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TECO's Response to Staff's
First Set of Interrogatories Nos.
1–12

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DOCKET NO. 20220002-EG
STAFF'S FIRST SET OF
INTERROGATORIES
INTERROGATORY NO. 1
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Please refer to Schedule CT-2, Page 3 of 4, in Exhibit MRR-1, from TECO's May 2, 2022 filing in Docket No. 20220002-EG (2021 True-up filing), to answer the following questions.

1. Please explain how the expense for Payroll and Benefits is allocated to all conservation programs.
 - A. Tampa Electric allocates Payroll and Benefits across its conservation programs dependent upon where the team member's daily activities are performed that correlate to the specific program. If the team member's work activities benefit both residential and commercial/industrial programs, the payroll and benefits will go to "Common" expense. Examples of this include regulatory personnel, senior leadership and team members that oversee the programming of the database the company uses to track and house most of the company DSM programs. Any team member activities that benefit either residential or commercial/industrial only or if it can be directed to several DSM programs, but not all, will perform positive time entry to the DSM programs benefitting. In these situations, positive time entry is used to prevent any inappropriate allocation of time to a DSM program that is not benefitting.

Tampa Electric charges costs to "Payroll & Benefit" via two methods. The first method is where the team member's activities benefit a specific DSM program. In this case, the team member will perform positive time entry to the DSM program benefitting. (Example: if a team member works performing Residential Walk-Through Audits for four hours and then performs four hours of Ceiling Insulation verifications. The team member will complete their time sheet for payroll documenting four hours to Residential Walk-Through Audits and four hours to the Ceiling Insulation program). The second method is where a leadership team member's activity benefits many programs. In this case the leadership team member's payroll will be allocated to follow either payroll or time based after the payroll calculation is performed. If payroll is chosen, the team member would examine the payroll costs which occur under their supervision and the percentage of payroll charged to conservation as compared to the percentage of payroll not-charged to conservation will develop the percentage of that team members payroll and benefits to be charged to conservation. For example: if a director has five managers reporting to them. One of these managers covers conservation programs while the other four managers do not. The entire payroll for each the managers areas will be combined and compared to establish the percentage of the director's payroll & benefits that could be billed to conservation. In this

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example, the four non-conservation managers combined payroll for their areas was \$450,000 and the payroll for the conservation managers area was \$150,000. Under this example, the percentage of the director's time that could be billed to conservation could be set to 25.0 percent. Prior to setting this percentage, the company will always ask the question, Is this percentage appropriate? If the director believes that the time that they will spend performing conservation related activities is another value that is lower than the percentage calculated, this lower percentage of payroll and benefits would be used. In this example, if the director said they will supervise each of the teams on an equal basis, then the percentage would be set to 20.0 percent. To date, the value used as the percentage of payroll and benefits has always been equal to or some percentage lower than the percentage calculated.

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2. Please explain why the expense for Advertising is allocated to some, but not all, conservation programs.
 - A. Tampa Electric's DSM advertising is typically focused heavily on promoting the Energy Audit and Energy Planner programs, and at the same time by promoting these two programs, it creates awareness of the many other residential and commercial/industrial energy-saving programs offered to customers. The Energy Audit is the company's "umbrella" program that encourages customers to schedule time with one of the company's energy analysts to inspect the customer's home or business, so they can identify areas of opportunity where customers can conserve energy. In addition, all advertising the company promotes includes a strong call-to-action to visit Tampa Electric's website that provides details about the benefits of participating in each of the company's Commission approved DSM programs or to call Tampa Electric's Energy Management Services Department to learn more and sign up to participate. Due to COVID restrictions in 2021, the company relied more on promoting the Energy Audit programs than the Energy Planner program.

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3. For the Residential Walk-Through Energy Audit program (D0083437), please answer the following:
- a. Please explain the principle drivers for the variance of \$157,262 in the expense for Payroll & Benefits in the January-December 2021 period.
 - b. Please explain the principle drivers for the variance of \$85,278 in the expense for Advertising in the January-December 2021 period.
 - c. Please explain the principle drivers for the variance of (\$33,584) in the expense for Vehicles in the January-December 2021 period.
- A.
- a. The variance of \$157,262 in Payroll and Benefits expenses for the Residential Walk-Through Audit during the January-December 2021 period is a direct result of the COVID-19 pandemic. The Residential Energy Auditors had more time shifted to the Walk-Through Audit program as they were primarily conducting Phone Audits for customers and Attic Inspections where the home had an outside access in either a garage, carport or lanai area rather than inside the home. As a result of Tampa Electric suspending non-essential operations with customers that required face-to-face interactions (on-site) from January 1, 2021, to November 8, 2021, this caused a reduction in the amount of field activity time that would normally be charged to support other programs.
 - b. The variance of \$85,278 in Advertising expenses for the Residential Walk-Through Audit is a direct result of the COVID-19 pandemic. As a result of Tampa Electric suspending non-essential operations with customers that required face-to-face interactions (on-site) from January 1, 2021, to November 8, 2021, more advertising was focused on promoting the Energy Audit Program (Phone Audit) as other field activities to assist customers were suspended. These advertisements included radio ads and social media advertising across multiple platforms, recognizing that many more customers were working from home.
 - c. The variance of (\$33,584) in Vehicle expenses for the Residential Walk-Through Audit is a direct result of the COVID-19 pandemic. As a result of Tampa Electric suspending non-essential operations with customers that required face-to-face interactions (on-site) from January 1, 2021, to November 8, 2021, there were less vehicle expenses for the year than originally projected.

