

Docket No. 090004-GU

Exhibit _____ (JHM-1)

SEBRING GAS SYSTEM, INC.

CONSERVATION COST RECOVERY TRUE-UP

January 1, 2008 through December 31, 2008

DOCUMENT NUMBER-DATE

04224 MAY-48

FPSC-COMMISSION CLERK

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EDSC-COMMISSION CLERK

SCHEDULE CT-1

COMPANY: Sebring Gas System
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ADJUSTED NET TRUE-UP
FOR MONTHS: JANUARY 2008 THROUGH DECEMBER 2008

END OF PERIOD NET TRUE-UP

PRINCIPLE	(27,430)	
INTEREST	<u>(502)</u>	(27,932)

LESS PROJECTED TRUE-UP

PRINCIPLE	(10,361)	
INTEREST	<u>(259)</u>	<u>(10,620)</u>

ADJUSTED NET TRUE-UP		<u>(17,312)</u>
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() REFLECTS OVER-RECOVERY

ANALYSIS OF ENERGY CONSERVATION PROGRAM COSTS
ACTUAL VERSUS ESTIMATED

JANUARY 2008 THROUGH DECEMBER 2008

	<u>ACTUAL</u>	<u>PROJECTED</u>	<u>DIFFERENCE</u>
CAPITAL INVESTMENT	0	0	0
PAYROLL & BENEFITS	0	0	0
MATERIALS & SUPPLIES	0	0	0
ADVERTISING	0	4,200	(4,200)
INCENTIVES	1,150	7,100	(5,950)
OUTSIDE SERVICES	5,666	11,616	(5,950)
VEHICLES	0	0	0
OTHER	<u>0</u>	<u>0</u>	<u>0</u>
SUB-TOTAL	6,816	22,916	(16,100)
PROGRAM REVENUES	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL PROGRAM COSTS	6,816	22,916	(16,100)
LESS:			
PAYROLL ADJUSTMENTS	0	0	0
AMOUNTS INCLUDED IN RATE BASE	0	0	0
CONSERVATION REVENUES APPLICABLE TO THE PERIOD	(34,247)	(33,277)	(970)
ROUNDING ADJUSTMENT	<u>0</u>	<u>0</u>	<u>0</u>
TRUE-UP BEFORE INTEREST	(27,430)	(10,361)	(17,069)
INTEREST PROVISION	<u>(502)</u>	<u>(259)</u>	<u>(243)</u>
END OF PERIOD TRUE-UP	<u>(27,932)</u>	<u>(10,620)</u>	<u>(17,312)</u>

() REFLECTS OVER-RECOVERY

ACTUAL CONSERVATION PROGRAM COSTS PER PROGRAM
FOR MONTHS: JANUARY 2008 THROUGH DECEMBER 2008

PROGRAM NAME	CAPITAL INVESTMENT	PAYROLL & BENEFITS	MATERIALS & SUPPLIES	ADVERTISING	INCENTIVES	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
PROGRAM 1: Residential New Construction Program	0	0	0	0	450	1,889	0	0	2,339
PROGRAM 2: Residential Appliance Replacement Program	0	0	0	0	0	1,889	0	0	1,889
PROGRAM 3: Residential Appliance Retention Program	0	0	0	0	700	1,889	0	0	2,589
PROGRAM 4: Conservation Education	0	0	0	0	0	0	0	0	0
PROGRAM 5:	0	0	0	0	0	0	0	0	0
PROGRAM 6:	0	0	0	0	0	0	0	0	0
PROGRAM 7:	0	0	0	0	0	0	0	0	0
PROGRAM 8:	0	0	0	0	0	0	0	0	0
PROGRAM 9:	0	0	0	0	0	0	0	0	0
PROGRAM 10:	0	0	0	0	0	0	0	0	0
PROGRAM 11:	0	0	0	0	0	0	0	0	0
PROGRAM 12:	0	0	0	0	0	0	0	0	0
PROGRAM 13:	0	0	0	0	0	0	0	0	0
PROGRAM 14:	0	0	0	0	0	0	0	0	0
PROGRAM 15:	0	0	0	0	0	0	0	0	0
PROGRAM 16:	0	0	0	0	0	0	0	0	0
PROGRAM 17:	0	0	0	0	0	0	0	0	0
PROGRAM 18:	0	0	0	0	0	0	0	0	0
PROGRAM 19:	0	0	0	0	0	0	0	0	0
PROGRAM 20:	0	0	0	0	0	0	0	0	0
TOTAL	0	0	0	0	1,150	5,666	0	0	6,816

