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FCG's Response to Staff's First Set of Interrogatories, Nos. 1–10

QUESTION:
Please refer to Schedule CT-2, Page 2 of 4, of FCG's May 2, 2022 filing in Docket No. 20220004-GU and Schedule CT-2, Page 3 of 3, of FCG's May 3, 2021 filing in Docket No. 20210004-GU to answer the following question.

Please explain why the expense for Payroll & Benefits in the January – December 2021 period was allocated to some, but not all conservation programs. Specifically address in your response why no portion of the expense for Payroll and Benefits was allocated to Program 11 (Commercial Appliances program), although this program recorded over $420,000 in expenses for Incentives during the January – December 2021 period

RESPONSE:
With respect to Program 11, the expense for Payroll and Benefits during the January 2021 through December 2021 were allocated to and included in the expenses for Program 9. In total, the Payroll and Benefits allocated to the two commercial programs are correct.

QUESTION:
Please refer to Schedule CT-2, Page 2 of 4, of FCG's May 2, 2022 filing in Docket No. 20220004-GU and Schedule CT-2, Page 3 of 3, of FCG's May 3, 2021 filing in Docket No. 20210004-GU to answer the following question.

Please explain why the expense for Payroll & Benefits allocated to Program 7 (Residential Appliance Retention program), $62,850, was 23% lower for the January – December 2021 period, compared to the January – December 2020 period, when the recorded expense was $81,275.

RESPONSE:
Total employee hours charged to Program 7 (Residential Appliance Retention) during 2021 dropped because two employees changed roles at the end of 2020 and no longer allocated time to Program 7 during 2021. Some of these employees were allocated to support Program 1 (Residential New Construction), Program 9 (Commercial / Industrial Conversion), and Program 11 (Commercial Natural Gas Conservation) due to the increased demand of new residential construction during 2021, as well as to support the commercial programs that were impacted by the COVID-19 pandemic. The decrease in staff and increased work in commercial programs did not impact Residential Appliance Retention program implementation; rather, the workload was reallocated to existing employee resources within the program without any issues.

QUESTION:
Please refer to Schedule CT-2, Page 2 of 4, of FCG's May 2, 2022 filing in Docket No. 20220004-GU and Schedule CT-2, Page 3 of 3, of FCG's May 3, 2021 filing in Docket No. 20210004-GU to answer the following question.

Please explain why the expense for Payroll & Benefits allocated to Program 8 (Residential Cut and Cap program), $80,725, was 16% lower for the January – December 2021 period, compared to the January – December 2020 period, when the recorded expense was $96,646.

RESPONSE:
Similar to the Florida City Gas response to Staff's First Set of Interrogatories No. 2, the total hours charged to Program 8 (Residential Cut and Cap) during 2021 dropped because two employees changed roles at the end of 2020 and no longer allocated time to Program 8 during 2021. Some of these employees were allocated to support builders and developers with the increase demand of new residential construction during 2021, as well as to support the commercial programs that were affected from the COVID-19 pandemic. The decrease in staff and increased work in commercial programs did not impact the Residential Cut and Cap program; rather, the workload was reallocated to existing employee resources within the program without any issues.

QUESTION:

Please refer to Schedule CT-2, Page 2 of 4, of FCG's May 2, 2022 filing in Docket No. 20220004-GU and Schedule CT-2, Page 3 of 3, of FCG's May 3, 2021 filing in Docket No. 20210004-GU to answer the following question.

Please explain why the expense for Advertising, $1,184,624, was 40% higher for the January – December 2021 period, compared to the January – December 2020 period, when the recorded expense was $843,705.

RESPONSE:

In 2021, the Florida City Gas expense for digital and traditional advertising was higher than in 2020. Due to the continuing impacts of the COVID-19 pandemic, these advertising mediums were determined to be the most efficient way to reach the most customers during 2021. In addition, Florida City Gas had lower-than-average advertising expenses in 2020, which also contributed to the variance between calendar years 2020 and 2021.

QUESTION:
Please refer to Schedule CT-2, Page 2 of 4, of FCG's May 2, 2022 filing in Docket No. 20220004-GU and Schedule CT-2, Page 3 of 3, of FCG's May 3, 2021 filing in Docket No. 20210004-GU to answer the following question.

Please explain why the expense for Vehicles allocated to Program 9 (Commercial/Industrial Conversions program), $41,877, was 62% higher for the January – December 2021 period, compared to the January – December 2020 period, when the recorded expense was $25,853.

RESPONSE:
The expense for Vehicles allocated to Program 9 in 2020 was a lower than average due to timing in the payment of certain Program 9 Vehicle invoices for 2020, which were not processed for payment until January 2021.

QUESTION:
Please refer to Schedule CT-2, Page 2 of 4, of FCG's May 2, 2022 filing in Docket No. 20220004-GU and Schedule CT-2, Page 3 of 3, of FCG's May 3, 2021 filing in Docket No. 20210004-GU to answer the following question.

Please explain why the expense for Incentives allocated to Program 11 (Commercial Appliances program), $421,584, was 25% lower for the January – December 2021 period, compared to the January – December 2020 period, when the recorded expense was $559,840.

RESPONSE:
The actual amount of incentives paid under each of FCG's natural gas conservation programs is directly related to the number of customers that voluntarily elect to participate in each program. The variance for incentives paid under Program 11 during 2021 is due to a decrease in the number of customers that participated in the commercial appliance program during 2021. Florida City Gas is continuing to work with contractors to encourage commercial customers to participate the program.

