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FCG's Response to Staff's
Third Set of Interrogatories,
Nos. 12-14

QUESTION:

Please refer to FCG's Marketing Talent Network, Inc.'s Invoice No. 20062, dated 4/8/2021 identifying several advertising expenses the Company recorded, totaling \$43,242.83 (see Staff's 2nd Request for Production of Documents, No. 2). Please respond to the following:

- a. 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 \$43,242.83 relates to.
- b. Explain, consistent with Rule 25-17.015(5)(a), Florida Administrative Code, why this expense is credited to common costs as shown in Exhibit MB-1 of the May 2, 2022 true-up filing in Docket 20220004 rather than apportioned by program.
- c. Consistent with Rule 25-17.015(5)(a), Florida Administrative Code, identify the specific problem the advertising campaign(s) or advertisements is designed to address.
- d. Consistent with Rule 25-17.015(5)(b), Florida Administrative Code, state how the specific problem(s) referenced in the sub-part (C) response above, is corrected by the advertising campaign(s) or advertisements.
- e. Consistent with Rule 25-17.015(5)(c), Florida Administrative Code, explain how the advertising campaign or advertisements provides direction to obtain help to alleviate the specific problem referenced in the sub-part (C) response above.

RESPONSE:

- a. The energy conservation advertising expense for \$42,242.83 is related to radio and TV advertising to promote energy efficiency measures and incentives available for the residential and commercial programs. The approved conservation programs targeted were:
 - a. Program 1 Residential new construction
 - b. Program 3 Residential appliance replacement
 - c. Program 7 Residential appliance retention
 - d. Program 9 and 11 Commercial programs

- b. Consistent with the historic conservation program projection and true up filings, Florida City Gas records all advertising expenses under common cost advertising. This is appropriate because in order to promote the programs efficiently and at reasonable cost, single ads are designed to cover more than one program, which allows greater message frequency and reduces production costs and administrative costs.
- c. Consistent with Rule 25-17.05(5)(a), F.A.C., the specific problems addressed by this advertising include: energy conservation and reduction of high energy bills, reduction of appliance costs and reduction of conversion costs by promoting the available conservation incentives, equipment efficiencies, and resiliency during inclement weather and power outages.
- d. Consistent with rule 25-17.015(5)(a), F.A.C, the energy conservation programs included in this advertising addresses the problems identified in subpart (c) above by promoting energy conservation, appliance energy efficiency, and resiliency during inclement weather.
- e. Consistent with Rule 25-17.015(5)(c), F.A.C., FCG's advertising provides information with multiple options to address and alleviate the problems identified in subpart (c) above, including a dedicated rebate website with information related to conservation and incentives. In addition to accessing the dedicated rebate site, customers can also contact the Company directly and obtain information regarding the energy conservation programs, as well as receive help in applying for available rebates and finding a contractor to install the conservation measure.

QUESTION:

Please explain whether any 2021 entertainment expenses incurred by FCG have been or are requested to be recovered via the NGCCR. If present, identify all such expenses, including entertainment description, dollar amounts, dates, vendor, and the rationale for any such cost recovery request under the NGCCR.

RESPONSE:

No. FCG has not requested to recover any entertainment expenses through the NGCCR.

QUESTION:

Please refer to Direct Testimony of Witness Miguel Bustos, filed on August 5, 2022, Exhibit MB-2, Schedule C-2, Page 2 of 2, and Schedule C-3, Page 3 of 5, to answer the following questions:

- a. Exhibit MB-2, Schedule C-3, Page 3 of 5 [2022 Actual/Estimated Schedule], reflects that FCG projects that the Residential Cut and Cap Alternative Program will incur costs of \$121,569 in 2022. In Exhibit MB-2, Schedule C-2, Page 2 of 2 [2023 Projection Schedule], the same program has estimated costs of \$163,486. Please explain why the 2023 projected costs are 35.4 percent more than the 2022 actual and estimated expenses.
- b. Exhibit MB-2, Schedule C-3, Page 3 of 5 [2022 Actual/Estimated Schedule], reflects that FCG projects that the Commercial/Industrial Conversion Program will incur costs of \$430,605 in 2022. Exhibit MB-2, Schedule C-2, Page 2 of 2 [2023 Projection Schedule], the same program has estimated costs of \$179,284. Please explain why the 2023 projected costs are 58 percent lower than the 2022 actual and estimated expenses.
- c. Exhibit MB-2, Schedule C-3, Page 3 of 5 [2022 Actual/Estimated Schedule], reflects that FCG projects that the Commercial Appliance Program will incur costs of \$586,981 in 2022. Exhibit MB-2, Schedule C-2, Page 2 of 2 [2023 Projection Schedule], the same program has estimated costs of \$934,485. Please explain why the 2023 projected costs are 59.2 percent more than the 2022 actual and estimated expenses. Describe in your response any additional promotional activities for this program that are planned.

RESPONSE:

- a. The variance is due to an increase in the number of incentives FCG is projecting to pay to customers and time the customer advisors will allocate to this program. FCG is enhancing its trade allie program with the objective of generating additional leads for this program.
- b. The variance in the Commercial/Industrial Conversion Program 9 cost in the 2022 projection compared to the 2023 forecasted cost is simply due to the split of the payroll and benefits cost between commercial programs 9 and 11. Currently, all payroll costs are allocated to the Commercial/industrial Conversions program 9. Starting in 2023, these costs will be allocated to the Commercial Appliance program 11 as well, according to the time dedicated to this program.
- c. Please refer to answer b above.

QUESTION:

Please provide the documents of the advertising campaign materials (i.e. scripts of radio and television advertising, and all related documents) associated with the expense of \$43,242.83 identified in FCG's Invoice No. 20062 dated April 8, 2021, as well as the invoice itself.

RESPONSE:

Please see the attached responsive documents. [Provided on flash drive via US Mail.]