

Writer's Direct Dial Number: (850) 521-1706
Writer's E-Mail Address: bkeating@gunster.com

August 12, 2019

BY E-PORTAL

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

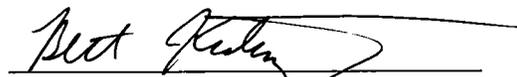
Re: Docket No. 20190004-GU – Natural Gas Conservation Cost Recovery Clause

Dear Mr. Teitzman:

Attached for filing, please find Sebring Gas System's Petition for Approval of Conservation Cost Recovery Factors, along with the Testimony and Exhibit JM2-2 of Mr. Jerry Melendy on behalf of the Company. Sebring respectfully asks that the Commission accept this filing as if timely made.

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

Sincerely,



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

MEK
cc: Parties of Record

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

Docket No. 20190004-GU
Filed: August 12, 2019

**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 2020 through December 2020. 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:

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

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 pre-filed testimony and the conservation cost recovery forms (Composite Exhibit JHM-2) 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 2020 through December 2020 are projected to be \$57,293. The estimated conservation costs recovery true-up amount for the period January 2019 through December 2019 is an under-recovery of \$1,678.

5) The resulting net total projected conservation costs to be recovered for the period January 2020 through December 2020 are \$58,971. Based upon projected sales, the appropriate conservation cost recovery factors for the period January 2020 through December 2020 are as follows:

| | |
|------|-----------|
| TS-1 | \$.19137 |
| TS-2 | \$.08583 |
| TS-3 | \$.05070 |
| TS-4 | \$.04358 |

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 2020 through December 2020 and to billings thereafter until other conservation costs recovery factors are approved by the Commission.

DATED this 12th day of August 2019.

Respectfully submitted,



Beth Keating
Gunster, Yoakley & Stewart
215 South Monroe St., Suite 601
Tallahassee, FL 32301
(850) 521-1706
Attorneys for Sebring Gas System, Inc.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by Electronic Mail to the following parties of record this 12th day of August, 2019:

| | |
|--|--|
| Florida Public Utilities Company/Florida Division of Chesapeake Utilities/Indiantow Mike Cassel Florida Public Utilities Company 1750 S 14th Street, Suite 200 Fernandina Beach FL 32034 mcassel@fpuc.com | MacFarlane Ferguson Law Firm Ansley Watson, Jr. /Andrew Brown P.O. Box 1531 Tampa, FL 33601-1531 aw@macfar.com AB@macfar.com |
| Florida Public Service Commission Rachael Dziechciarz 2540 Shumard Oak Boulevard Tallahassee, FL 32399 rdziehc@psc.state.fl.us | Office of Public Counsel J.R. Kelly/Charles Rehwinkel c/o The Florida Legislature 111 West Madison Street, Room 812 Tallahassee, FL 32399-1400 Kelly.JR@leg.state.fl.us Rehwinkel.charles@leg.state.fl.us |
| Peoples Gas System Paula Brown Mark Roche P.O. Box 111 Tampa, Florida 33601 MRRoche@tecoenergy.com regdept@tecoenergy.com | Andy Shoaf Debbie Stitt St. Joe Natural Gas Company, Inc. P. O. Box 549 Port St. Joe, FL 32457-0549 andy@stjoegas.com dstitt@stjoegas.com |
| Sebring Gas System, Inc. Jerry H. Melendy, Jr. 3515 U.S. Highway 27 South Sebring, FL 33870 jmelendy@floridasbestgas.com | Florida City Gas Carolyn Bermudez Miguel Bustos 4045 NW 97th Avenue Doral, Florida 33178 Carolyn.Bermudez@nexteraenergy.com miguel.bustos@nexteraenergy.com |

| | |
|---|--|
| Christopher T. Wright Senior Attorney Florida Power & Light Company 700 Universe Boulevard (JB/LAW) Juno Beach, Florida 33408 Christopher.Wright@fpl.com | |
|---|--|



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

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Natural Gas Conservation Cost Recovery Clause

Direct Testimony of Jerry H. Melendy, Jr.

