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FCG's Response to Staff's  
Second Set of Interrogatories,  
No. 11

Florida City Gas  
Docket No. 20220004-GU  
Staff's Second Set of Interrogatories  
Interrogatory No. 11  
Page 1 of 3

QUESTION:

Please refer to Schedule CT-2, Page 2 of 4, in Exhibit MB-1, from FCG's May 2, 2022 filing in Docket No. 20220004-GU. Please answer the following:

- a. Explain how conservation programs are being advertised to customers.
- b. Explain how costs for advertising are appropriate/essential for conservation programs.
- c. Rule 25-17.015(5), Florida Administrative Code, states, in part, that "Advertising expense recovered through energy conservation cost recovery shall be directly related to an approved conservation program . . ." Please identify each approved conservation program that the expense for \$1,184,624 relates to.
- d. Explain, consistent with Rule 25-17.015(5)(a), Florida Administrative Code, the specific problem being addressed by the advertising campaign(s) that are included in the advertising expense of \$1,184,624.
- e. Explain, consistent with Rule 25-17.015(5)(b), Florida Administrative Code, how the specific problem referenced in the sub-part (D) response above, is being corrected by the advertising campaign(s) that are included in the advertising expense of \$1,184,624.
- f. Explain, consistent with Rule 25-17.015(5)(c), Florida Administrative Code, how direction is being provided to obtain help to alleviate the specific problem referenced in the sub-part (D) response above, by the advertising campaign(s) that are included in the advertising expense of \$1,184,624.

RESPONSE:

- a. Conservation programs are being advertised utilizing different media platforms available in FCG's service territory to reach its customers and potential new customers. Some examples are mass media and online advertising, such as social media, lookalike targeting, programmatic ad purchasing, and search engine optimization. FCG also actively participates in events that allow face-to-face interaction with the public and places advertising in strategic points of sale, such as appliance retailers, model homes, and special events. As part of the selection of the appropriate advertising medium, FCG considers demographics, participation levels, location of the Company's service lines, customer appliance count, attrition rates, growth and new construction locations, and current expansion projects. Marketing campaigns are reviewed internally and with external marketing agencies to evaluate their effectiveness prior to their launch. Marketing campaigns are continuously monitored for key performance indicators, such as click rate, cost per impression, and adjusted as needed throughout the campaign.
- b. Advertising is essential to be able to reach and educate FCG's existing and potential new customers regarding the energy conservation benefits of natural gas. FCG's strategic and targeted approach to advertising promotes customer retention by reaching out to those most

likely in need of conservation rebates to replace their appliances. Also, FCG's advertising approach also contributes to customer growth by creating interest in the product and motivating builders to respond to customer preferences. Additionally, FCG's advertising approach encourages large users to use new gas technologies that allow them to conserve energy and obtain economic benefits. Close to eighty percent of customer inquiries are linked to FCG's advertising campaign and efforts. FCG's advertising platforms allow the Company to capture customer inquiries and requests, and provide responsive information necessary for the public to make informed decisions about their energy use and conservation.

- c. The expense for \$1,184,624 relates to the following approved conservation programs: Program 1 (Residential New Construction), Program 3 (Residential Appliance Replacement), Program 6 (Propane Conversion), Program 7 (Residential Appliance Retention), Program 8 (Residential Cut and Cap), Program 9 (Commercial/Industrial Conversion), and Program 11 (Commercial Natural Gas Conversation Program).
- d. Consistent with Rule 25-17.05(5)(a), F.A.C., the specific problems addressed by FCG's various advertising campaigns include: energy conservation and reduction of high energy bills, reduction of appliance costs, reduction of conversion costs, equipment efficiencies, and resiliency during inclement weather and power outages.
- e. Consistent with Rule 25-17.05(5)(b), F.A.C., the specific problems addressed by FCG's various advertising campaigns include:
  - Energy Conservation: The use of natural gas can be more efficient as compared to other energy sources. Equipment efficiencies also contribute to energy conservation.
  - High energy bills: The use of an efficient energy source and appliances reduce the consumption, which leads to lower energy bills.
  - Appliance and conversion cost reductions: The energy conservation rebates reduce the customer out of pocket expense for purchase and installation new appliances, whether the customer is replacing an existing gas appliance with a newer more efficient gas appliance or installing a new gas appliance as part of a conversion from a less efficient energy source. It also incentivizes builders and developers to include natural gas in their new developments. Additionally, the commercial programs contribute to the reduction of conversion costs and use of new gas technology.
  - Equipment efficiencies: Equipment efficiencies reduce time for cooking, drying, space heating and water heating contributing to a reduction of time, energy consumption and money. In addition, equipment efficiencies have a direct impact on business operation costs that affect all consumers, such as laundry mats, hotels, restaurants, assisting living facilities, and product manufacturers.

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- Resiliency: Resiliency is an important topic throughout Florida, including in FCG's service territory. The use of specific natural gas equipment can provide continued service during a power outage, such as following hurricanes or other extreme weather events, and enable the continuation of some essential needs, such as backup power (generators), cooking, and hot showers.
- f. Consistent with Rule 25-17.015(5)(c), F.A.C., FCG provides information with multiple options to address and alleviate the problems referenced in sub-part (d). This includes, providing a dedicated rebate website on all advertising. FCG also provides a phone number in selected advertising where customers can contact the Company directly and obtain information regarding the energy conservation program, as well as receive help in applying for a rebate and finding a contractor. All the online advertising includes a direct link to FCG's dedicated rebate site.

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Staff's First Request for Production of Documents

Request No. 1

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QUESTION:

Please provide the documents in electronic format of the advertising campaign materials associated with the expense of \$1,184,624 identified on Schedule CT-2, Page 2 of 4, in Exhibit MB-1, from FCG's May 2, 2022 filing in Docket No. 20220004-GU.

RESPONSE:

Please see responsive documents attached.