

Writer's E-Mail Address: bkeating@gunster.com

May 2, 2022

VIA E-PORTAL

Mr. Adam Teitzman
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Docket No. 20220004-GU – Natural Gas Conservation Cost Recovery

Dear Mr. Teitzman:

Attached for electronic filing in the above-referenced docket, please find Sebring Gas System, Inc.'s Petition for Approval of Final True Up, along with the Testimony and Exhibit JHM-1 of Jerry Melendy.

Thank you for your assistance with this filing. As always, please don't hesitate to let me know if you have any questions or concerns.

Sincerely,



Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 601
Tallahassee, FL 32301
(850) 521-1706

MEK

adjusted end of period total true up amount of an over-recovery of \$7,104, as further indicated on Exhibit JHM-1.

WHEREFORE, Sebring Gas System, Inc. respectfully requests that the Commission approve the Company's final natural gas conservation true-up amount for the period January 1, 2021 through December 31, 2021 for inclusion in the calculation of the Company's Conservation Cost Recovery Factors to be applied in 2023.

RESPECTFULLY SUBMITTED this 2nd day of May 2022.

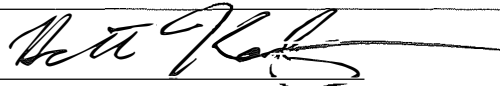


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215 South Monroe St., Suite 601
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(850) 521-1706
Attorneys for Sebring Gas System, Inc.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of Sebring Gas System, Inc.’s Petition for Approval of the Conservation Cost Recovery True-Up Amount in Docket No. 20220004-GU has been furnished by Electronic Mail to the following parties of record this 2nd day of May 2022, along with a copy of the referenced Testimony and Exhibit (JHM-1) of Mr. Melendy:

Florida Public Utilities Company Mike Cassel Florida Public Utilities Company 1750 S 14th Street, Suite 200 Fernandina Beach FL 32034 mcassel@fpuc.com	J. Jeffrey Wahlen Malcolm Means Ausley & McMullen P.O. Box 391 Tallahassee, FL 32302 jwahlen@ausley.com mmeans@ausley.com
Florida Public Service Commission Lee Eng Tan Matthew Jones 2540 Shumard Oak Boulevard Tallahassee, FL 32399 ltan@psc.state.fl.us majones@psc.state.fl.us	Office of Public Counsel Richard Gentry/Charles Rehwinkel c/o The Florida Legislature 111 West Madison Street, Room 812 Tallahassee, FL 32399-1400 Gentry.Richard@leg.state.fl.us Rehwinkel.charles@leg.state.fl.us
Peoples Gas System Paula Brown/Karen Bramley Kandi Floyd P.O. Box 111 Tampa, FL 33601-0111 regdept@tecoenergy.com KLBramley@tecoenergy.com	St. Joe Natural Gas Company, Inc. Mr. Andy Shoaf/Debbie Stitt P.O. Box 549 Port St. Joe, FL 32457-0549 andy@stjoegas.com dstitt@stjoegas.com
Florida City Gas Kurt Howard 700 Universe Blvd. Juno Beach, FL 33409 Kurt.Howard@fpl.com	Sebring Gas System, Inc. Jerry H. Melendy, Jr. 3515 U.S. Highway 27 South Sebring, FL 33870 jmelendy@floridasbestgas.com
Florida Power & Light Company Christopher T. Wright 700 Universe Boulevard Juno Beach, FL 33408 Christopher.Wright@fpl.com	



Beth Keating
 Gunster, Yoakley & Stewart, P.A.
 215 South Monroe St., Suite 601
 Tallahassee, FL 32301

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET 20220004-GU

DIRECT TESTIMONY OF

JERRY H. MELENDY

ON BEHALF OF SEBRING GAS SYSTEM, INC.

MAY 2, 2022

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

2 **A.** My name is Jerry H. Melendy. My business address is Sebring Gas System, Inc., 3515
3 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 ENERGY**
7 **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 actual
11 activities and expenses for the Company’s energy conservation programs incurred
12 during the period January 2021 through December 2021. I will also identify the final
13 conservation true-up amount for the above referenced period.

