank W/H \$2,000

Tankless W/H \$2,500

Retention: 50% of the purchase and installation cost up to the amounts below.

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: 50% of the purchase and installation cost up to the amounts below.

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

Replacement: 100% of the purchase and installation cost up to the amounts below.

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

Retention: 50% of the purchase and installation cost up to the amounts below.

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: 50% of the purchase and installation cost up to the amounts below.

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

Replacement: 100% of the purchase and installation cost up to the amounts below.

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: 50% of the purchase and installation cost up to the amounts below.

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: 50% of the purchase and installation cost up to the amounts below.

Tank W/H \$1,500

Tankless W/H \$2,000

Dryer \$1,500

Replacement: 100% of the purchase and installation cost up to the amounts below.

Tank W/H \$2,000

Tankless W/H \$2,500

Range/Oven \$1,500

Retention: 50% of the purchase and installation cost up to the amounts below.

Tank W/H \$1,500

Tankless W/H \$2,000

Dryer \$1,500

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

Program Projections

For the twelve month period of January through December 2018, the Company estimates that the following allowances will be paid for the Commercial Rebate Programs:

Small Food Service, Replacement: Replace 1 fryer at \$1,500.

Small Food Service, Retention: Replace 1 fryer at \$1,500.

Program Fiscal Expenditures

For the twelve month period of January through December 2018, the Company estimates expenses of the Commercial Rebate Programs to be \$8,376.

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 2018

Commercial New Construction:	\$1,776
Commercial Appliance Replacement	\$3,300
Commercial Retention	\$3,300