Gunster

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

August 3, 2026

E-PORTAL

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

Re: Docket No. 20260004-GU – Natural Gas Conservation Cost Recovery Clause

Dear Mr. Teitzman:

Enclosed for filing in the above-referenced docket, please find the Testimony and Exhibit JHM-2 of Jerry Melendy in support of Sebring Gas System's Petition for Approval of Conservation Cost Recovery Factors for 2027.

Should you have any questions whatsoever, please do not hesitate to contact me. Thank you for your assistance in this matter.

Sincerely,

Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 601
Tallahassee, FL 32301
(850) 521-1713

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Energy Conservation Cost Recovery Factors

Direct Testimony of Jerry H. Melendy, Jr.

On Behalf of

Sebring Gas System, Inc.

Docket No.20260004-GU

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 2026 and 2027. I will provide the adjusted net true-up amount associated with program administration for the January 2026 through December 2026 period. Projected program costs are provided for the period January 1, 2026, through June 30, 2026, as well as the costs the Company expects to incur from July 1, 2026, through December 31, 2026. I will also include the total costs the Company seeks to recover through its conservation factors during the period January 1, 2027, through December 31, 2027. Finally, I will also propose the energy conservation cost recovery factors which, when applied to consumer bills during the period January 1, 2027, through December 31, 2027, will permit recovery of the Company's total conservation costs.

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

A. Yes. Summaries of the Company's seven approved programs are included in Schedule C-4 of Exhibit JHM-2. Included are the Residential New Construction Program, the Residential Appliance Replacement Program, the Residential Appliance Retention Program, the Small Commercial Food Service Program, the Large Commercial Food Service Program, the Large Commercial Hospitality and Lodging Program and the Commercial Large Cleaners and Laundromat Program.

Q. HAVE YOU PREPARED SCHEDULES THAT INCLUDE THE COMPANY'S CONSERVATION PROGRAM EXPENDITURES FOR THE CURRENT (2026) AND PROJECTED (2027) PERIODS?

A. Yes. Schedule C-3, Exhibit JHM-2 provides actual conservation expenses for the January 2026 through June 2026 period and projected conservation expenses for the July 2026 through December 2026 period. Schedule C-2, Exhibit JHM-2 provides the projected 2027 conservation programs costs.

Q. HAVE YOU PREPARED A SCHEDULE THAT INCLUDES THE COMPANY'S CONSERVATION RELATED REVENUES FOR 2026?

A. Yes. Schedule C-3 (page 4 of 5), Exhibit JHM-2, provides actual conservation revenues for the January 2026 through June 2026 period, and projected conservation revenues for the July 2026 through December 2026 period.

Q. WHAT IS THE COMPANY'S ESTIMATED TRUE-UP FOR THE PERIOD JANUARY 1, 2026, THROUGH DECEMBER 31, 2026?

A. The Company anticipates an over-recovery of $1,402 for the year 2026, as calculated on Schedule C-3, Page 4, Line 11, Exhibit JHM-2.

Q. WHAT IS THE TOTAL COST THE COMPANY SEEKS TO RECOVER DURING THE PERIOD JANUARY 1, 2027, THROUGH DECEMBER 31, 2027?

A. As indicated in Schedule C-1, Exhibit JHM-2, the Company seeks to recover $37,711 during the referenced period. This amount represents the projected costs of $39,113 to be incurred during 2027, less the estimated true-up of $1,402 for calendar year 2026.

Q. WHAT ARE THE COMPANY'S PROPOSED ENERGY CONSERVATION COST RECOVERY FACTORS FOR EACH RATE CLASS FOR JANUARY 2026 THROUGH DECEMBER 2026 PERIOD?

A. Schedule C-1, Exhibit JHM-2, provides the calculation of the Company's proposed ECCR factors for 2027.

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

TS-1	**$.12872**
TS-2	**$.06322**
TS-3	**$.03511**
TS-4	**$.03250**

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

Schedule C-1,
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COMPANY: Sebring Gas System, Inc.
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ENERGY CONSERVATION ADJUSTMENT
SUMMARY OF COST RECOVERY CLAUSE CALCULATION
JANUARY 2027 THROUGH DECEMBER 2027

1. TOTAL INCREMENTAL COSTS (SCHEDULE C-2, PAGE 1)	$ 39,113
2. TRUE-UP (SCHEDULE C-3, PAGE 4, LINE 11)	$ (1,402)
3. TOTAL (LINE 1 AND 2)	$ 37,711