CONSERVATION COSTS PER PROGRAM - VARIANCE ACTUAL VERSUS PROJECTED
FOR MONTHS: JANUARY 2008 THROUGH DECEMBER 2008

PROGRAM NAME	CAPITAL INVESTMENT	PAYROLL & BENEFITS	MATERIALS & SUPPLIES	ADVERTISING	INCENTIVES	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
PROGRAM 1: Residential New Construction Program	0	0	0	0	100	(750)	0	0	(650)
PROGRAM 2: Residential Appliance Replacement Program	0	0	0	0	(2,400)	(1,550)	0	0	(3,950)
PROGRAM 3: Residential Appliance Retention Program	0	0	0	0	(3,650)	(3,649)	0	0	(7,299)
PROGRAM 4: Conservation Education	0	0	0	(4,200)	0	0	0	0	(4,200)
PROGRAM 5: 0	0	0	0	0	0	0	0	0	0
PROGRAM 6: 0	0	0	0	0	0	0	0	0	0
PROGRAM 7: 0	0	0	0	0	0	0	0	0	0
PROGRAM 8: 0	0	0	0	0	0	0	0	0	0
PROGRAM 9: 0	0	0	0	0	0	0	0	0	0
PROGRAM 10: 0	0	0	0	0	0	0	0	0	0
PROGRAM 11: 0	0	0	0	0	0	0	0	0	0
PROGRAM 12: 0	0	0	0	0	0	0	0	0	0
PROGRAM 13: 0	0	0	0	0	0	0	0	0	0
PROGRAM 14: 0	0	0	0	0	0	0	0	0	0
PROGRAM 15: 0	0	0	0	0	0	0	0	0	0
PROGRAM 16: 0	0	0	0	0	0	0	0	0	0
PROGRAM 17: 0	0	0	0	0	0	0	0	0	0
PROGRAM 18: 0	0	0	0	0	0	0	0	0	0
PROGRAM 19: 0	0	0	0	0	0	0	0	0	0
PROGRAM 20: 0	0	0	0	0	0	0	0	0	0
TOTAL	0	0	0	(4,200)	(5,950)	(5,950)	0	0	(16,100)

() REFLECTS PROJECTED OVER ACTUAL EXPENSE ESTIMATES

ENERGY CONSERVATION ADJUSTMENT CALCULATION OF TRUE-UP AND INTEREST PROVISION
SUMMARY OF EXPENSES BY PROGRAM BY MONTH
FOR MONTHS: JANUARY 2008 THROUGH DECEMBER 2008

EXPENSES:	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
PROGRAM 1: Residential New Construction Program	389	0	0	0	0	475	0	0	0	658	217	600	2,339
PROGRAM 2: Residential Appliance Replacement Program	389	0	0	0	0	475	0	0	0	658	217	150	1,889
PROGRAM 3: Residential Appliance Retention Program	389	0	350	0	0	475	0	0	0	658	217	500	2,589
PROGRAM 4: Conservation Education	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 5:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 6:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 7:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 8:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 9:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 10:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 11:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 12:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 13:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 14:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 15:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 16:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 17:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 18:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 19:	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM 20:	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL	1,167	0	350	0	0	1,425	0	0	0	1,974	651	1,250	6,817
LESS AMOUNT INCLUDED IN RATE BASE	0	0	0	0	0	0	0	0	0	0	0	0	0
RECOVERABLE CONSERVATION EXPENSES	1,167	0	350	0	0	1,425	0	0	0	1,974	651	1,250	6,817