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4. For the Residential Customer Assisted Audit program (D0083432), please answer the following:
- a. Please explain the principle drivers for the variance of (\$398,000) in the expense for Outside Services in 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 \$427,850 in this expense category for the January-December 2021 period.
- A.
- a. The variance of (398,000) in 2021 in the "Outside Services" category of the Residential Customer Assisted Energy Audit program was due to charging the invoice for the hosting of the energy audit software platform to the "Other" category. During the Commission's 2022 financial audit of the company's Energy Conservation Cost Recovery ("ECCR") costs for 2021, there was an issue found with this charge, the charge was set up incorrectly with an improper tax code that caused the company to consider this charge as to require paying taxes on it which enabled the amount to self-accrue taxes in the amount of \$29,850. This caused the total charged to this program of \$427,850 (the amount seen in the "Other" category). This error in accrued taxes has since been removed from the ECCR by a journal entry that was performed in June 2022. This adjustment was communicated to the Commission's Staff Financial Auditor.
 - b. The only charge to the "Other" category was the hosting of the energy audit software platform charge with the incorrect taxes that has since been corrected as explained in Response No. 4a above.

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5. For the Energy Star for New Homes program (D0083541), please explain the principle drivers for the variance of (\$85,850) in the expense for Incentives for the January-December 2021 period.
 - A. The variance for the ENERGY STAR for New Home program in the expense for incentives was driven by a lower number of actual participants than projected. The company originally projected the 2021 activity, in 2020, for this program to be 1,080 participants. The company adjusted this number in last year's projection to be 1,160 participants. The actual participants in 2021 was 1,006.

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6. For the Neighborhood Weatherization program (D0083538), please answer the following:
- a. Please explain the principle drivers for the variance of (\$433,800) in the expense for Payroll & Benefits in the January-December 2021 period.
 - b. Please explain the principle drivers for the variance of \$87,749 in the expense for Materials & Supplies in the January-December 2021 period.
 - c. Please explain the principle drivers for the variance of (\$214,920) in the expense for Outside Services in the January-December 2021 period.
 - d. Please explain the principle drivers for the variance of (\$2,034,564) in the expense for Incentives in the January-December 2021 period.
- A.
- a. The variance of (\$433,800) in Payroll and Benefits in the Neighborhood Weatherization Program was due to the COVID-19 pandemic. Tampa Electric suspended non-essential operations with customers that required face-to-face interactions (on-site) from January 1, 2021, to November 8, 2021. During the pandemic, the field personnel that support this program were shifted to assist with the Walk-Through Energy Audit program as they were primarily conducting Phone Audits for customers and Attic Inspections where the home had an outside access in either a garage, carport, or lanai area rather than inside the home.
 - b. The variance of \$87,749 in Material & Supplies in the Neighborhood Weatherization program is a direct result of reorganizing the delivery of the weatherization kits to be packaged and direct mailed to customer's homes during the COVID-19 pandemic. Tampa Electric suspended non-essential operations with customers that required face-to-face interactions (on-site) from January 1, 2021, to November 8, 2021. During the pandemic, weatherization kits were provided to customers via direct mailing rather than having the measures installed by one of the company's Energy Analysts.
 - c. The variance of (\$214,920) for Outside Services in the Neighborhood Weatherization program is a direct result of the COVID-19 pandemic. Tampa Electric suspended non-essential operations with customers that required face-to-face interactions (on-site) from January 1, 2021, to November 8, 2021. During the pandemic, having contractors visit

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customer's homes were also suspended which resulted in less work being performed by contractors for the program.

- d. The variance (of (\$2,034,564) for Incentives in the Neighborhood Weatherization program is a direct result of the COVID-19 pandemic. Tampa Electric suspended non-essential operations with customers that required face-to-face interactions (on-site) from January 1, 2021, to November 8, 2021. During the pandemic, this suspension also applied to contractors delivering duct seal and attic insulation to qualifying homes participating in the Neighborhood Weatherization Program.