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	8,080	53,493	$102,224	$39,412	$141,636	$6,851	4.84%	0.12807	1.00503	0.12872
TS-2	950	23,707	$18,989	$11,843	$30,832	$1,491	4.84%	0.06291	1.00503	0.06322
TS-3	1,369	404,438	$95,847	$196,210	$292,057	$14,127	4.84%	0.03493	1.00503	0.03511
TS-4	518	471,312	$116,571	$198,534	$315,105	$15,242	4.84%	0.03234	1.00503	0.03250
TOTAL	10,917	952,950	$333,631	$445,999	$779,630	$37,711				

ESTIMATED CONSERVATION PROGRAM COSTS BY PROGRAM BY MONTH
JANUARY 2027 THROUGH DECEMBER 2027

PROGRAM	JAN 2027	FEB 2027	MAR 2027	APR 2027	MAY 2027	JUN 2027	JUL 2027	AUG 2027	SEP 2027	OCT 2027	NOV 2027	DEC 2027	TOTAL
1 RESIDENTIAL NEW CONSTRUCTION	$539	$539	$539	$539	$539	$539	$539	$539	$539	$539	$539	$539	$6,473
2 RESIDENTIAL APPLIANCE REPLACEMENT	$548	$548	$548	$548	$548	$548	$548	$548	$548	$548	$548	$548	$6,573
3 RESIDENTIAL APPLIANCE RETENTION	$373	$373	$373	$373	$373	$373	$373	$373	$373	$373	$373	$373	$4,473
4 SMALL COMMERCIAL FOOD SERVICE	$731	$731	$731	$731	$731	$731	$731	$731	$731	$731	$731	$731	$8,773
5 LARGE COMMERCIAL FOOD SERVICE	$398	$398	$398	$398	$398	$398	$398	$398	$398	$398	$398	$398	$4,773
6 LARGE COMMERCIAL HOSPITALITY	$439	$439	$439	$439	$439	$439	$439	$439	$439	$439	$439	$439	$5,273
7 COMMERCIAL LARGE CLEANERS	$231	$231	$231	$231	$231	$231	$231	$231	$231	$231	$231	$231	$2,773
TOTAL ALL PROGRAMS	$3,259	$3,259	$3,259	$3,259	$3,259	$3,259	$3,259	$3,259	$3,259	$3,259	$3,259	$3,259	$39,113

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ESTIMATED CONSERVATION PROGRAM COSTS PER PROGRAM
JANUARY 2027 THROUGH DECEMBER 2027

PROGRAM	CAPITAL INVESTMENT	PAYROLL	MATERIAL & SUPPLIES	ADVERTISING	INCENTIVES	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
1 RESIDENTIAL NEW CONSTRUCTION	$0	$2,139	$0	$0	$3,700	$634	$0	$0	$6,473
2 RESIDENTIAL APPLIANCE REPLACEMENT	$0	$2,139	$0	$0	$3,800	$634	$0	$0	$6,573
3 RESIDENTIAL APPLIANCE RETENTION	$0	$2,139	$0	$0	$1,700	$634	$0	$0	$4,473
4 SMALL COMMERCIAL FOOD SERVICE	$0	$2,139	$0	$0	$6,000	$634	$0	$0	$8,773
5 LARGE COMMERCIAL FOOD SERVICE	$0	$2,139	$0	$0	$2,000	$634	$0	$0	$4,773
6 LARGE COMMERCIAL HOSPITALITY	$0	$2,139	$0	$0	$2,500	$634	$0	$0	$5,273
7 COMMERCIAL LARGE CLEANERS	$0	$2,139	$0	$0	$0	$634	$0	$0	$2,773
PROGRAM COSTS	$0	$14,976	$0	$0	$19,700	$4,437	$0	$0	$39,113

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ESTIMATED CONSERVATION PROGRAM COSTS PER PROGRAM
JANUARY 2026 THROUGH DECEMBER 2026