ENERGY CONSERVATION ADJUSTMENT CALCULATION OF TRUE-UP AND INTEREST PROVISION
JANUARY 2008 THROUGH DECEMBER 2008

CONSERVATION REVENUES	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
1. RCS AUDIT FEES	0	0	0	0	0	0	0	0	0	0	0	0	0
2. OTHER PROGRAM REVS	0	0	0	0	0	0	0	0	0	0	0	0	0
3. CONSERV. ADJ REVS	(3,219)	(2,983)	(3,019)	(3,128)	(2,590)	(2,532)	(2,606)	(2,232)	(2,487)	(2,769)	(2,780)	(3,516)	(33,863)
4. TOTAL REVENUES	(3,219)	(2,983)	(3,019)	(3,128)	(2,590)	(2,532)	(2,606)	(2,232)	(2,487)	(2,769)	(2,780)	(3,516)	(33,863)
5. PRIOR PERIOD TRUE-UP NOT APPLICABLE TO THIS PERIOD	(32)	(32)	(32)	(32)	(32)	(32)	(32)	(32)	(32)	(32)	(32)	(32)	(384)
6. CONSERVATION REVS APPLICABLE TO THE PERIOD	(3,251)	(3,015)	(3,051)	(3,160)	(2,622)	(2,564)	(2,638)	(2,264)	(2,519)	(2,801)	(2,812)	(3,548)	(34,247)
7. CONSERVATION EXPS (FROM CT-3, PAGE 1)	1,167	0	350	0	0	1,425	0	0	0	1,974	651	1,250	6,817
8. TRUE-UP THIS PERIOD	(2,084)	(3,015)	(2,701)	(3,160)	(2,622)	(1,139)	(2,638)	(2,264)	(2,519)	(827)	(2,161)	(2,298)	(27,430)
9. INTER. PROV. THIS PERIOD (FROM CT-3, PAGE 3)	(5)	(10)	(16)	(22)	(28)	(46)	(52)	(63)	(66)	(76)	(45)	(72)	(502)
10. TRUE-UP & INTER. PROV. BEGINNING OF MONTH	(382)	(2,439)	(5,432)	(8,117)	(11,268)	(13,886)	(15,039)	(17,698)	(19,993)	(22,546)	(23,417)	(25,592)	
11. PRIOR TRUE-UP COLLECTED/(REFUNDED)	32	32	32	32	32	32	32	32	32	32	32	32	
12. TOTAL NET TRUE-UP (SUM LINES 8+9+10+11)	(2,439)	(5,432)	(8,117)	(11,268)	(13,886)	(15,039)	(17,698)	(19,993)	(22,546)	(23,417)	(25,592)	(27,930)	(27,932)

CALCULATION OF TRUE-UP AND INTEREST PROVISION
FOR MONTHS: JANUARY 2008 THROUGH DECEMBER 2008

INTEREST PROVISION	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
1. BEGINNING TRUE-UP	(382)	(2,439)	(5,432)	(8,117)	(11,268)	(13,886)	(15,039)	(17,698)	(19,993)	(22,546)	(23,417)	(25,592)	
2. ENDING TRUE-UP BEFORE INTEREST	(2,434)	(5,422)	(8,101)	(11,246)	(13,858)	(14,993)	(17,646)	(19,930)	(22,480)	(23,342)	(25,547)	(27,857)	
3. TOTAL BEGINNING & ENDING TRUE-UP	(2,816)	(7,861)	(13,534)	(19,363)	(25,126)	(28,878)	(32,685)	(37,627)	(42,473)	(45,888)	(48,964)	(53,449)	
4. AVERAGE TRUE-UP (LINE 3 TIMES 50%)	(1,408)	(3,931)	(6,767)	(9,681)	(12,563)	(14,439)	(16,342)	(18,814)	(21,236)	(22,944)	(24,482)	(26,725)	
5. INTER. RATE - 1ST DAY OF REPORTING MONTH	4.98%	3.08%	3.09%	2.63%	2.84%	2.43%	2.45%	2.44%	2.45%	4.95%	2.95%	1.49%	
6. INTER. RATE - 1ST DAY OF SUBSEQUENT MONTH	3.08%	3.09%	2.63%	2.84%	2.43%	5.28%	5.24%	5.62%	5.05%	2.95%	1.49%	4.98%	
7. TOTAL (SUM LINES 5 & 6)	8.06%	6.17%	5.72%	5.47%	5.27%	7.71%	7.69%	8.06%	7.50%	7.90%	4.44%	6.47%	
8. AVG INTEREST RATE (LINE 7 TIMES 50%)	4.03%	3.09%	2.86%	2.74%	2.64%	3.86%	3.85%	4.03%	3.75%	3.95%	2.22%	3.24%	
9. MONTHLY AVG INTEREST RATE	0.34%	0.26%	0.24%	0.23%	0.22%	0.32%	0.32%	0.34%	0.31%	0.33%	0.19%	0.27%	
10. INTEREST PROVISION (LINE 4 TIMES LINE 9)	(5)	(10)	(16)	(22)	(28)	(46)	(52)	(63)	(66)	(76)	(45)	(72)	(502)