On Behalf of

Sebring Gas System, Inc.

Docket No.20190004-GU

August 12, 2019

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 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 2019 and 2020. I will provide the

1 adjusted net true-up amount associated with program administration
2 for the January 2019 through December 2019 period. Actual program
3 costs are provided for the period January 1, 2019 through July 31,
4 2019, as well as the costs the Company expects to incur from August
5 1, 2019 through December 31, 2019. I will also indicate the total costs
6 the Company seeks to recover through its conservation factors during
7 the period January 1, 2020 through December 31, 2020. Finally, I will
8 also propose the energy conservation cost recovery factors which,
9 when applied to consumer bills during the period January 1, 2020
10 through December 31, 2020, 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-4 of Exhibit JHM-2. 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 (2019) AND PROJECTED (2020) PERIODS?**

4 A. Yes. Schedule C-3, Exhibit JHM-2 provides actual conservation
5 expenses for the January 2019 through July 2019 period and
6 projected expenses for the August 2019 through December 2019
7 period. Projected expenses for the January 2020 through December
8 2020 period are included in Schedule C-2, Exhibit JHM-2.

9 **Q. HAVE YOU PREPARED A SCHEDULE THAT INCLUDES THE**
10 **COMPANY’S CONSERVATION RELATED REVENUES FOR 2019?**

11 A. Yes. Schedule C-3 (page 4 of 5), Exhibit JHM-2, provides actual
12 conservation revenue for the January 2019 through July 2019 period,
13 and projected conservation revenues for the August 2019 through
14 December 2019 period.

15 **Q. WHAT IS THE COMPANY’S ESTIMATED TRUE-UP FOR THE**
16 **PERIOD JANUARY 1, 2019 THROUGH DECEMBER 31, 2019?**

17 A. The Company is under-recovered by \$1,678 as calculated on
18 Schedule C-3, Page 4, Line 11, Exhibit JHM-2.

19 **Q. WHAT IS THE TOTAL COST THE COMPANY SEEKS TO**
20 **RECOVER DURING THE PERIOD JANUARY 1, 2020 THROUGH**
21 **DECEMBER 31, 2020?**

22 A. As indicated on Schedule C-1, Exhibit JHM-2, the Company seeks to
23 recover \$58,971 during the referenced period. This amount represents

1 the projected costs of \$57,293 to be incurred during 2020, plus the
2 estimated true-up of \$1,678 for calendar year 2019.

3 **Q. WHAT ARE THE COMPANY'S PROPOSED ENERGY**
4 **CONSERVATION COST RECOVERY FACTORS FOR EACH RATE**
5 **CLASS FOR THE JANUARY 2020 THROUGH DECEMBER 2020**
6 **PERIOD?**

7 A. Schedule C-1, Exhibit JHM-2, provides the calculation of the
8 Company's proposed ECCR factors for 2020.

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

| | | |
|----|------|-----------|
| 11 | TS-1 | \$.19137 |
| 12 | TS-2 | \$.08583 |
| 13 | TS-3 | \$.05070 |
| 14 | TS-4 | \$.04358 |

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

16 A. Yes.

ENERGY CONSERVATION ADJUSTMENT
SUMMARY OF COST RECOVERY CLAUSE CALCULATION
JANUARY 2020 THROUGH DECEMBER 2020

| | |
|---|------------------|
| 1. TOTAL INCREMENTAL COSTS (SCHEDULE C-2, PAGE 1) | \$ 57,293 |
| 2. TRUE-UP (SCHEDULE C-3, PAGE 4, LINE 11) | \$ 1,678 |
| 3. TOTAL (LINE 1 AND 2) | <u>\$ 58,971</u> |

| 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 | 6,215 | 40,641 | \$57,591 | \$24,608 | \$82,199 | \$7,738 | 9.41% | 0.19041 | 1.00503 | 0.19137 |
| TS-2 | 608 | 17,628 | \$7,296 | \$8,695 | \$15,991 | \$1,505 | 9.41% | 0.08540 | 1.00503 | 0.08583 |
| TS-3 | 1,284 | 430,636 | \$44,940 | \$185,837 | \$230,777 | \$21,726 | 9.41% | 0.05045 | 1.00503 | 0.05070 |
| TS-4 | 522 | 645,684 | \$78,300 | \$219,134 | \$297,434 | \$28,001 | 9.41% | 0.04337 | 1.00503 | 0.04358 |
| TOTAL | 8,629 | 1,134,589 | \$188,127 | \$438,274 | \$626,401 | \$58,971 | | | | |

