

State of Florida



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Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: September 22, 2009
TO: Ann Cole, Commission Clerk - PSC, Office of Commission Clerk
FROM: Stephen C. Larson, Assistant to Commissioner Argenziano
RE: Docket # 080677-EI

Commissioner Argenziano has not viewed the attached letter, but, in an abundance of caution please place the attached letter in the file for the above noted docket and disseminate copies to all parties.

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK



Miami-Dade County Public Schools

giving our students the world

Superintendent of Schools
Alberto M. Carvalho

September 16, 2009

Miami-Dade County School Board

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Ms. Nancy Argenziano
Commissioner
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Subject: DOCKET #080677 – Petition for increase in rates by Florida Power and Light Company

Dear Commissioner Argenziano:

Miami-Dade County Public Schools (M-DCPS) is one of the largest customers of Florida Power and Light Company (FPL) and, as such, will be severely impacted by rate increases proposed in the above subject docket. The timing of FPL's request for a base rate hike, currently under consideration by the Commission, is particularly troubling. While our nation is in the midst of the most serious economic recession of our lifetime and school districts throughout Florida are dealing with crippling budget reductions, it is unconscionable that a regulated public utility would propose any increases in its rates.

M-DCPS has recently experienced funding reductions totaling over \$400 million and was forced to make very difficult decisions involving employee layoffs, salary reductions, furlough days, curtailment of programs, and other drastic cuts to cope with a new fiscal reality. A review of the 2010 proposed rate information published by FPL reveals that M-DCPS will experience base rate increases of 70% or more at some schools; the aggregate burden of these increases to the District is projected to exceed \$10 million in the coming year. This is a recurring increase in operating expenditures that will require deeper cuts affecting educational programs.

Current market energy prices have prompted FPL to propose reductions in its pass-through fuel adjustment charges for 2010. Although lower prices for fossil fuel will cause a reduction in one component of most power bills, FPL will promptly request fuel adjustment increases if historically volatile fuel costs rise again. Consequently, the public promotional campaign undertaken by FPL touting that a typical residential power bill would decrease in 2010 despite a massive base rate increase seems quite disingenuous when, in fact, power bills would be substantially lower if base rates were to remain unchanged.

Last year my staff and I had the opportunity to address the Commission during your deliberation of steep and retroactive fuel adjustment increases proposed by FPL. The positive and encouraging outcome of that session demonstrated your sensitivity to harsh economic realities faced by FPL customers. You are once again being called upon to make

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decisions in a rate case that will impact cash-strapped school districts as well as businesses and millions of Floridians.

According to FPL Group's 2008 Annual Report, net income and earning per share both rose by nearly 25%, and the number of employees increased by 4.8% while FPL customer accounts and utility energy sales were both in decline. Further, redacted information pertaining to the above subject docket and available on the Commission's website reveals continued compensation increases for senior FPL executives, apparently immune to adverse state and national economic conditions. In fact, the total compensation of five senior officers (for which information was not redacted) will increase from \$23.1 million to \$26.1 million over the next three years, and their base salaries will rise 6.5% in 2009 and 15.2% by 2011. The preceding facts clearly describe a profitable business enterprise with leadership that is detached from the depressed economic conditions faced by the customers which it serves.

Now is not the time for rate increases that will further aggravate the painful effects of the current recession and, thus, delay prospects for economic recovery. M-DCPS has undertaken necessary multimillion dollar cost-reduction measures as stated earlier and will continue to pursue additional efficiencies in order to operate within our means. We expect FPL to follow our lead and do the same.

In closing, we strongly urge the Commission to emphatically reject FPL's petition for a rate increase.

Sincerely,

A handwritten signature in black ink, appearing to read 'A. Carvalho', with a long horizontal flourish extending to the right.

Alberto M. Carvalho
Superintendent of Schools

AMC:sma
L330

cc: School Board Members
School Board Attorney
Superintendent's Cabinet