14 **Q. HAVE YOU PREPARED A SUMMARY OF THE COMPANY’S**
15 **CONSERVATION PROGRAMS AND THE COSTS ASSOCIATED WITH**
16 **THESE PROGRAMS?**

17 **A.** Yes. Summaries of the Company’s six approved programs for which costs were
18 incurred during the period January 2021 through December 2021 are included in
19 Schedule CT-6 of Exhibit JHM-1. Included are the Residential New Construction

1 Program, the Residential Appliance Replacement Program, the Residential Appliance
2 Retention Program, Commercial New Construction, Commercial Replacement, and
3 Commercial Retention.

4 **Q. HAVE YOU PREPARED SCHEDULES WHICH SHOW THE**
5 **EXPENDITURES ASSOCIATED WITH THE COMPANY'S ENERGY**
6 **CONSERVATION PROGRAMS FOR THE APPLICABLE PERIOD?**

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

10 **Q. WHAT WAS THE TOTAL COST INCURRED BY THE COMPANY TO**
11 **ADMINISTER ITS SIX CONSERVATION PROGRAMS FOR THE**
12 **TWELVEMONTH PERIOD ENDING DECEMBER 2020?**

13 **A.** As indicated on Schedule CT-2, page 2, of Exhibit JHM-1, the Company's total 2021
14 programs costs were \$40,411.

15 **Q. HAVE YOU PREPARED A SCHEDULE WHICH SHOWS THE VARIANCE**
16 **OF ACTUAL FROM PROJECTED COSTS BY CATEGORIES OF**
17 **EXPENSES?**

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

19 **Q. WHAT IS THE COMPANY'S FINAL TRUE-UP FOR THE TWELVE**
20 **MONTHS ENDING DECEMBER 2020?**

21 **A.** The final true-up amount as shown on Schedule CT-1, of Exhibit JHM-1 is an over
22 recovery of \$7,104.

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

24 **A.** Yes.

ADJUSTED NET TRUE-UP
FOR MONTHS: JANUARY 2021 THROUGH DECEMBER 2021

END OF PERIOD TRUE-UP

PRINCIPLE	\$25,254	
INTEREST	<u>\$27</u>	\$25,282

LESS PROJECTED TRUE-UP

PRINCIPLE	\$32,387	
INTEREST	<u>(\$1)</u>	<u>\$32,386</u>

ADJUSTED NET TRUE-UP (\$7,104)

ANALYSIS OF ENERGY CONSERVATION PROGRAM COSTS
ACTUAL VERSUS ESTIMATED

FOR MONTHS: JANUARY 2021 THROUGH DECEMBER 2021

	<u>ACTUAL</u>	<u>PROJECTED</u>	<u>DIFFERENCE</u>
CAPITAL INVESTMENT	\$0	\$0	\$0
PAYROLL & BENEFITS	\$12,414	\$12,234 c-3.2/5	\$180
MATERIALS & SUPPLIES	\$0	\$0	\$0
ADVERTISING	\$0	\$0	\$0
INCENTIVES	\$23,252	\$32,852 c-3.2/5	(\$9,600)
OUTSIDE SERVICES	\$4,745	\$2,022 c-3.2/5	\$2,723
VEHICLES	\$0	\$0	\$0
OTHER	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
SUB TOTAL	\$40,411	\$47,108 c-3.2/5	(\$6,697)
PROGRAM REVENUES	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
TOTAL PROGRAM COSTS	\$40,411	\$47,108 c-3.2/5	(\$6,697)
LESS:			
CONSERVATION REVENUES APPLICABLE TO THE PERIOD	(\$15,159)	(\$14,721) c-3, p.4 line 5	(\$438)
ROUNDING ADJUSTMENTS	<u>\$0</u>	<u>\$0</u>	\$0
TRUE-UP BEFORE INTEREST	\$25,254	\$32,387	(\$7,135)
INTEREST PROVISION	\$27	(\$1) c-3 p 4 line 8	\$28
END OF PERIOD TRUE-UP	<u>\$25,282</u>	<u>\$32,386</u>	<u>(\$7,106)</u>
() REFLECTS OVER-RECOVERY	=CT3.2		