ESTIMATED CONSERVATION PROGRAM COSTS BY PROGRAM BY MONTH
JANUARY 2020 THROUGH DECEMBER 2020

| PROGRAM | JAN 2020 | FEB 2020 | MAR 2020 | APR 2020 | MAY 2020 | JUN 2020 | JUL 2020 | AUG 2020 | SEP 2020 | OCT 2020 | NOV 2020 | DEC 2020 | TOTAL |
|-------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-----------------|
| 1 RESIDENTIAL NEW CONSTRUCTION | \$1,567 | \$1,567 | \$1,567 | \$1,567 | \$1,567 | \$1,567 | \$1,567 | \$1,567 | \$1,567 | \$1,567 | \$1,567 | \$1,561 | \$18,798 |
| 2 RESIDENTIAL APPLIANCE REPLACEMENT | \$639 | \$639 | \$639 | \$639 | \$639 | \$639 | \$639 | \$639 | \$639 | \$639 | \$639 | \$644 | \$7,673 |
| 3 RESIDENTIAL APPLIANCE RETENTION | \$517 | \$517 | \$517 | \$517 | \$517 | \$517 | \$517 | \$517 | \$517 | \$517 | \$517 | \$511 | \$6,198 |
| 4 COMMERCIAL NEW CONSTRUCTION | \$1,517 | \$1,517 | \$1,517 | \$1,517 | \$1,517 | \$1,517 | \$1,517 | \$1,517 | \$1,517 | \$1,517 | \$1,517 | \$1,511 | \$18,198 |
| 5 COMMERCIAL APPLIANCE REPLACEMENT | \$267 | \$267 | \$267 | \$267 | \$267 | \$267 | \$267 | \$267 | \$267 | \$267 | \$267 | \$261 | \$3,198 |
| 6 COMMERCIAL RETENTION | \$269 | \$269 | \$269 | \$269 | \$269 | \$269 | \$269 | \$269 | \$269 | \$269 | \$269 | \$268 | \$3,227 |
| TOTAL ALL PROGRAMS | \$4,776 | \$4,757 | \$57,293 |

COMPANY:

Sebring Gas System, Inc.

Docket No. 20190004-GU

ECCR 2020 PROJECTIONS

Exhibit JHM-2

Page 3 of 19

ESTIMATED CONSERVATION PROGRAM COSTS PER PROGRAM
JANUARY 2020 THROUGH DECEMBER 2020

| PROGRAM | CAPITAL INVESTMENT | PAYROLL | MATERIAL & SUPPLIES | ADVERTISING | INCENTIVES | OUTSIDE SERVICES | VEHICLE | OTHER | TOTAL |
|-------------------------------------|-----------------------|-----------------|------------------------|-------------|-----------------|---------------------|------------|------------|-----------------|
| 1 RESIDENTIAL NEW CONSTRUCTION | \$0 | \$2,126 | \$0 | \$0 | \$15,600 | \$1,072 | \$0 | \$0 | \$18,798 |
| 2 RESIDENTIAL APPLIANCE REPLACEMENT | \$0 | \$2,126 | \$0 | \$0 | \$4,475 | \$1,072 | \$0 | \$0 | \$7,673 |
| 3 RESIDENTIAL APPLIANCE RETENTION | \$0 | \$2,126 | \$0 | \$0 | \$3,000 | \$1,072 | \$0 | \$0 | \$6,198 |
| 4 COMMERCIAL NEW CONSTRUCTION | \$0 | \$2,126 | \$0 | \$0 | \$15,000 | \$1,072 | \$0 | \$0 | \$18,198 |
| 5 COMMERCIAL APPLIANCE REPLACEMENT | \$0 | \$2,126 | \$0 | \$0 | \$0 | \$1,072 | \$0 | \$0 | \$3,198 |
| 6 COMMERCIAL RETENTION | \$0 | \$2,155 | \$0 | \$0 | \$0 | \$1,072 | \$0 | \$0 | \$3,227 |
| PROGRAM COSTS | \$0 | \$12,786 | \$0 | \$0 | \$38,075 | \$6,432 | \$0 | \$0 | \$57,293 |

