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FPL's Response to Staff's First
Set of Interrogatories Nos. 1–15

QUESTION:

Please refer to Schedule CT-2, Page 5 of 23, in Exhibit JNF-1, from FPL's May 2, 2022 filing in Docket No. 20220002-EG (2021 True-up filing).

Please explain how the expense for Payroll and Benefits is allocated to all conservation programs.

RESPONSE:

The Payroll and Benefits expense allocation to conservation programs is based on employees' support of the specific Demand Side Management (DSM) programs. For certain functions, the employee's payroll is directly allocated to a specific program based on the employee's workload. For example, field personnel supporting the business and residential surveys will charge an appropriate portion of their payroll to the surveys. There are other DSM-related activities, such as program management, verifications, and contract management, for which employees also charge to the appropriate program. In addition, there are administrative functions, such as regulatory filings, budget preparations, IT support, and management, whose payroll is allocated to Common Expenses since those functions do not support a specific program.

QUESTION:

Please refer to Schedule CT-2, Page 5 of 23, in Exhibit JNF-1, from FPL's May 2, 2022 filing in Docket No. 20220002-EG (2021 True-up filing).

Please explain why the expense for Advertising is allocated to some, but not all, conservation programs.

RESPONSE:

FPL's advertising campaign is designed to create customer awareness of a broad array of energy efficiency opportunities, tools, and services that can help lower our customers' energy usage and bills. It achieves this by promoting participation in the Residential Online Home Energy Survey and the Business Energy Evaluation programs. FPL focuses its advertising on these programs because they provide a gateway to other DSM programs, as well as providing information on low or no-cost energy-saving options.

QUESTION:

Please refer to Schedule CT-2, Page 5 of 23, in Exhibit JNF-1, from FPL's May 2, 2022 filing in Docket No. 20220002-EG (2021 True-up filing).

For the Residential Home Energy Survey program (Line 1), please answer the following:

- a. Please explain the principle drivers for the variance of (\$304,908) in the expense for Outside Services for the January-December 2021 period.
- b. Please explain the principle drivers for the variance of \$1,096,116 in the expense for Advertising for the January-December 2021 period.
- c. Please identify what types of items are recorded as "Other" expenses in this program. Explain in your response the variance of \$43,016 in this expense category for the January-December 2021 period.

RESPONSE:

- a. The variance of (\$304,908) in expense for Outside Services for the Residential Home Energy Survey program is due to lower than projected expenses related to the development of advertising material for the Home Energy Survey.
- b. The variance of \$1,096,116 in expense for Advertising for the Residential Home Energy Survey program is due to higher than projected expenses related to the promotion of FPL's new energy analyzer platform. This platform allows the customer to view their disaggregated usage by major end-uses. In addition, the customer receives tips on low or no-cost energy-saving options as well as information about available DSM programs.
- c. The items recorded as "Other" for the Residential Home Energy Survey program include technology expenses, employee-related expenses, and office expenses. The variance of \$43,016 is primarily driven by higher than projected license fee expenses for software related to the new energy analyzer.

QUESTION:

Please refer to Schedule CT-2, Page 5 of 23, in Exhibit JNF-1, from FPL's May 2, 2022 filing in Docket No. 20220002-EG (2021 True-up filing).

For the Residential Ceiling Insulation program (Line 2), please answer the following:

- a. Please explain the principle drivers for the variance of (\$86,265) in the expense for Rebates for the January-December 2021 period.
- b. Please identify what types of items are recorded as "Other" expenses in this program. Explain in your response the variance of \$35,950 in this expense category for the January-December 2021 period.

RESPONSE:

- a. The variance of (\$86,265) in expense for Rebates for the Residential Ceiling Insulation program is due to lower than projected participation.
- b. The items recorded as "Other" for the Residential Ceiling Insulation program include technology expenses, employee-related expenses, and office expenses. The variance of \$35,950 in expense for the "Other" category is due to higher than projected expenses for mailings designed to promote the program to increase participation.

QUESTION:

Please refer to Schedule CT-2, Page 5 of 23, in Exhibit JNF-1, from FPL's May 2, 2022 filing in Docket No. 20220002-EG (2021 True-up filing).

For the Residential Load Management ("On Call") program (Line 3), please answer the following:

- a. Please explain the principle drivers for the variance of (\$863,129) in the expense for Payroll & Benefits for the January-December 2021 period.
- b. Please explain the principle drivers for the variance of (\$1,097,577) in the expense for Outside Services for the January-December 2021 period.
- c. Please identify what types of items are recorded as "Other" expenses in this program. Explain in your response the variance of \$1,068,550 in this expense category for the January-December 2021 period.

