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Sebring's Response to Staff's
Third Set of Interrogatories,
No. 8

INTERROGATORY NO. 8 (A&B)INTERROGATORIES

8. Please refer to the Direct Testimony of Witness Jerry H. Melendy, filed on August 5, 2022, Exhibit JHM-2, Schedule C-3, Page 3 of 5, and Schedule C-2, Page 2 of 2, to answer these questions:

- A. Exhibit JHM-2, Schedule C-3, Page 3 of 5 [2022 Actual/Estimated Schedule], reflects that Sebring projects that the Commercial New Construction Program will incur costs of \$4,779 in 2022. In Exhibit JHM-2, Schedule C-2, Page 2 of 2 [2023 Projection Schedule], the same program has estimated costs of \$2,740. Please explain why the 2023 projected costs are 42.7 percent lower than the 2022 actual and estimated expenses.
- B. Exhibit JHM-2, Schedule C-3, Page 3 of 5 [2022 Actual/Estimated Schedule], reflects that Sebring projects that the Commercial Retention Program will incur costs of \$7,743 in 2022. In JHM-2, Schedule C-2, Page 2 of 2 [2023 Projection Schedule], the same program has estimated costs of \$4,240. Please explain why the 2023 projected costs are 45.2 percent lower than the 2022 actual and estimated expenses.

COMPANY RESPONSE:

A. The projections of the conservation revenues and expenses for a particular year are calculated using the actual numbers for a portion of the previous year and the estimated for the remainder of that year. In this filing, the actual expenses figures were for the first six months of January through June, and the estimated expenses figures were for remaining six months of the year. I had estimated paying \$2,000 in conservation incentives to an anticipated project in the

estimated portion of the year. The project did not come to fruition, so no incentives were paid. If the incentive of \$2,000 had not been booked into the conservation schedules, the results would have been an actual/estimated Commercial New Construction Program for 2022 of \$2,779. In comparing the \$2,779 figure with the projected expenses for Commercial New Construction Program expenses for 2023 (\$2,740), there is reduction of \$39 or 1.4% in the projected expenses for 2023.

B. Projecting expenses for the commercial portion of the conservation programs is challenging due to the anticipated incentives to be paid. An incentive for a commercial customer is historically higher than those for residential customers. In some cases, one incentive paid to a commercial customer will most likely be much higher than several residential customer incentive payments, due in part that the commercial conservation incentive programs include the payment of incentives for labor for commercial accounts.

The conservation amounts for the Commercial Retention Program for previous years were as follows:

Year

2019 \$4,375

2020 \$4,853

2021 \$4,860

2022 \$5,900 through September.

The projections for the year 2023 were more in line with the prior three years.

The actual conservation expenses for the Commercial Retention Program through September 2022 were \$5,083, which is 66% of the projected amount of \$7,743, with 75% of the year passed. The

actual expenses for the Commercial Retention program for this year, 2022, may be short of the projections but should be close to the projections for 2023.

Respondent: Jerry Melendy