Actual Conservation Program Costs per Program
 FOR MONTHS: JANUARY 2021 THROUGH DECEMBER 2021

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	\$2,069	\$0	\$0	\$2,150	\$791	\$0	\$0	\$5,010
Program 2: Res. Appliance Replace	\$0	\$2,069	\$0	\$0	\$8,900	\$791	\$0	\$0	\$11,760
Program 3: Customer Retention	\$0	\$2,069	\$0	\$0	\$3,400	\$791	\$0	\$0	\$6,260
Program 4: Comm. New Const.	\$0	\$2,069	\$0	\$0	\$4,000	\$791	\$0	\$0	\$6,860
Program 5: Comm. Appli. Replace	\$0	\$2,069	\$0	\$0	\$2,802	\$791	\$0	\$0	\$5,662
Program 6: Comm.Cust. Retention	\$0	\$2,069	\$0	\$0	\$2,000	\$791	\$0	\$0	\$4,860
TOTAL	\$0	\$12,414	\$0	\$0	\$23,252	\$4,745	\$0	\$0	\$40,411

Conservation Costs per Program - Variance Actual Versus Projected
 FOR MONTHS: JANUARY 2021 THROUGH DECEMBER 2021

Program Name	Capital Investment	Payroll & Benefits	Materials & Supplies	Advertising	Incentives	Outside Services	Vehicles	Other	TOTAL
Program 1: Res. New Home Const.	\$0	\$30	\$0	\$0	(\$1,950)	\$454	\$0	\$0	(\$1,466)
Program 2: Res. Appliance Replace	\$0	\$30	\$0	\$0	(\$2,000)	\$454	\$0	\$0	(\$1,516)
Program 3: Customer Retention	\$0	\$30	\$0	\$0	\$350	\$454	\$0	\$0	\$834
Program 4: Comm. New Const.	\$0	\$30	\$0	\$0	(\$2,000)	\$454	\$0	\$0	(\$1,516)
Program 5: Comm. Appli. Replace	\$0	\$30	\$0	\$0	(\$2,000)	\$454	\$0	\$0	(\$1,516)
Program 6: Comm.Cust. Retention	\$0	\$30	\$0	\$0	(\$2,000)	\$454	\$0	\$0	(\$1,516)
TOTAL	\$0	\$180	\$0	\$0	(\$9,600)	\$2,723	\$0	\$0	(\$6,697)

Energy conservation Adjustment Calculation of True-Up and Interest Provision
Summary of Expenses By program By Month
FOR MONTHS: JANUARY 2021 THROUGH DECEMBER 2021

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.	\$171	\$170	\$969	\$169	\$200	\$277	\$275	\$1,683	\$407	\$314	\$173	\$201	\$5,010
Program 2: Res. Appliance Replace	\$171	\$170	\$4,194	\$169	\$200	\$1,352	\$275	\$1,208	\$407	\$314	\$173	\$3,126	\$11,760
Program 3: Customer Retention	\$171	\$170	\$1,219	\$169	\$200	\$477	\$275	\$433	\$407	\$314	\$173	\$2,251	\$6,260
Program 4 Comm. New Const.	\$171	\$170	\$4,169	\$169	\$200	\$277	\$275	\$333	\$407	\$314	\$173	\$201	\$6,860
Program 5 Comm. Appli. Replace	\$171	\$170	\$1,669	\$169	\$200	\$1,580	\$275	\$333	\$407	\$314	\$173	\$201	\$5,662
Program 6 Comm.Cust. Retention	\$171	\$170	\$2,169	\$169	\$200	\$277	\$275	\$333	\$407	\$314	\$173	\$201	\$4,860
TOTAL	\$1,023	\$1,017	\$14,390	\$1,015	\$1,203	\$4,242	\$1,652	\$4,323	\$2,442	\$1,883	\$1,038	\$6,184	\$40,413