PROGRAM	CAPITAL INVESTMENT	PAYROLL	MATERIAL & SUPPLIES	ADVERTISING	INCENTIVES	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
1 RESIDENTIAL NEW CONSTRUCTION									
A. ACTUAL	$0	$1,070	$0	$0	$2,800	$168	$0	$0	$4,038
B. ESTIMATED	$0	$1,070	$0	$0	$1,350	$466	$0	$0	$2,886
TOTAL	$0	$2,139	$0	$0	$4,150	$634	$0	$0	$6,923
2 RESIDENTIAL APPLIANCE REPLACEMENT									
A. ACTUAL	$0	$1,070	$0	$0	$1,075	$168	$0	$0	$2,313
B. ESTIMATED	$0	$1,070	$0	$0	$2,050	$466	$0	$0	$3,586
TOTAL	$0	$2,139	$0	$0	$3,125	$634	$0	$0	$5,898
3 RESIDENTIAL APPLIANCE RETENTION									
A. ACTUAL	$0	$1,070	$0	$0	$500	$168	$0	$0	$1,738
B. ESTIMATED	$0	$1,070	$0	$0	$750	$466	$0	$0	$2,286
TOTAL	$0	$2,139	$0	$0	$1,250	$634	$0	$0	$4,023
4 SMALL FOOD SERVICE REBATE PROGRAM									
A. ACTUAL	$0	$1,070	$0	$0	$4,099	$168	$0	$0	$5,337
B. ESTIMATED	$0	$1,070	$0	$0	$4,500	$466	$0	$0	$6,036
TOTAL	$0	$2,139	$0	$0	$8,599	$634	$0	$0	$11,372
SUB-TOTAL	$0	$8,557	$0	$0	$17,124	$2,535	$0	$0	$28,217

ESTIMATED CONSERVATION PROGRAM COSTS PER PROGRAM
JANUARY 2026 THROUGH DECEMBER 2026

PROGRAM	CAPITAL INVESTMENT	PAYROLL	MATERIAL & SUPPLIES	ADVERTISING	INCENTIVES	OUTSIDE SERVICES	VEHICLE	OTHER	TOTAL
SUB-TOTAL - PREVIOUS PAGE	$0	$8,557	$0	$0	$17,124	$2,535	$0	$0	$28,217
5 LARGE COMMERCIAL FOOD SERVICE									
A. ACTUAL	$0	$1,070	$0	$0	$0	$168	$0	$0	$1,238
B. ESTIMATED	$0	$1,070	$0	$0	$1,000	$466	$0	$0	$2,536
TOTAL	$0	$2,139	$0	$0	$1,000	$634	$0	$0	$3,773
6 LARGE COMMERCIAL HOSPITALITY									
A. ACTUAL	$0	$1,070	$0	$0	$0	$168	$0	$0	$1,238
B. ESTIMATED	$0	$1,070	$0	$0	$0	$466	$0	$0	$1,536
TOTAL	$0	$2,139	$0	$0	$0	$634	$0	$0	$2,773
7 LARGE COMMERCIAL CLEANING SERVICE									
A. ACTUAL	$0	$1,070	$0	$0	$0	$168	$0	$0	$1,238
B. ESTIMATED	$0	$1,070	$0	$0	$0	$466	$0	$0	$1,536
TOTAL	$0	$2,139	$0	$0	$0	$634	$0	$0	$2,773
TOTAL	$0	$14,976	$0	$0	$18,124	$4,437	$0	$0	$37,537

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CONSERVATION PROGRAM COSTS BY PROGRAM
ACTUAL / ESTIMATED
JANUARY 2026 THROUGH DECEMBER 2026

PROGRAM	JAN 2026	FEB 2026	MAR 2026	APR 2026	MAY 2026	JUN 2026	JUL 2026	AUG 2026	SEP 2026	OCT 2026	NOV 2026	DEC 2026	TOTAL
1 RESIDENTIAL NEW CONSTRUCTION	$233	$178	$178	$178	$292	$2,978	$371	$232	$921	$280	$903	$178	$6,923
2 RESIDENTIAL APPLIANCE REPLACEMENT	$1,108	$178	$178	$178	$292	$378	$371	$232	$221	$480	$1,278	$1,003	$5,898
3 RESIDENTIAL CUSTOMER RETENTION	$633	$178	$178	$178	$292	$278	$371	$232	$221	$380	$803	$278	$4,023
4 SMALL COMMERCIAL FOOD SERVICE	$4,332	$178	$178	$178	$292	$178	$371	$232	$221	$280	$2,753	$2,178	$11,372
5 LARGE COMMERCIAL FOOD SERVICE	$233	$178	$178	$178	$292	$178	$371	$232	$221	$280	$1,253	$178	$3,773
6 LARGE COMMERCIAL HOSPITALITY	$233	$178	$178	$178	$292	$178	$371	$232	$221	$280	$253	$178	$2,773
7 Large Commercial Food Service	$233	$178	$178	$178	$292	$178	$371	$232	$221	$280	$253	$178	$2,773
TOTAL ALL PROGRAMS	$7,002	$1,248	$1,247	$1,247	$2,047	$4,347	$2,597	$1,626	$2,248	$2,261	$7,497	$4,172	$37,537

