17

FPUC’s Response to Staff’s First Set of Interrogatories Nos. 1-7

Interrogatory No. 1

RESPONSES TO INTERROGATORIES

Please refer to Schedule CT-2, Page 3 of 3, in Exhibit DMC-1, from FPUC's May 2, 2022 filing in Docket No. 20220002-EG (2021 True-up filing), to answer the following questions.

1. On September 14, 2021, the Florida Department of Revenue announced in Tax Information Publication No: 21C01-02 that the state's corporate income tax rate has been reduced to 3.535 percent for tax years beginning on or after January 1, 2021. Would there be an impact on the clause due to the tax reduction? If so please identify by Schedule and Line entry where FPUC recognized the adjustment(s) to the changes in State of Florida corporate income taxes that occurred in 2021.

Company Response:

There is no impact on these costs due to the change in the tax rate. The Consolidated Electric Conservation Rate adjustment is composed of three main items that are not affected by the tax rate: the conservation revenues, the related expenses, and any provision incurred by these factors.

Respondent: Derrick Craig

Interrogatory No. 2

2. Please explain why the expense for Payroll and Benefits is allocated to some, but not all, conservation programs.

Company Response:
The Company's Payroll and Benefits costs are allocated to each of its conservation programs based on where the Company's employees are spending their time.

In reference to Schedule CT-2, Page 3 of 3, in Exhibit DMC-1, from FPUC's May 2, 2022 filing in Docket No. 20220002-EG, the Solar Water heating and Solar Photovoltaic programs, the Indoor Lighting program, the Window Film program and the Commercial Energy Survey program listed are all older programs no longer included in the Company's current Demand Side Management (DSM) plan. Therefore, no expenses were allocated to those programs for the 2021 period.

Respondent: Derrick Craig

Interrogatory No. 3

3. Please explain why no portion of the expense for Advertising in the January-December 2021 period was allocated to the Low-Income Education program. Address in your response the justification for allocating this expense to some, but not all, conservation programs.

Company Response:

The Company's Advertising costs are allocated to each of its conservation programs based on which programs are being advertised. The Low-Income program had no advertising expenses in 2021. To be clear, all customers (including low income customers) received relevant energy conservation program information and energy efficiency information. Moreover, while there was no expense specifically tied to advertising allocated to the lower income customer class in 2021, this should not be construed to mean that the Company has reduced the level of information provided to these customers. Rather, the Company utilizes other means of providing information to this customer class that do not fall within the "advertising" bucket.

Respondent: Derrick Craig

Interrogatory No. 4 a&b

4. For the Common costs (Line 1), please answer the following:

a. Please explain the principle drivers for the variance of ($28,340) in the expense for Legal in the January-December 2021 period.

Company Response:

The Company's Legal costs vary from year-to-year, based upon the scope of legal services needed, for example, the number of commission filings and legal advice needed. Due to this variation in costs and based on its historical legal expenses, the Company projected $50,000 in 2021. The principal driver for the variance of ($28,340) is a reduction in the legal services required during the 2022 period.

Respondent: Derrick Craig

b. Please explain the principle drivers for the variance of $25,365 in the expense for Outside Services in the January-December 2021 period.

The principal driver for the variance of $25,365 in Outside Services expenses was an increase in expenses for the Company's Conservation Demonstration and Development program. The Company launched a pilot, under this program, to test the viability of using a system that will improve customers' electric system reliability and resiliency while also helping to reduce the overall cost of the customer's bill. These expenses exceeded what was projected for the 2021 period.

Respondent: Derrick Craig

Interrogatory No. 5 a&b

5. For the Residential Energy Survey program (Line 2), please answer the following:

a. Please explain the principle drivers for the variance of ($18,906) in the expense for Labor & Payroll in the January-December 2021 period.

Company Response:
As a result of the COVID-19 pandemic, and in an abundance of caution to protect the health and safety of its employees and customers, the Company was not performing in-home energy surveys/audits for most of 2021. Instead, most of the electric audits were performed online by customers with the use of the Company's online energy audit software. Therefore, the Labor & Payroll expenses incurred by employees for these audits was reduced during the January through December 2021 timeframe.

Respondent: Derrick Craig

b. Please explain the principle drivers for the variance of ($19,999) in the expense for Outside Services in the January-December 2021 period.

Company Response:
After closer review, the Company has found that $42,656 of the Outside Service expenses in its Commercial Reflective Roofing program should have been allocated to the Company's Residential Energy Survey program and were allocated to incorrect program in error. This increases the Company's Outside Services expenses for the Commercial Energy Survey program to $76,254 for the 2021 period.

Respondent: Derrick Craig

Interrogatory No. 6

6. For the Electric Conservation Demonstration and Development program (Line 13) please explain the principle drivers for the variance of $14,474 in the expense for Outside Services in the January-December 2021 period.

Company Response:

As noted in the Company's response to question 4b above, the Company spent dollars researching the effectiveness of a new power-saving device that will improve customers' electric system reliability and resiliency while also helping to reduce the overall cost of the customer's bill. These expenses exceeded what was projected for the 2021 period.

Respondent: Derrick Craig

Interrogatory No. 7

7. For the Commercial Reflective Roof program (Line 14) please explain the principle drivers for the variance of $25,343 in the expense for Outside Services in the January-December 2021 period.

Company Response:
As noted in the Company's response to question 5b above, after closer review, the Company has found that $42,656 of the Outside Service expenses in its Commercial Reflective Roofing program should have been allocated to the Company's Residential Energy Survey program and were allocated to this program in error. This reduces the Company's Outside Services expense for the Commercial Reflective Roofing program to $0 for the 2021 period.

Respondent: Derrick Craig