RESPONSE:

- a. The variance of (\$863,129) in Payroll & Benefits for the Residential Load Management ("On Call") program is primarily a result of the way FPL's SAP budget system reflects the pre-capitalized labor cost for the program. At the time of purchase, FPL pre-capitalizes the contractor labor cost associated with installing the load control transponders ("LCTs") in customers' homes, and FPL books a credit for the associated labor costs in the Other category. Once an LCT is removed from inventory and installed in a customer's home, this entry is reversed and recorded to Payroll & Benefits category. The 2021 actual spend reflects a pre-capitalized credit of \$1,500,894, whereas the 2021 projection reflects a credit of \$607,392. If this credit is removed, Payroll and Benefits were within 2% of projection.
- b. The variance of (\$1,097,577) in expense for Outside Services for the Residential On Call program was based on reduction of several planned activities such as developing an advertising campaign, measurement & verification, substation maintenance, and transponder repair work.
- c. The items recorded as "Other" for the Residential On Call program include technology expenses, employee-related expenses, and office expenses. The variance of \$1,068,550 in the expense category is primarily a result of the way FPL's SAP budget system reflects the pre-capitalized labor cost for FPL's Residential Load Management program. At the time of purchase, FPL pre-capitalizes the contractor labor cost associated with installing the LCTs in customers' homes, and FPL books a credit for the associated labor costs in the Other category. The 2021 projection included a credit of \$898,940 for pre-capitalized labor resulting in a lower expense in this category. If the credit is removed from the category, the actual expenses for 2021 were higher by \$169,610. This variance was driven by higher than projected postage expenses.

QUESTION:

Please refer to Schedule CT-2, Page 5 of 23, in Exhibit JNF-1, from FPL's May 2, 2022 filing in Docket No. 20220002-EG (2021 True-up filing).

For the Cogeneration and Small Power Production program (Line 8), please identify what types of items are recorded as "Other" expenses in this program. Explain in your response the variance of \$60,831 in this expense category for the January-December 2021 period.

RESPONSE:

The items recorded as "Other" for the Cogeneration and Small Power Production program include technology expenses, employee-related expenses, and office expenses. The "Other" category includes a projected credit associated with the administrative activities performed by FPL for Cogenerators and Small Power Producers. These parties reimburse FPL for providing these services on their behalf by a reduction in the amount FPL pays them for their output. The variance of \$60,831 is a result of the lower than projected credit. This is then reflected as a reduction in the form of a credit to the Energy Conservation Cost Recovery ("ECCR") costs paid by FPL's general body of customers.

QUESTION:

Please refer to Schedule CT-2, Page 5 of 23, in Exhibit JNF-1, from FPL's May 2, 2022 filing in Docket No. 20220002-EG (2021 True-up filing).

For the Commercial/Industrial Load Control program (Line 10), please explain the principle drivers for the variance of (\$243,333) in the expense for Rebates for the January-December 2021 period.

RESPONSE:

The variance of (\$243,333) in expenses for Rebates for the Commercial/Industrial Load Control program is primarily driven by a decrease in the number of participants. This program is closed to new participants.

QUESTION:

Please refer to Schedule CT-2, Page 5 of 23, in Exhibit JNF-1, from FPL's May 2, 2022 filing in Docket No. 20220002-EG (2021 True-up filing).

For the Business Energy Evaluation program (Line 12), please answer the following:

- a. Please explain the principle drivers for the variance of (\$498,109) in the expense for Payroll & Benefits for the January-December 2021 period.
- b. Please explain the principle drivers for the variance of (\$335,255) in the expense for Advertising for the January-December 2021 period.

RESPONSE:

- a. The variance of (\$498,109) in expenses for Payroll & Benefits for the Business Energy Evaluation program is primarily driven by a shift in the allocation of payroll to other activities in the company. A reduction in field visits for the Business Energy Evaluation Survey program resulted in changes to payroll allocation of the employees to other projects to mitigate the costs for the program.
- b. The variance of (\$335,255) in expense for Advertising for the Business Energy Evaluation program is driven primarily by a shift in allocation to the Residential Home Energy Survey. There was a new residential platform introduced in 2021 that was promoted to the customers.

QUESTION:

Please refer to Schedule CT-2, Page 5 of 23, in Exhibit JNF-1, from FPL's May 2, 2022 filing in Docket No. 20220002-EG (2021 True-up filing).

For the Business Heating, Ventilation, & A/C program (Line 13), please explain the principle drivers for the variance of (\$2,319,554) in the expense for Rebates for the January-December 2021 period.

RESPONSE:

The variance of (\$2,319,554) in expense for Rebates for the Business Heating, Ventilation, & A/C ("HVAC") program is a result of lower than projected participation. The ongoing supply chain challenges for commercial HVAC equipment has affected the participation in this program.

