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DEF’s Response to Staff’s Third Set of Interrogatories Nos. 13-14

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Energy Conservation Cost Recovery

Docket No. 20220002-EG

Dated October 7, 2022

DUKE ENERGY FLORIDA, LLC'S
RESPONSE TO STAFF'S THIRD SET OF INTERROGATORIES (NOS. 13-14)

Duke Energy Florida, LLC ("DEF") responds to the Staff of the Florida Public Service Commission's ("Staff") Third Set of Interrogatories (Nos. 13-14), as follows:

13. Please refer to pages in Exhibit KR-1P, filed on September 8, 2022, to answer the following:

A. Please refer to Schedule C-3, Page 1 of 5. In Exhibit KR-1P [2022 Actual/Estimated Schedule], reflects that the Business Energy Check Program projects to incur costs of $590,769 in 2022. In Schedule C-2, Page 3 of 5 in Exhibit KR-1P [2023 Projection Schedule], the same program has estimated cost of $736,298. Please explain why the 2023 projected costs are projected to increase by almost 25 percent in comparison to the actual and estimated expenses from 2022.

Response:
The 2023 projected costs are projected to increase due to increased audit participation for the calendar year. Audit involvement is vital in reaching customers and increasing participation in other Energy Efficiency programs. DEF has increased marketing plans for the audits to help drive customer knowledge and increase participation. Additionally, its projected increased audit participation will fill open staffing positions as activity increases.

B. Please refer to Schedule C-3, Page 1 of 5. In Exhibit KR-1P [2022 Actual/Estimated Schedule], reflects that the Smart Saver Customer Incentive Program projects to incur costs of $413,163 in 2022. In Schedule C-2, Page 3 of 5 in Exhibit KR-1P

[2023 Projection Schedule], the same program has estimated cost of $590,129. Please explain why the 2023 projected costs are projected to increase by 43 percent in comparison to the actual and estimated expenses from 2022.

Response:
The 2023 projected costs are projected to increase due to increased marketing which is planned to reach customers to drive knowledge of programs and to increase participation. Increased participation will increase incentives, administrative and marketing costs but ultimately lead to more energy and capacity savings.

C. Please refer to Schedule C-3, Page 2 of 5. In Exhibit KR-1P [2022 Actual/Estimated Schedule], reflects that the Low Income Weatherization Assistance Program projects to incur costs of $367,118 in 2022. In Schedule C-2, Page 3 of 5 in Exhibit KR-1P [2023 Projection Schedule], the same program has estimated cost of $481,087. Please explain why the 2023 projected costs are projected to increase by 31 percent in comparison to the actual and estimated expenses from 2022.

Response:
The 2023 projected costs are projected to increase due to anticipated increased customer participation. The Department of Energy has committed over $1.6 Million in funding to increase participation via agency partners. This funding will help to provide program support as well as increase customer participation.

D. Please refer to Schedule C-5, Page 2 of 16, in Exhibit KR-1P [Program Description and Progress], reflects that DEF projects 14,379 completions will be performed for the Residential Incentive Program in 2023, as compared to a total of 4,328 measure installations provided as of June 30, 2022. Describe what promotional activities are planned in 2023 to enhance participation for this program.

Response:
DEF's Residential Incentive Program has increased email, direct mail, and bill insert marketing channels to enhance and increase participation. DEF will continue to monitor and deploy these enhanced promotional activities in 2023.

E. Please refer to Schedule C-5, Page 5 of 16, in Exhibit KR-1P [Program Description and Progress], reflects that DEF anticipates adding 2,500 new participants to the Load Management Program (Residential and Commercial) in 2023, as compared to a total of 369 new participants added to the program as of June 30, 2022. Describe what promotional activities are planned in 2023 to enhance participation for this program.

Response:
DEF plans to increase promotional activities by reaching customers using multiple communication channels including, but not limited, to direct email, mail, bill insert and messaging, newsletters and utilizing the Company website messaging.

F. Please refer to Schedule C-5, Page 6 of 16, in Exhibit KR-1P [Program Description and Progress], reflects that DEF estimates 400 customers will participate in the Business Energy Check Program in 2023, as compared to a total of 60 commercial audits performed as of June 30, 2022. Describe what promotional activities are planned in 2023 to increase customer participation for this program.

Response:
In 2023 DEF plans to increase customer participation with multiple promotional activities including direct targeted emails to customers. DEF will target small to medium business customers as well as large account customers by spotlighting our HVAC measures. In addition, there will be separate offerings for webinars to our customers.

G. Please refer to Schedule C-5, Page 8 of 16, in Exhibit KR-1P [Program Description and Progress], reflects that DEF projects 60 customers will participate in the Smart Saver Custom Incentive Program in 2023, as compared to having zero customer participation in this program as of June 30, 2022. Describe what promotional activities are planned in 2023 to increase customer participation for this program.

