

1                   **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2                   **In Re: Conservation Cost Recovery True-Up**

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

4                   **On Behalf of**

5                   **Sebring Gas System, Inc.**

6                   **Docket No. 080004-GU**

7

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

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

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

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

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

16   A.   Yes.

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

19   A.   The purpose of my testimony is to submit the recoverable energy  
20       conservation program expenses incurred during the period January  
21       2007 through December 2007, and to identify the final true-up amount  
22       for that period.

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1 **Q. IS THIS THE COMPANY'S FIRST PARTICIPATION IN THE**  
2 **COMMISSION'S ANNUAL ENERGY CONSERVATION TRUE-UP**  
3 **PROCEEDING?**

4 A. Yes. The Company received authorization from the Commission in  
5 Order No. PSC-07-0693-TRF-EG, issued August 24, 2007, to offer  
6 energy conservation programs to its customers. The expenses  
7 included in this true-up filing are for the initial development of the  
8 programs, and the administrative and allowance expenses and  
9 revenues associated with program implementation subsequent to  
10 Commission approval. Given that the Company's programs were  
11 initiated in late-2007, there is no beginning true-up amount from a prior  
12 annual period.

13 **Q. DID THE COMPANY PARTICIPATE IN THE COST RECOVERY**  
14 **FACTOR PROCEEDING IN DOCKET 070004?**

15 A. Yes. On September 14, 2007, the Company filed a petition and  
16 testimony in Docket 070004-GU requesting that the Company's initial  
17 cost recovery factors approved by the Commission on August 24, 2007  
18 be continued through 2008. The Commission authorized the Company  
19 to continue the application of its existing cost recovery factors through  
20 2008 in Order No. PSC-07-0935-FOF-GU issued on November 26,  
21 2007. No projected revenues or expenses from the 070004 Docket  
22 have been included in this filing. The Company's true-up amount  
23 reflects actual expenses and actual revenues in 2007.

1 **Q HAVE YOU PREPARED SUMMARIES OF THE COMPANY'S**  
2 **CONSERVATION PROGRAMS AND THE COSTS ASSOCIATED**  
3 **WITH THEM?**

4 A. Yes. Summaries of the four (4) approved programs for which the  
5 Company incurred recoverable costs during the period January 2007  
6 through December 2007 are included in Schedule CT-6 of Exhibit  
7 JHM-1. The programs are: the Residential New Construction Program,  
8 the Residential Appliance Replacement Program, the Residential  
9 Appliance Retention Program, and the Conservation Education  
10 Program.

11 **Q. HAVE YOU PREPARED SCHEDULES WHICH SHOW THE**  
12 **EXPENDITURES ASSOCIATED WITH THE COMPANY'S ENERGY**  
13 **CONSERVATION PROGRAMS FOR THE APPLICABLE PERIOD?**

14 A. Yes. I have prepared and filed with this testimony Exhibit JHM-1  
15 consisting of Schedules CT-1, CT-2 and CT-3.

16 **Q. WHAT WAS THE TOTAL COST INCURRED BY THE COMPANY IN**  
17 **CONNECTION WITH THE FOUR (4) PROGRAMS DURING THE**  
18 **TWELVE MONTHS ENDING DECEMBER 2007?**

19 A. As shown in Exhibit JHM-1, Schedule CT-2, page 2, total program  
20 costs were \$12,344 (all of the expense incurred in 2007 is attributable  
21 to the initial program development and filing).

22 **Q. WHAT IS THE COMPANY'S FINAL TRUE-UP FOR THE TWELVE**  
23 **MONTHS ENDED DECEMBER 2007?**

1 A. An under recovery of \$2,456.

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

3 A. Yes, it does.