ESTIMATED CONSERVATION PROGRAM COSTS PER PROGRAM
JANUARY 2019 THROUGH DECEMBER 2019

| <u>PROGRAM</u> | CAPITAL INVESTMENT | PAYROLL | MATERIAL & SUPPLIES | ADVERTISING | INCENTIVES | OUTSIDE SERVICES | VEHICLE | OTHER | TOTAL |
|-------------------------------------|-----------------------|---------|------------------------|-------------|------------|---------------------|---------|-------|----------|
| 1 RESIDENTIAL NEW CONSTRUCTION | | | | | | | | | |
| A. ACTUAL | \$0 | \$1,125 | \$0 | \$0 | \$2,450 | \$521 | \$0 | \$0 | \$4,096 |
| B. ESTIMATED | \$0 | \$900 | \$0 | \$0 | \$1,350 | \$500 | \$0 | \$0 | \$2,750 |
| TOTAL | \$0 | \$2,025 | \$0 | \$0 | \$3,800 | \$1,021 | \$0 | \$0 | \$6,846 |
| 2 RESIDENTIAL APPLIANCE REPLACEMENT | | | | | | | | | |
| A. ACTUAL | \$0 | \$1,125 | \$0 | \$0 | \$5,650 | \$521 | \$0 | \$0 | \$7,296 |
| B. ESTIMATED | \$0 | \$900 | \$0 | \$0 | \$3,775 | \$500 | \$0 | \$0 | \$5,175 |
| TOTAL | \$0 | \$2,025 | \$0 | \$0 | \$9,425 | \$1,021 | \$0 | \$0 | \$12,471 |
| 3 RESIDENTIAL APPLIANCE RETENTION | | | | | | | | | |
| A. ACTUAL | \$0 | \$1,125 | \$0 | \$0 | \$4,850 | \$521 | \$0 | \$0 | \$6,496 |
| B. ESTIMATED | \$0 | \$900 | \$0 | \$0 | \$850 | \$500 | \$0 | \$0 | \$2,250 |
| TOTAL | \$0 | \$2,025 | \$0 | \$0 | \$5,700 | \$1,021 | \$0 | \$0 | \$8,746 |
| 4 COMMERCIAL NEW CONSTRUCTION | | | | | | | | | |
| A. ACTUAL | \$0 | \$1,125 | \$0 | \$0 | \$0 | \$521 | \$0 | \$0 | \$1,646 |
| B. ESTIMATED | \$0 | \$900 | \$0 | \$0 | \$0 | \$500 | \$0 | \$0 | \$1,400 |
| TOTAL | \$0 | \$2,025 | \$0 | \$0 | \$0 | \$1,021 | \$0 | \$0 | \$3,046 |
| SUB-TOTAL | \$0 | \$8,100 | \$0 | \$0 | \$18,925 | \$4,084 | \$0 | \$0 | \$31,109 |