Schedule CT-5

Sebring Gas System, Inc.

Reconciliation and Explanation of Differences between Filing and PSC Audit Report
for January 2008 through December 2008.

NO DIFFERENCES AS OF THE DATE OF THIS FILING

Schedule CT-6
Page 1 of 4

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 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.

Allowances:
Conservation allowances for 2007 are:
 \$350 Gas Storage Tank Water Heating
 \$450 Gas Tankless Water Heating
 \$350 Gas Heating
 \$100 Gas Cooking
 \$100 Gas Clothes Drying

Program Projections:
For the twelve-month period January 2008 through December 2008 the Company estimated that one (1) new home would be connected to the system. During this period, one (1) new home allowance was paid. Several homes were scheduled to be completed in 2008, but the housing slowdown has delayed construction.

Program Fiscal Expenditures:
During the twelve-month period, expenditures for this program totaled \$2,339.

Program Progress Summary:
Since the program's inception in July 2007, one (1) new home allowance has been paid. Company representatives continue to work closely with area builders to promote the installation of natural gas appliances in new residences.

Schedule CT-6
Page 2 of 4

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

Allowances:
Conservation allowances for 2007 are:
 \$525 Gas Storage Tank Water Heating
 \$525 Gas Tankless Water Heating
 \$625 Gas Heating
 \$100 Gas Cooking
 \$100 Gas Clothes Drying

Program Projections:
For the twelve-month period January 2008 through December 2008, the Company estimated that one (1) appliance conversion would qualify for incentives. The Company recorded zero (0) actual residential appliance replacement program payments in 2008.

Program Fiscal Expenditures:
For this twelve-month period, the Company incurred program costs of \$1,889.

Program Summary:
No residences qualified for this program in 2008. Since the program's inception in July 2007, zero (0) appliance replacement allowances have been paid.

Schedule CT-6
Page 3 of 4

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

Program Title:

Residential Appliance Retention Program

Program Description:

The Company offers this 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.

Allowances:

Conservation allowances are currently:

- \$350 Gas Storage Tank Water Heating
- \$450 Gas Tankless Water Heating
- \$350 Gas Heating
- \$100 Gas Cooking
- \$100 Gas Clothes Drying

Program Activity and Projections:

For the twelve-month period January 2008 through December 2008, the Company estimated that twenty-five (25) natural gas appliance installations would qualify for this program. The Company recorded two (2) actual residential appliance retention allowance payments in 2007.

Program Fiscal Expenditures:

For this twelve-month period, CUC incurred program costs of \$2,589.

Program Summary:

Since the program's inception in July 2007, two (2) appliance retention allowances have been paid.

Schedule CT-6
Page 4 of 4

Sebring Gas System, Inc.
Program Description and Progress

Program Title:

Conservation Education Program

Program Description:

The objective 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 cost.

Program Activity and Projections:

The Company initiated its conservation programs following Commission approval in late August 2007. The Company committed to participate in the Get Gas Florida consumer education program (a statewide advertising and web based information service) beginning with the 2008 program year (the Get Gas Florida invoice was received in early 2009). In 2009, the Company plans to initiate a more aggressive consumer contact program, through direct mail and other advertising methods to increase program participation.

Program Fiscal Expenditures:

Program costs totaled \$0 for this twelve-month period.