Energy conservation Adjustment Calculation of True-Up and Interest Provision

FOR MONTHS: JANUARY 2021 THROUGH DECEMBER 2021

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 PSC REG ASSESS FEE	\$13	\$12	\$13	\$11	\$10	\$11	\$10	\$11	\$10	\$10	\$13	\$12	\$133
3 CONSERV. ADJ. REVS	(\$2,450)	(\$2,355)	(\$2,556)	(\$2,197)	(\$1,981)	(\$2,115)	(\$1,933)	(\$2,107)	(\$1,958)	(\$1,979)	(\$2,369)	(\$2,334)	(\$26,335)
4 TOTAL REVENUES	(\$2,437)	(\$2,343)	(\$2,543)	(\$2,186)	(\$1,971)	(\$2,105)	(\$1,924)	(\$2,097)	(\$1,948)	(\$1,969)	(\$2,357)	(\$2,322)	(\$26,202)
5 PRIOR PERIOD TRUE-UP NOT APPLICABLE TO THIS PERIOD	\$920	\$920	\$920	\$920	\$920	\$920	\$920	\$920	\$920	\$920	\$920	\$920	\$11,043
6 CONSERVATION REVS APPLICABLE TO THIS PERIOD	(\$1,517)	(\$1,423)	(\$1,623)	(\$1,265)	(\$1,051)	(\$1,185)	(\$1,003)	(\$1,176)	(\$1,028)	(\$1,049)	(\$1,436)	(\$1,402)	(\$15,159)
7 CONSERVATION EXPS (FROM CT-3, PAGE 1)	\$1,023	\$1,017	\$14,390	\$1,015	\$1,203	\$4,242	\$1,652	\$4,323	\$2,442	\$1,883	\$1,038	\$6,184	\$40,413
8 TRUE-UP THIS PERIOD	(\$494)	(\$406)	\$12,767	(\$250)	\$152	\$3,057	\$649	\$3,147	\$1,414	\$834	(\$398)	\$4,782	\$25,254
9 INT. PROV. THIS PERIOD (FROM CT-3, PAGE 3)	\$1	\$1	\$1	\$2	\$0	\$2	\$2	\$2	\$2	\$2	\$2	\$9	\$27
10 TRUE-UP & INT. PROV. BEGINNING OF MONTH.	\$11,043	\$9,630	\$8,304	\$20,153	\$18,985	\$18,216	\$20,355	\$20,086	\$22,315	\$22,811	\$22,727	\$21,410	
11 PRIOR TRUE-UP (COLLECTED) REFUNDED	(\$920)	(\$920)	(\$920)	(\$920)	(\$920)	(\$920)	(\$920)	(\$920)	(\$920)	(\$920)	(\$920)	(\$920)	
TOTAL NET TRUE-UP													
12 (SUM LINES 8+9+10+11)	\$9,630	\$8,304	\$20,153	\$18,985	\$18,216	\$20,355	\$20,086	\$22,315	\$22,811	\$22,727	\$21,410	\$25,282	\$25,282

SEBRING GAS SYSTEM, INC.

Reconciliation and Explanation of differences between Filing and
PSC Audit Report for January 2021 through December 2021.

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, 2021 through December 31, 2021, 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 2021 through December 2021, the amount of incentives paid by the Company was:

\$2,150

The following are the incentives given through the Residential New Construction Program:

3	Tankless water heaters	@	\$550.00	\$1,650.00
2	Gas ranges	@	\$150.00	\$300.00
2	Gas dryers	@	\$100.00	<u>\$200.00</u>
Total				\$2,150.00

Program Fiscal Expenditures:

During 2021 expenditures for the Residential New Construction Program totaled
\$5,010

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, 2021 through December 31, 2021, the Company operated under the terms of Order No. PSC-10-0551-PAA-EG, issued on September 7, 2010, prescribing the following Residential Appliance Replacement Cash Allowances:

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

Program Accomplishments:

For the twelve month period January 2021 through December 2021, the amount of incentives paid by the Company under the Residential Appliance Replacement Program was:

\$8,900

The following are the incentives given through the Residential Appliance Replacement Program:

1	Tank water heaters	@	\$550.00	\$550.00
10	Tankless water heaters	@	\$675.00	\$6,750.00
6	Gas ranges	@	\$200.00	\$1,200.00
2	Gas dryers	@	\$150.00	<u>\$300.00</u>
Total				\$8,800.00

Note: A Range incentive of \$100 was given. It should be in Retention.