ESTIMATED CONSERVATION PROGRAM COSTS PER PROGRAM
JANUARY 2019 THROUGH DECEMBER 2019

| <u>PROGRAM</u> | CAPITAL INVESTMENT | PAYROLL | MATERIAL & SUPPLIES | ADVERTISING | INCENTIVES | OUTSIDE SERVICES | VEHICLE | OTHER | TOTAL |
|--------------------------------|-----------------------|----------|------------------------|-------------|------------|---------------------|---------|-------|----------|
| SUB-TOTAL - PREVIOUS PAGE | \$0 | \$8,100 | \$0 | \$0 | \$18,925 | \$4,084 | \$0 | \$0 | \$31,109 |
| 5 COMMERCIAL APPLIANCE REPLACE | | | | | | | | | |
| A. ACTUAL | \$0 | \$1,125 | \$0 | \$0 | \$715 | \$521 | \$0 | \$0 | \$2,361 |
| B. ESTIMATED | \$0 | \$900 | \$0 | \$0 | \$0 | \$500 | \$0 | \$0 | \$1,400 |
| TOTAL | \$0 | \$2,025 | \$0 | \$0 | \$715 | \$1,021 | \$0 | \$0 | \$3,761 |
| 6 COMMERCIAL RETENTION | | | | | | | | | |
| A. ACTUAL | \$0 | \$1,152 | \$0 | \$0 | \$5,253 | \$521 | \$0 | \$0 | \$6,926 |
| B. ESTIMATED | \$0 | \$900 | \$0 | \$0 | \$0 | \$500 | \$0 | \$0 | \$1,400 |
| TOTAL | \$0 | \$2,052 | \$0 | \$0 | \$5,253 | \$1,021 | \$0 | \$0 | \$8,326 |
| | | | | | | | | | |
| PROGRAM COSTS | \$0 | \$12,177 | \$0 | \$0 | \$24,893 | \$6,126 | \$0 | \$0 | \$43,196 |

CONSERVATION PROGRAM COSTS BY PROGRAM
 ACTUAL / ESTIMATED
 JANUARY 2019 THROUGH DECEMBER 2019

| PROGRAM | JAN 2019 | FEB 2019 | MAR 2019 | APR 2019 | MAY 2019 | JUN 2019 | JUL 2019 | AUG 2019 | SEP 2019 | OCT 2019 | NOV 2019 | DEC 2019 | TOTAL | |
|-------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-----------------|------------|
| 1 RESIDENTIAL NEW CONSTRUCTION | \$1,006 | \$961 | \$1,274 | \$160 | \$243 | \$204 | \$248 | \$250 | \$475 | \$250 | \$250 | \$1,525 | \$6,846 | \$0 |
| 2 RESIDENTIAL APPLIANCE REPLACEMENT | \$1,681 | \$986 | \$1,749 | \$160 | \$243 | \$2,229 | \$248 | \$700 | \$850 | \$2,175 | \$400 | \$1,050 | \$12,471 | \$0 |
| 3 RESIDENTIAL CUSTOMER RETENTION | \$2,306 | \$1,261 | \$1,474 | \$160 | \$243 | \$704 | \$348 | \$700 | \$925 | \$175 | \$275 | \$175 | \$8,746 | \$0 |
| 4 COMMERCIAL NEW CONSTRUCTION | \$456 | \$161 | \$174 | \$160 | \$243 | \$204 | \$248 | \$700 | \$175 | \$175 | \$175 | \$175 | \$3,046 | \$0 |
| 5 COMMERCIAL APPLIANCE REPLACE | \$456 | \$876 | \$174 | \$160 | \$243 | \$204 | \$248 | \$700 | \$175 | \$175 | \$175 | \$175 | \$3,761 | \$0 |
| 6 COMMERCIAL RETENTION | \$456 | \$161 | \$174 | \$3,943 | \$243 | \$204 | \$1,745 | \$700 | \$175 | \$175 | \$175 | \$175 | \$8,326 | \$0 |
| TOTAL ALL PROGRAMS | \$6,361 | \$4,406 | \$5,019 | \$4,743 | \$1,458 | \$3,749 | \$3,085 | \$3,750 | \$2,775 | \$3,125 | \$1,450 | \$3,275 | \$43,196 | \$0 |