Response:

In 2023 DEF plans to increase customer participation with several promotional activities including having assessor team members meet directly with customers to evaluate every possible opportunity within their facilities. Additionally, there will be specific targeted marketing to our trade allies for Air-Cooled Chiller Maintenance opportunities.

14. Please refer to Schedule C-3, Page 5 of 5, of DEF's September 8, 2022 filing in Docket No. 20220002-EG (2023 Projection filing) to answer the following questions.

A. Please provide a detailed description of the Company's implementation of a new customer connect system, as referenced in Note 1.

Response:

Customer Connect consolidated four legacy billing systems into one customer service platform delivering a universal experience for customers. The Customer Connect platform is foundational to transforming how Duke Energy serves its customers, providing them with the easy, personalized experience they expect from service providers. Customer Connect was fully implemented for Duke Energy Florida in November 2021. Customer Connect successfully transitioned all Duke Energy Florida customer account data from its legacy billing system to the new platform.

B. Describe how the billing discrepancies for the Energy Management program were discovered. Confirm in your response that the discrepancies were limited to the bills issued in March 2022, and also describe in your response the corrective actions taken.

Response:

The billing discrepancy in March 2022 bills was discovered when DEF evaluated March billing impacts from residential seasonal changes that went into effect in January 2022 per the 2022 Base Rate Settlement. March is no longer considered a "winter" month and changed to a "summer" month for pricing purposes. As a result, all seasonal March rates were changed correctly in the Customer Connect System, except for the Energy Management program credits, which continued to bill at $8 (winter rate) instead of $5 (summer rate). Since seasonal changes did not impact prior months, this issue is isolated to March 2022 bills. As a corrective action, DEF has updated the credit values in the Customer Connect System for March and November from winter rates to summer rates, aligning the credits with the changes effective January 2022.

C. Please explain how customers were notified of the billing discrepancy for the Energy Management program. Include in your response an explanation for how the Company reversed (or will be reversing) the excess credit, and what rate classes are being charged.

Response:
Customers were not specifically notified of the Energy Management billing discrepancies nor were excess billing credits reversed. Also, DEF is not seeking to recover the excess credits through the ECCR clause.

D. Address in your response how the $917,137 amount was calculated, showing the breakdown of what portion of this total is related to the excess bill credits, and what portion is related to the incorrect non-fuel energy rate.

Response:
The $917,137 was calculated within the Customer Connect System by comparing actual credits to residential load management customers between January and May 18, 2022, to what the credits should have been after corrections for both billing issues were resolved. DEF did not isolate the two billing issues for March bills, but instead accounted for the total impact to March bills. The non-fuel energy charge impacts for January, February, April, and May are included in the response to 14 J.

E. Please describe how the Company intends to recover the cost of the new "customer connect system."

Response:
The cost of the Customer Connect System is being recovered through base rates as included in the MFRs filed on January 28, 2021 in Docket No. 20210016.

F. By program and amount, please break down where the $917,137 amount is reflected in Pages 1 and 2 of 5, of Schedule C-3 in Exhibit KR-1P [2022 Actual/Estimated Schedule].

Response:
The $917,137 adjustment is shown on Schedule C-3, Page 5 of 5 versus Schedule C-3, Pages 1 and 2 of 5. This adjustment reduces the amount of the 2022 End of Period Net True-Up to be recovered in 2023.

G. Please explain the effects on customer bills that resulted from using an incorrect non-fuel energy rate used to calculate the cap on load management credit amounts on RSL-1 customer bills.

Response:
The Customer Connect System was set up to calculate the maximum load management credit in accordance with the RSL-1 tariff sheet, which does not allow the credit to exceed 40% of the non-fuel energy charge associated with usage above 600 kWh. However, the November 2021 rate was hard-keyed into the maximum load management credit calculation as the non-fuel energy charge. When the new rate was loaded in January 2022, the calculation continued to use the hard-keyed November 2021 rate. The November 2021 non-fuel energy rate was lower than both the winter and summer 2022 non-fuel energy charges, so in all cases, the result was an over-credit to the load management customer's benefit.

H. Please explain how the Company plans to adjust the credit amounts for that resulted from using an incorrect non-fuel energy rate used to calculate the cap on load management credit amounts on RSL-1 customer bills from January through May 18, 2022.

Response:
DEF is not seeking to recover the excess credit amounts from the incorrect non-fuel energy rate RSL-1 calculations that occurred from January through May 18, 2022.

I. Please describe how the Company discovered it was using an incorrect non-fuel energy rate for calculating the cap on credit amount.

Response:
DEF discovered that the calculation was incorrect while investigating and correcting the seasonal billing discrepancies, as described in response 14B, with March 2022 bills.

J. Please provide the calculations required to correct the cap on load management credits to adjust for the time between January to May 18, 2022 during which an incorrect non-fuel energy rate was used.

Response:
As stated above, the $917,137 was calculated within the Customer Connect System by comparing what was actually billed to residential load management customers between January and May 18, 2022, and what should have been billed after corrections to both issues were resolved.