COMPANY: Sebring Gas System, Inc.
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ENERGY CONSERVATION ADJUSTMENT
JANUARY 2026 THROUGH DECEMBER 2026

CONSERVATION REVENUES	JAN 2026	FEB 2026	MAR 2026	APR 2026	MAY 2026	JUN 2026	JUL 2026	AUG 2026	SEP 2026	OCT 2026	NOV 2026	DEC 2026	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	(4,644)	(4,977)	(4,252)	(3,575)	(3,442)	(3,471)	(3,471)	(3,420)	(3,517)	(3,680)	(3,679)	(3,068)	(45,196)
2. CONSERV. ADJ. REV. (NET OF REV. TAXES)	23	25	21	18	17	17	17	17	18	18	18	15	226
3. TOTAL REVENUES	(4,621)	(4,952)	(4,231)	(3,557)	(3,425)	(3,454)	(3,454)	(3,403)	(3,499)	(3,662)	(3,661)	(3,052)	(44,970)
4. PRIOR PERIOD TRUE-UP NOT APPLIC. TO PERIOD	504	504	505	504	504	505	504	504	505	504	504	505	6,052
5. CONSERV. REVS. APPLIC. TO PERIOD	(4,116)	(4,448)	(3,726)	(3,053)	(2,921)	(2,949)	(2,950)	(2,899)	(2,994)	(3,158)	(3,157)	(2,547)	(38,918)
6. CONSERVATION EXPS. (C-3, PAGE 3)	7,002	1,248	1,247	1,247	2,047	4,347	2,597	1,626	2,248	2,261	7,497	4,172	37,537
7. TRUE-UP THIS PERIOD	2,885	(3,200)	(2,479)	(1,806)	(874)	1,398	(353)	(1,273)	(746)	(897)	4,340	1,625	(1,381)
8. INTEREST THIS PERIOD (C-3, PAGE 5)	22	20	10	2	(4)	(5)	(5)	(9)	(13)	(18)	(14)	(6)	(21)
9. TRUE-UP & INT BEGIN OF MONTH	6,052	8,455	4,771	1,796	(512)	(1,894)	(1,006)	(1,868)	(3,654)	(4,919)	(6,338)	(2,515)	
10. PRIOR TRUE-UP COLLECT / (REFUND)	(504)	(504)	(505)	(504)	(504)	(505)	(504)	(504)	(505)	(504)	(504)	(505)	
11. END OF PERIOD TOTAL NET TRUE-UP	8,455	4,771	1,796	(512)	(1,894)	(1,006)	(1,868)	(3,654)	(4,919)	(6,338)	(2,515)	(1,402)	(1,402)

COMPANY: Sebring Gas System, Inc.
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CALCULATION OF TRUE-UP AND INTEREST PROVISION
JANUARY 2026 THROUGH DECEMBER 2026

INTEREST PROVISION	JAN 2026	FEB 2026	MAR 2026	APR 2026	MAY 2026	JUN 2026	JUL 2026	AUG 2026	SEP 2026	OCT 2026	NOV 2026	DEC 2026	TOTAL
BEGINNING TRUE-UP CT-3.2 Previous period	6,052	8,455	4,771	1,796	(512)	(1,894)	(1,006)	(1,868)	(3,654)	(4,919)	(6,338)	(2,515)	(1,631)
END. T-UP BEFORE INT. (C3,4)	8,433	4,751	1,787	(514)	(1,890)	(1,001)	(1,863)	(3,645)	(4,905)	(6,320)	(2,501)	(1,395)	
TOTAL BEG. & END. T-UP	14,485	13,206	6,557	1,283	(2,402)	(2,895)	(2,869)	(5,513)	(8,559)	(11,239)	(8,839)	(3,911)	
AVERAGE TRUE-UP	7,243	6,603	3,279	641	(1,201)	(1,448)	(1,434)	(2,756)	(4,280)	(5,619)	(4,419)	(1,955)	
INT. RATE-FIRST DAY OF REPORTING BUSINESS MTH.	3.66%	3.62%	3.60%	3.65%	3.67%	3.68%	3.67%	3.67%	3.67%	3.67%	3.67%	3.67%	
INT. RATE-FIRST DAY OF SUBSEQUENT BUSINESS MTH.	3.62%	3.60%	3.65%	3.67%	3.68%	3.67%	3.67%	3.67%	3.67%	3.67%	3.67%	3.67%	
TOTAL	7.28%	7.22%	7.25%	7.32%	7.35%	7.35%	7.34%	7.34%	7.34%	7.34%	7.34%	7.34%	
AVG INTEREST RATE	3.640%	3.61%	3.63%	3.66%	3.68%	3.68%	3.67%	3.67%	3.67%	3.67%	3.67%	3.67%	
MONTHLY AVG. INT. RATE	0.30%	0.30%	0.30%	0.31%	0.31%	0.31%	0.31%	0.31%	0.31%	0.31%	0.31%	0.31%	
INTEREST PROVISION	22	20	10	2	(4)	(5)	(5)	(9)	(13)	(18)	(14)	(6)	(21)