ENERGY CONSERVATION ADJUSTMENT
JANUARY 2019 THROUGH DECEMBER 2019

| CONSERVATION REVENUES | JAN 2019 | FEB 2019 | MAR 2019 | APR 2019 | MAY 2019 | JUN 2019 | JUL 2019 | AUG 2019 | SEP 2019 | OCT 2019 | NOV 2019 | DEC 2019 | 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 | (5,662) | (4,845) | (5,012) | (4,934) | (4,545) | (3,898) | (4,301) | (4,066) | (4,007) | (4,627) | (4,772) | (5,518) | (56,187) |
| 2. CONSERV. ADJ. REV. (NET OF REV. TAXES) | 28 | 24 | 25 | 25 | 23 | 19 | 22 | 20 | 20 | 23 | 24 | 28 | 281 |
| 3. TOTAL REVENUES | (5,634) | (4,821) | (4,987) | (4,909) | (4,522) | (3,879) | (4,279) | (4,046) | (3,987) | (4,604) | (4,748) | (5,490) | (55,906) |
| 4. PRIOR PERIOD TRUE-UP NOT APPLIC. TO PERIOD | 1,186 | 1,186 | 1,186 | 1,186 | 1,186 | 1,186 | 1,186 | 1,186 | 1,186 | 1,186 | 1,186 | 1,182 | 14,228 |
| 5. CONSERV. REVS. APPLIC. TO PERIOD | (4,448) | (3,635) | (3,801) | (3,723) | (3,336) | (2,693) | (3,093) | (2,860) | (2,801) | (3,418) | (3,562) | (4,308) | (41,678) |
| 6. CONSERVATION EXPS. (FORM C-3, PAGE 3) | 6,361 | 4,406 | 5,019 | 4,743 | 1,458 | 3,749 | 3,085 | 3,750 | 2,775 | 3,125 | 1,450 | 3,275 | 43,196 |
| 7. TRUE-UP THIS PERIOD | 1,913 | 771 | 1,218 | 1,020 | (1,878) | 1,056 | (8) | 890 | (26) | (293) | (2,112) | (1,033) | 1,518 |
| 8. INTEREST THIS PERIOD (C-3, PAGE 5) | 24 | 12 | 13 | 15 | 15 | 14 | 13 | 13 | 9 | 9 | 10 | 14 | 160 |
| 9. TRUE-UP & INT BEGIN OF MONTH | 14,228 | 14,979 | 14,575 | 14,620 | 14,469 | 11,420 | 11,304 | 10,123 | 9,840 | 8,637 | 7,167 | 3,879 | |
| 10. PRIOR TRUE-UP COLLECT / (REFUND) | (1,186) | (1,186) | (1,186) | (1,186) | (1,186) | (1,186) | (1,186) | (1,186) | (1,186) | (1,186) | (1,186) | (1,182) | |
| 11. END OF PERIOD TOTAL NET TRUE-UP | 14,979 | 14,575 | 14,620 | 14,469 | 11,420 | 11,304 | 10,123 | 9,840 | 8,637 | 7,167 | 3,879 | 1,678 | 1,678 |

COMPANY:

Sebring Gas System, Inc.
Docket No. 20190004-GU
ECCR 2020 PROJECTIONS
Exhibit JHM-2