Florida City Gas Company
Docket No. 20220004-GU
Staff's First Set of Interrogatories
Interrogatory No. 7

QUESTION:
Please refer to Schedule CT-2, Page 2 of 4, of FCG's May 2, 2022 filing in Docket No. 20220004-GU and Schedule CT-2, Page 3 of 3, of FCG's May 3, 2021 filing in Docket No. 20210004-GU to answer the following question.

Please identify what types of items are recorded as "Other" expenses. Address in your response why the expense for Other, which is recorded as a Common Cost, $89,402, was 45% higher for the January – December 2021 period, compared to the January – December 2020 period, when the recorded expense was $61,598.

RESPONSE:
Under the category "Other," the Company records conservation program expenses that enhance and benefit all programs, such as vendor fees for rebate processing. The variance is due an increase in vendor rebate processing fees and an increase in the number of rebates processed. Also contributing to the variance was an end of the year accrual of rebates that was inadvertently posted in common cost. These rebates were reclassified to the appropriate programs in June 2022.

QUESTION:
Please refer to Schedule CT-2, Page 2 of 4, of FCG's May 2, 2022 filing in Docket No. 20220004-GU and Schedule CT-2, Page 3 of 3, of FCG's May 3, 2021 filing in Docket No. 20210004-GU to answer the following question.

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 any impact on the clause due to the tax reduction? If so, please explain, and identify by Schedule and Line entry where FCG recognized the changes in State of Florida corporate income taxes that occurred in 2021.

RESPONSE:
No. The revenue requirements included in FCG's Natural Gas Conservation Cost Recovery clause are not grossed up for state or federal income taxes. Therefore, the change in the state corporate income tax effective January 1, 2021 has no impact on FCG's Natural Gas Conservation Cost Recovery clause.

QUESTION:
Please refer to Schedule CT-2, Page 2 of 4, of FCG's May 2, 2022 filing in Docket No. 20220004-GU and also to Schedule CT-6 from the same filing, to answer Interrogatory Nos. 9 and 10.

On Schedule CT-2, Page 2 of 4, of FCG's May 2, 2022 filing in Docket No. 20220004-GU, the expense for Incentives allocated to Program 1 (Residential New Construction) is recorded as $1,256,613. Using the information from Schedule CT-6, Page 1 of 9, the following table identifies sum of program accomplishments multiplied by the various program allowances identified:

Program Accomplishments		Program Allowances ($)	Sum ($)
(A) Number of Paid Incentives	(B) Description	(C)	(D) = (A) * (C)
779	Tank Water Heaters	350	272,650
12	High Efficiency Tank Water Heaters	400	4,800
936	Tankless Water Heaters	550	514,800
58	Furnaces	500	29,000
1,498	Ranges	150	224,700
1,002	Dryers	100	100,200
4,285			$1,146,150

Please explain the discrepancy in the expense for Incentives allocated to Program 1 (Residential New Construction) shown on Schedule CT-2, $1,256,613, and the sum of program accomplishments multiplied by the various program allowances identified on Schedule CT-6, which is $1,146,150.

RESPONSE:
The discrepancy noted is attributable to the difference in the timing of when the incentives are approved and when they are paid. The number of incentives is counted in Schedule CT-6, page 1 of 9, when the incentives are approved. However, the release of payment for these incentives typically takes longer and may be posted in a different period. The actual amount of the incentives shown on Schedule CT-2, page 2 of 4, reflects the total incentives that were actually released and paid during the period January 2021 through December 2021.

QUESTION:
Please refer to Schedule CT-2, Page 2 of 4, of FCG's May 2, 2022 filing in Docket No. 20220004-GU and also to Schedule CT-6 from the same filing, to answer Interrogatory Nos. 9 and 10.

On Schedule CT-2, Page 2 of 4, of FCG's May 2, 2022 filing in Docket No. 20220004-GU, the expense for Incentives allocated to Program 7 (Residential Appliance Retention) is recorded as $1,595,219. Using the information from Schedule CT-6, Page 5 of 9, the following table identifies sum of program accomplishments multiplied by the various program allowances identified:

Program Accomplishments		Program Allowances ($)	Sum ($)
(A) Number of Paid Incentives	(B) Description	(C)	(D) = (A) * (C)
1,887	Tank Water Heaters	350	660,450
155	High Efficiency Tank Water Heaters	400	62,000
519	Tankless Water Heaters	550	285,450
771	Furnaces	500	385,500
528	Ranges	150	52,800
626	Dryers	100	52,600
4,285			$1,498,800

Please explain the discrepancy in the expense for Incentives allocated to Program 7 (Residential Appliance Retention) shown on Schedule CT-2, $1,595,219, and the sum of program accomplishments multiplied by the various program allowances identified on Schedule CT-6, which is $1,498,800.

RESPONSE:
As stated in FCG's response to Staff's First Set of Interrogatories No. 9, the discrepancy noted is attributable to the difference in timing of when the incentives are approved and when they are paid. The number of incentives is counted in Schedule CT-6, page 1 of 9, when the incentives are approved. The amount of the incentives shown on Schedule CT-2, page 2 of 4, reflects the total incentives that were actually released and paid during the period January 2021 through December 2021.