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 year 2026:
For the twelve-month period of January through December 2025, the Company estimates that the following allowances will be paid for the Residential New Home Construction Program:
Tankless Water Heating: 6 allowances at $550 each for a total of $ 3,300.
Gas Cooking: 5 allowances at $150 each for a total of $ 750.
Gas Clothes Drying: 1 allowance at $100 each for a total of $ 100.
The total estimated 2026 allowances for the Residential New Home Construction Program are $4,150.

Program Projections for the year 2027:
For the twelve-month period of January through December 2026, the Company estimates that the following allowances will be paid for the Residential New Home Construction Program:
Tankless Water Heating: 5 allowances at $550 each for a total of $ 2,750.
Gas Cooking: 5 allowances at $150 each for a total of $ 750.
Gas Clothes Drying: 2 allowances at $100 each for a total of $ 200.

Sebring Gas System, Inc.
Program Description and Progress

Residential New Home Construction Program (Continued)

The total estimated 2027 allowances for the Residential New Home Construction Program are $ 3,700.

Program Fiscal Expenditures

For the twelve-month period of January through December 2027, the Company estimates expenses of the Residential New Home Construction Program to be $6,473.

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 2026:
For the twelve-month period of January through December 2025, the Company estimates that the following allowances will be paid for the Residential Appliance Replacement Program:

Tankless Water Heating: 3 allowances at $675 each for a total of $ 2,025.
Gas Cooking: 4 allowances at $200 each for a total of $ 800.
Gas Clothes Drying: 2 allowances at $150 each for a total of $ 300.
The total estimated 2026 allowances for the Residential Appliance Replacement Program are $3,125.

Program Projections for the year 2027:
For the twelve-month period of January through December 2026, the Company estimates that the following allowances will be paid for the Residential New Home Construction Program:
Tankless Water Heating: 4 allowances at $675 each for a total of $ 2,700.
Gas Cooking: 2 allowances at $200 each for a total of $ 800.

Sebring Gas System, Inc.
Program Description and Progress

Residential Appliance Replacement Program (continued)

Gas Clothes Drying: 2 allowances at $150 each for a total of $ 300.
The total estimated 2027 allowances for the Residential Appliance Replacement Program are $3,800.

Program Fiscal Expenditures

For the twelve-month period of January through December 2027, the Company estimates expenses of the Residential Appliance Replacement Program to be $6,573.

Sebring Gas System, Inc.
Program Description and Progress

Program Title
Residential 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 2026
For the twelve-month period of January through December 2026, the Company estimates that the following allowances will be paid for Residential Retention Program:
Gas High Efficiency Storage Tank Water Heater: 1 allowance for $ 400.
Tankless Water Heating: 1 allowance at $550 each for a total of $ 550.
Gas Cooking: 1 allowance at $100 each for a total of $ 100.
Gas Clothes Drying: 2 allowances at $100 each for a total of $ 200.
The total estimated allowances for the Residential Retention Program are $1,250.

Program Projections for the year 2027:
For the twelve-month period of January through December 2027, the Company estimates that the following allowances will be paid for the Residential Retention Program:
Tankless Water Heating: 2 allowances at $550 each for a total of $ 1,100.
Gas Cooking: 4 allowances at $100 each for a total of $ 400.
Gas Clothes Drying: 2 allowances at $100 each for a total of $ 200.

Sebring Gas System, Inc.
Program Description and Progress

Residential Retention Program (continued)

The total estimated 2027 allowances for the Residential Retention Program are $1,700.

Program Fiscal Expenditures

For the twelve-month period of January through December 2027, the Company estimates expenses of the Residential Retention Program to be $4,473.