CALCULATION OF TRUE-UP AND INTEREST PROVISION
JANUARY 2019 THROUGH DECEMBER 2019

| INTEREST PROVISION | JAN 2019 | FEB 2019 | MAR 2019 | APR 2019 | MAY 2019 | JUN 2019 | JUL 2019 | AUG 2019 | SEP 2019 | OCT 2019 | NOV 2019 | DEC 2019 | TOTAL |
|--|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|-------|
| BEGINNING TRUE-UP CT-3.2 Previous period | 14,228 | 14,979 | 14,575 | 14,620 | 14,469 | 11,420 | 11,304 | 10,123 | 9,840 | 8,637 | 7,167 | 3,879 | |
| END. T-UP BEFORE INT. (C3,4) | 14,955 | 14,563 | 14,608 | 14,454 | 11,406 | 11,290 | 10,110 | 9,827 | 8,628 | 7,158 | 3,869 | 1,664 | |
| TOTAL BEG. & END. T-UP | 29,183 | 29,542 | 29,183 | 29,075 | 25,875 | 22,711 | 21,414 | 19,950 | 18,467 | 15,794 | 11,036 | 5,543 | |
| AVERAGE TRUE-UP | 14,591 | 14,771 | 14,591 | 14,537 | 12,938 | 11,355 | 10,707 | 9,975 | 9,234 | 7,897 | 5,518 | 2,772 | |
| INT. RATE-FIRST DAY OF REPORTING BUSINESS MTH. | 2.42% | 2.41% | 2.41% | 2.48% | 2.43% | 2.39% | 2.32% | 2.10% | 2.10% | 2.10% | 2.10% | 2.10% | |
| INT. RATE-FIRST DAY OF SUBSEQUENT BUSINESS MTH. | 2.41% | 2.41% | 2.48% | 2.43% | 2.39% | 2.32% | 2.10% | 2.10% | 2.10% | 2.10% | 2.10% | 2.10% | |
| TOTAL | 4.83% | 4.82% | 4.89% | 4.91% | 4.82% | 4.71% | 4.42% | 4.20% | 4.20% | 4.20% | 4.20% | 4.20% | |
| AVG INTEREST RATE | 2.42% | 2.41% | 2.45% | 2.46% | 2.41% | 2.36% | 2.21% | 2.10% | 2.10% | 2.10% | 2.10% | 2.10% | |
| MONTHLY AVG. INT. RATE | 0.20% | 0.20% | 0.20% | 0.20% | 0.20% | 0.20% | 0.18% | 0.18% | 0.18% | 0.18% | 0.18% | 0.18% | |
| INTEREST PROVISION | 24 | 12 | 13 | 15 | 15 | 14 | 13 | 13 | 9 | 9 | 10 | 14 | 160 |

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 2020, the Company estimates that the following allowances will be paid for the Residential New Home Construction Program:

Tankless Water Heating: 9 allowances at \$550 each for a total of \$4,950.

Gas Cooking: 5 allowances at \$150 each for a total of \$750.

Gas Clothes Drying: 5 allowances at \$100 each for a total of \$500.

The total estimated allowances for the Residential New Home Construction Program are \$6,200.

Program Fiscal Expenditures

For the twelve-month period of January through December 2020, the Company estimates expenses of the Residential New Home Construction Program to be \$9,398.

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 2020, the Company estimates that the following allowances will be paid for Residential Appliance Replacement Program:

High Efficiency Tank Water Heater: 1 allowance for \$550.

Tankless Water Heating: 18 allowances at \$675 each for a total of \$12,150.

Gas Cooking: 8 allowances at \$200 each for a total of \$1,600.

Gas Clothes Drying: 5 allowances at \$150 each for a total of \$750.

The total estimated allowances for the Residential Appliance Replacement Program are \$15,050.

Program Fiscal Expenditures

For the twelve-month period of January through December 2020, the Company estimates expenses of the Residential Appliance Replacement Program to be \$18,248.

**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 2020, the Company estimates that the following allowances will be paid for Residential Appliance Retention Program:

Gas High Efficiency Storage Tank Water Heater: 1 allowance for \$400.
Tankless Water Heating: 15 allowances at \$550 each for a total of \$8,250.
Gas Cooking: 10 allowances at \$100 each for a total of \$1,000.
Gas Clothes Drying: 6 allowances at \$100 each for a total of \$600.

The total estimated allowances for the Residential Appliance Retention Program are \$10,250.

Program Fiscal Expenditures

For the twelve-month period of January through December 2020, the Company estimates expenses of the Residential Appliance Retention Program to be \$13,448.

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 |

**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 2020, the Company estimates that the following allowances will be paid for the Commercial Rebate Programs:

| | |
|----------------------------------|----------|
| Commercial New Construction: | \$ 00 |
| Commercial Appliance Replacement | \$ 5,000 |
| Commercial Retention | \$10,000 |

Program Fiscal Expenditures

For the twelve-month period of January through December 2020, the Company estimates expenses of the Commercial Rebate Programs to be \$24,623.