QUESTION:

Please refer to Schedule CT-2, Page 5 of 23, in Exhibit JNF-1, from FPL's May 2, 2022 filing in Docket No. 20220002-EG (2021 True-up filing).

For the Conservation Research and Development program (Line 15), please explain the principle drivers for the variance of (\$80,000) in the expense for Outside Services for the January-December 2021 period.

RESPONSE:

The variance of (\$80,000) in the expense for Outside Services for the Conservation Research and Development program is a result of lower than projected cost for the Quantum Analytics Load Control Impact Update study.

QUESTION:

Please refer to Schedule CT-3, Page 5 of 16, in Exhibit JNF-2, from FPL's May 2, 2022 filing in Docket No. 20220002-EG (2021 True-up filing).

For the Residential Home Energy Survey program (Line 1), please answer the following:

- a. Please explain the principle drivers for the variance of \$81,231 in the expense for Outside Services for the January-December 2021 period.
- b. Please identify what types of items are recorded as "Other" expenses in this program. Explain in your response the variance of \$44,497 in this expense category for the January-December 2021 period.

RESPONSE:

- a. The primary drivers of the \$81,231 variance for the Residential Home Energy Survey program were an additional \$46,394 in advertising expenses that were inadvertently applied to the Outside Services cost category and an additional \$20,000 in online survey vendor expenses.
- b. The items recoded as "Other" for the Residential Home Energy Survey program include technology expenses, employee-related expenses, and office expenses. The variance of \$44,497 for "Other" for this program is primarily due to higher than anticipated software expenses associated with Gulf's DSM program reporting tool.

QUESTION:

Please refer to Schedule CT-3, Page 5 of 16, in Exhibit JNF-2, from FPL's May 2, 2022 filing in Docket No. 20220002-EG (2021 True-up filing).

For the Residential HVAC program (Line 4), please answer the following:

- a. Please explain the principle drivers for the variance of (\$42,059) in the expense for Advertising for the January-December 2021 period.
- b. Please explain the principle drivers for the variance of (\$31,350) in the expense for Incentives for the January-December 2021 period.

RESPONSE:

- a. The variance of (\$42,059) in expense for Advertising for the Residential HVAC program was due to reallocating some of the planned Advertising spend to the Residential Home Energy Survey program to increase cold weather savings tips and to shift planned campaigns to better align with integration of FPL and Gulf Power DSM plans in January 2022. The result was less advertising expenses than originally projected.
- b. The variance of (\$31,350) in the expense for Incentives for the Residential HVAC program is due to lower program participation than projected.

QUESTION:

Please refer to Schedule CT-3, Page 5 of 16, in Exhibit JNF-2, from FPL's May 2, 2022 filing in Docket No. 20220002-EG (2021 True-up filing).

For the Residential Ceiling Insulation program (Line 5), please answer the following:

- a. Please explain the principle drivers for the variance of (\$32,058) in the expense for Advertising for the January-December 2021 period.
- a. Please explain the principle drivers for the variance of (\$74,100) in the expense for Incentives for the January-December 2021 period.

RESPONSE:

- a. The variance of (\$32,058) in expense for Advertising for the Residential Ceiling Insulation program was due to reallocating some of the planned Advertising spend to Residential Home Energy Survey program to increase cold weather savings tips and to shift planned campaigns to better align with integration of DSM plans in January 2022. The result was less advertising expenses than originally projected for this program.
- b. The variance of (\$74,100) in the expense for Incentives for the Residential Ceiling Insulation program is due to lower program participation than projected.

QUESTION:

Please refer to Schedule CT-3, Page 5 of 16, in Exhibit JNF-2, from FPL's May 2, 2022 filing in Docket No. 20220002-EG (2021 True-up filing).

For the Residential High Efficiency Pool Pump program (Line 6), please explain the principle drivers for the variance of (\$70,250) in the expense for Incentives for the January-December 2021 period.

RESPONSE:

The variance of (\$70,250) in the expense for Incentives for the Residential High Efficiency Pool Pump program is due to lower program participation than projected.

QUESTION:

Please refer to Schedule CT-3, Page 5 of 16, in Exhibit JNF-2, from FPL's May 2, 2022 filing in Docket No. 20220002-EG (2021 True-up filing).

For the Business HVAC program (Line 9), please explain the principle drivers for the variance of (\$243,963) in the expense for Incentives for the January-December 2021 period.

RESPONSE:

The variance of (\$243,963) in the expense for Incentives for the Business HVAC program is due to lower program participation than projected. A large school district's participation in this program did not occur as expected.