Program Fiscal Expenditures:

During 2021 expenditures for the Resident Appliance Replacement Program totaled
\$11,760

SEBRING GAS SYSTEM, INC.
Program Description and Progress

Program Title:

Residential Customer 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, 2021 through December 31, 2021, the Company operated under the terms of Order No. PSC-10-0551-PAA-EG, issued on September 7, 2010, prescribing the following Residential Retention Program 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 2021 through December 2021, the amount of incentives paid by the Company under the Residential Appliance Retention Program was:

\$3,400

The following are the incentives given through the Residential New Construction Program:

1	Tank water heater	@	\$400.00	\$400.00
4	Tankless water heaters	@	\$550.00	\$2,200.00
8	Gas ranges	@	\$100.00	\$800.00
	Gas dryers	@	\$100.00	<u>\$0.00</u>
Total				\$3,400.00

Program Fiscal Expenditures:

During 2021 expenditures for the Resident Appliance Retention Program totaled
\$6,260

SEBRING GAS SYSTEM, INC.
Program Description and Progress

Program Title:

Commercial New Construction

Program Description:

The Commercial New Construction Conservation Program's purpose is to educate, inform and encourage its commercial customers to build with natural gas. The program is designed to allow Sebring Gas System to provide incentives to new construction to be used toward the purchase and installation of natural gas appliances for their commercial business.

The Natural Gas Energy Conservation Program was approved by the Florida Public Services Commission in Docket No. 130167-EG on January 14, 2014.

Program Accomplishments:

For the twelve month period January 2021 through December 2021, the amount of incentives paid by the Company under the Commercial New Construction Program was:

\$4,000

The following incentives were given as follows:

\$4,000.00 for the purchase and installation of 2 tankless water heaters, allowing one half of the cost of the appliances and one half the cost of installation. The amount was less than the maximum of \$5,000.00 allowed incentive.

Program Fiscal Expenditures:

During 2021 expenditures for the Commercial New Construction Program totaled

\$6,860

SEBRING GAS SYSTEM, INC.
Program Description and Progress

Program Title:
Commercial Retrofit

Program Description:
The Commercial Retrofit Conservation Program's purpose is to educate, inform and encourage its commercial customers to use natural gas. The program is designed to allow Sebring Gas System to provide incentives to commercial customers to be used toward the purchase and installation of natural gas appliances for their commercial business.

The Natural Gas Energy Conservation Program was approved by the Florida Public Services Commission in Docket No. 130167-EG on January 14, 2014.

Program Accomplishments:
For the twelve month period January 2021 through December 2021, the amount of incentives paid by the Company under the Commercial Retrofit Program was:
\$2,802

The following incentives were given as follows:

Replaced an old gas convection oven with a new gas convection oven.	\$1,500.00
Replace a gas water heater with a new gas tankless water heater.	<u>\$1,302.29</u>
Total incentives	\$2,802.29

Program Fiscal Expenditures:
During 2020 expenditures for the Commercial Retrofit Program totaled
\$5,662

SEBRING GAS SYSTEM, INC.
Program Description and Progress

Program Title:

Commercial Retention

Program Description:

The Commercial Retention Conservation Program's purpose is to educate, inform and encourage its commercial customers to build with natural gas. The program is designed to allow Sebring Gas System to provide incentives to commercial customers to be used toward the and installation of natural gas appliances for their commercial business.

The Natura Gas Energy Conservation Program was approved by the Florida Public Services Commission in Docket No. 130167-EG on January 14, 2014.

Program Accomplishments:

For the twelve month period January 2021 through December 2021, the amount of incentives paid by the Company under the Commercial Retention Program was:

\$2,000

The following incentives were given as follows:

Replaced and old gas waterheater with a new gas waterheater.	\$2,000.00
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Program Fiscal Expenditures:

During 2021 expenditures for the Commercial Retention Program totaled

\$4,860