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# DEF's Response to Staff's First Interrogatories Nos. 1–14

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

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| In re: Energy Conservation Cost Recovery | Docket No. 20210002-EG<br>Filed: July 16, 2021 |

**DUKE ENERGY FLORIDA, LLC'S RESPONSE TO STAFF'S FIRST SET OF INTERROGATORIES (NOS. 1-14)**

Duke Energy Florida, LLC ("DEF") responds to the Staff of the Florida Public Service Commission's (Staff's) First Set of Interrogatories (Nos. 1-14) to DEF as follows:

INTERROGATORIES

**Please refer to Schedule CT-2, Page 3 of 4, of DEF's May 3, 2021, filing in Docket No. 20210002-EG to answer the following questions.**

1. For the Home Energy Check program, please explain the principle drivers for the variance of $55,047 in Payroll & Benefits for the period January 2020 - December 2020.

**Response:**

The variance in Payroll and Benefits for the Home Energy Check Program is primarily due to adjustments that were made in how employee time was being charged. A review of employee responsibilities and work that was being performed resulted in more time charged to the Home Energy Check program and less time to the Residential Incentive Program. The increase in payroll expenses for the Home Energy Check Program is offset by lower expenses for the Residential Incentive Program.

2. For the Home Energy Check program, please explain the principle drivers for the variance of $91,513 in Materials and Supplies for the period January 2020 - December 2020.

**Response:**

The $91,513 variance in Materials and Supplies is due to invoices that were accrued to Materials and Supplies that should have been charged to Outside Services. The variance is offset by a negative variance in Outside Services.

3. For the Home Energy Check program, please explain the principle drivers for the variance of ($347,237) in Advertising for the period January 2020 - December 2020.

**Response:**

The principle driver for the variance in Advertising was due to a shift to more digital marketing which resulted in lower costs. The shift to digital marketing was driven by the impacts of COVID-19. Due to the suspension of walk-through audits, DEF adjusted its marketing plans to drive more online audits and pulled back on other types of marketing.

4. For the Home Energy Check program, please explain the principle drivers for the variance of ($144,391) in Incentives for the period January 2020 - December 2020.

**Response:**

DEF provided more multi-family kits than planned which have a lower cost than the single-family kits.

5. For the Residential Incentive program, please explain the principle drivers for the variance of ($378,928) in Payroll & Benefits for the period January 2020 - December 2020.

**Response:**

The negative variance for Payroll & Benefits was driven by multiple factors. As explained in the response to question No. 1, based on a review of how time was being charged, part of the decrease resulted from dollars that shifted from the Residential Incentive Program to the Home Energy Check Program. Additionally, part of the variance was driven by the impacts of COVID-19, as the duct repair and insulation measures were suspended and resources supporting those measures were reassigned.

6. For the Residential Incentive program, please explain the principle drivers for the variance of $264,402 in Incentives for the period January 2020 - December 2020.

**Response:**

Incentives were significantly higher than projected for August through October. DEF believes this may have been due to work that was deferred due to COVID-19 as in-home audits and duct repair and insulation measures were suspended from mid-March through mid-June.

7. For the Technology Development program, please explain the principle drivers for the variance of ($142,743) in Outside Services for the period January 2020 - December 2020.

**Response:**

The principle drivers for the negative variance in Outside Services spending during 2020 were several planned Electric Power Research Institute (EPRI) projects that were delayed or not offered due to technology delays and lack of participation. DEF also spent less than anticipated on communication maintenance for the USF microgrid project.

8. For the Load Management program, please explain the principle drivers for the variance of ($28,801) in the Depreciation, Amortization, and Return cost category for the period January 2020 - December 2020.

**Response:**

As incentives for the Interruptible Program are a function of billed customer demand, the higher incentives resulted from higher-than-projected demand. The $365,423 variance seems relatively immaterial as it represents less than 1% of the total annual program incentives of $40.7 million.

9. For the Interruptible Service program, please explain the principle drivers for the variance of $365,423 in Incentives for the period January 2020 - December 2020.

**Response:**

The increase in incentives was due to higher-than-anticipated program participation, particularly in the cool roof, chiller tune-up, and HVAC tune-up measures. Incentives for the second half of the year were 29% higher than the first half. DEF believes the increase was due, in part, to the impacts of COVID-19.

10. For the Better Business program, please explain the principle drivers for the variance of $407,312 in Incentives for the period January 2020 - December 2020.

**Response:**

The ($28,801) variance, which represents .021% of total Depreciation, Amortization and Return costs, was driven by lower-than-projected expenditures for load management switches for the July through December time period.

11. For the Load Management program, please explain the principle drivers for the variance of ($533,136) in Incentives for the period January 2020 - December 2020.

**Response:**

The variance in incentives was due to lower-than-anticipated residential sales for the last six months of the year as the level of incentives fluctuated based on kWh sales.

12. For the Qualifying Facility program, please explain the principle drivers for the variance of $162,388 in Outside Services for the period January 2020 - December 2020.

**Response:**

The variance in Outside Services for the Qualifying Facility program resulted from higher-than-anticipated legal fees associated with a formal litigated dispute with a Qualified Facility Purchase Power Provider that went to arbitration.

13. For the Standby Generation program, please explain the principle drivers for the variance of ($453,521) in Incentives for the period January 2020 - December 2020.

**Response:**

The variance is due to fewer-than-anticipated test events in 2020 due to the impacts of COVID-19.

14. For Conservation Program Admin (Line 14), please answer the following:

a. Please explain the principle drivers for the variance of ($87,999) in Payroll & Benefits for the period January 2020 - December 2020.

b. As a result of suspending programs in 2020 due to COVID-related concerns, please describe the actions the Company took (e.g. reallocation of assignments, etc.) regarding the employees that normally perform administrative functions to support such programs. As part of your response, please address how the payroll-related costs for such employees were apportioned during 2020.

**Response:**

a. DEF notes that the ($87,999) variance in Payroll and Benefits represents less than a 5% variance. The primary reason for the variance was lower-than-anticipated accruals for incentive compensation.

b. The administrative functions, such as the financial, regulatory, legal, IT and human resources support functions, were not impacted by the suspension of the programs. The work related to those support functions continued throughout the period that the programs were suspended, and those costs continued to be charged to Conservation Administration as they typically are.