Sebring Gas System, Inc.
Program Description and Progress

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 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

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

Program Projections for 2026:
For the twelve-month period of January through December 2026, the Company estimates that $8,599 will be paid for Small Commercial Food Service.

Sebring Gas System, Inc.
Program Description and Progress

Small Commercial Servicer Program (continued)

Program Projections for 2027:
For the twelve-month period of January through December 2027, the Company estimates that $6,000 will be paid for Small Commercial Food Service.

Program Fiscal Expenditures
For the twelve-month period of January through December 2027, the Company estimates expenses of the Small Commercial Service Program to be $8,773.

Sebring Gas System, Inc.
Program Description and Progress

Program Title
Large Commercial Food Service Program

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 and 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

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

Program Projections for 2026:
For the twelve-month period of January through December 2026, the Company estimates that $1,000 will be paid for Large Commercial Food Service Program.

Sebring Gas System, Inc.
Program Description and Progress

Large Commercial Food Service Program (continued)

Program Projections for 2027:
For the twelve-month period of January through December 2027, the Company estimates that $2,000 will be paid for Large Commercial Food Service Program.

Program Fiscal Expenditures
For the twelve-month period of January through December 2027, the Company estimates expenses of the Large Commercial Service Program to be $4,773.

Sebring Gas System, Inc.
Program Description and Progress

Program Title
Large Commercial Hospitality and Lodging Program

Program Description
This program is designed to encourage owners and operators of Large Commercial Hospitality and Lodging establishments to purchase energy efficient natural gas appliances through the offering of commercial appliance rebates.

Current Approved Allowances
New Construction and 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

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

Program Projections for 2026:
No estimates were made in 2026 for the Large Commercial Hospitality and Lodging Program.

Sebring Gas System, Inc.
Program Description and Progress

Large Commercial Hospitality and Lodging Program (continued)

Program Projections for 2027:

For the twelve-month period of January through December 2027, the Company estimates that $2,500 will be paid for Large Hospitality and Lodging Program.

Program Fiscal Expenditures

For the twelve-month period of January through December 2027, the Company estimates expenses of the Large Hospitality and Lodging Program to be $5,273.

Sebring Gas System, Inc.
Program Description and Progress

Program Title
Large Commercial Cleaning and Laundromat Service

Program Description
This program is designed to encourage owners and operators of Large Commercial Cleaning and Laundromat Service establishments to purchase energy efficient natural gas appliances through the offering of commercial appliance rebates.

Current Approved Allowances
New Construction and 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

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

Program Projections for 2026:
No estimates were made in 2026 for the Large Commercial Cleaning and Laundromat Service.

Program Projections for 2027:
No estimates were made in 2026 for the Large Commercial Cleaning and Laundromat Service.

Program Fiscal Expenditures
For the twelve-month period of January through December 2027, the Company estimates expenses of the Large Commercial Cleaning and Laundromat Service Program to be $2,773.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Testimony and Exhibit JHM-2 of Jerry Melendy have been furnished by Electronic Mail to the following parties of record this 3rd day of August, 2026:

Florida Public Utilities Company Michelle Napier Florida Public Utilities Company 1635 Meathe Drive West Palm Beach, FL 33411 Michelle_napier@chpk.com	J. Jeffry Wahlen Virginia Ponder Matt Jones Ausley & McMullen P.O. Box 391 Tallahassee, FL 32302 jwahlen@ausley.com vponder@ausley.com mjones@ausley.com
Florida Public Service Commission Saad Farooqi Timothy Sparks 2540 Shumard Oak Boulevard Tallahassee, FL 32399 sfarooqi@psc.state.fl.us discovery-gcl@psc.state.fl.us	Office of Public Counsel Walter Trierweiler/Charles Rehwinkel/Octavio Ponce/Austin Watrous c/o The Florida Legislature 111 West Madison Street, Room 812 Tallahassee, FL 32399-1400 Rehwinkel.Charles@leg.state.fl.us Trierweiler.walt@leg.state.fl.us Ponce.octavio@leg.state.fl.us Watrous.austin@leg.state.fl.us
Peoples Gas System Charles T.Morgan II Karen Bramley P.O. Box 111 Tampa, FL 33601-0111 klbramley@tecoenergy.com ctmorganii@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
Kira I. Lake Florida Public Utilities Company 450 S. Charles Richard Beall Blvd Debary, FL 32713 klake@chpk.com	Sebring Gas System, Inc. Jerry H. Melendy, Jr. 3515 U.S. Highway 27 South Sebring, FL 33870 jmelendy@floridasbestgas.com

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