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7. For the Energy Planner program (D0083542), please answer the following:
- a. Please explain the principle drivers for the variance of (\$37,698) in the expense for Capital Investments in the January-December 2021 period.
 - b. Please explain the principle drivers for the variance of (\$121,105) in the expense for Payroll & Benefits in the January-December 2021 period.
 - c. Please explain the principle drivers for the variance of (\$23,625) in the expense for Materials & Supplies in the January-December 2021 period.
 - d. Please explain the principle drivers for the variance of (\$237,319) in Outside Services for the January-December 2021 period.
- A.
- a. The principle driver which caused the variance during the January-December 2021 period in the category of Capital Investments was the COVID-19 pandemic. Tampa Electric suspended non-essential operations with customers that required face-to-face interactions (on-site) from January 1, 2021, to November 8, 2021. During the projection process, the company was projecting to be able to return to normal operations sooner than this date which caused the variance.
 - b. The main drivers which caused the variance during the January-December 2021 period in the category of Payroll and Benefits were the following:
 - One Load Management Analyst retired in April 2021 with their replacement being hired in July 2021. In addition, this new team member was hired at a lower pay scale rate.
 - One of the Energy Planner team members missed significant time due to a COVID-19 related illness that was charged against a different account.
 - While in-home field operations were suspended due to the reasons explained in Response No. 7a above. The company's Energy Management Services Support Phone Team charged fewer hours to the Energy Planner program marketing and enrolling customers than projected, as they were switched to promote the Energy Audit Programs.
 - c. The principle driver which caused the variance during the January-December 2021 period in the category of Material and Supplies was the COVID-19 pandemic. Tampa Electric suspended non-essential operations

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with customers that required face-to-face interactions (on-site) from January 1, 2021, to November 8, 2021. During the projection process, the company was projecting to be able to return to normal operations sooner than this date which caused the variance.

- d. The principle driver which caused the variance during the January-December 2021 period in the category of Outside Services was the COVID-19 pandemic. Tampa Electric suspended non-essential operations with customers that required face-to-face interactions (on-site) from January 1, 2021, to November 8, 2021. During the projection process, the company was projecting to be able to return to normal operations sooner than this date which caused the variance.

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8. For the Demand Response program (D0083533), please explain the principle drivers for the variance of (\$253,200) in the expense for Incentives in the January-December 2021 period.
 - A. The variance for the Demand Response program in the expense for incentives is caused by a timing of invoices from the third-party vendor that administers the program. The company did not receive an invoice in November that drove the incentives for 2021 to be under by this amount. The invoice that was to be paid for November was received in late December 2021 and was paid in the first part of January 2022.

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9. For the Industrial Load Management (GLSM 2&3) program (D0083506), please explain the principle drivers for the variance of \$1,824,680 in the expense for Incentives in the January-December 2021 period.
 - A. The variance for the Industrial Load Management (GLSM 2&3) program in the expense for incentives is caused by an increase in the overall kW from participating industrial customers. The company believes this load increase in 2021 is due to the relaxing of restrictions due to COVID as the customers restarted their manufacturing and business processes.

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- 10.** For the LED Street and Outdoor Conversion program (D0083547), please identify what types of items are recorded as "Other" expenses in this program. Explain in your response the variance of \$1,728,794 in this expense category for the January-December 2021 period.
 - A.** Expenses coded as "Other" in the LED Street and Outdoor Conversion program are credits to the program due to the salvage value of the removed luminaires that are sold for scrap material. In 2021, the primary driver for the variance was the identification of a workflow reconciliation issue which caused lights that were converted prior to 2021, to be delayed in reporting until 2021. This issue in the delay of reporting has been corrected from occurring again. The company is projecting to complete the remaining LED conversions by 2023.

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11. For the Lighting Conditioned Space program (D0083528), please explain the principle drivers for the variance of \$144,721 in the expense for Incentives in the January-December 2021 period.
 - A. The variance for the Lighting Conditioned Space program in the expense of incentives was driven by the lighting projects submitted for a rebate were larger than the typical values used to set the budget amounts. These larger project rebates also overcame the slight reduction in actual participation in 2021, as compared to the projected participation.

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12. For the Commercial Smart Thermostats program (D0091108), please explain the principle drivers for the variance of (\$58,326) in the expense for Incentives in the January-December 2021 period.
 - A. The variance for the Commercial Smart Thermostats program in the expense of incentives was driven by a lower number of actual participants than projected. The company originally projected the 2021 activity, in 2020, for this program to be 60 participants. The company adjusted this number in last year's projection to be 30 participants. The actual participants in 2021 was two (2).