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August 21, 2013

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COMMISSION
CLERK

-VIA HAND DELIVERY -

Ms. Ann Cole
Division of the Commission Clerk and
Administrative Services
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Re: Petition for Approval of Optional Non-standard Meter Rider

Dear Ms. Cole:

Enclosed for filing on behalf of Florida Power & Light Company ("FPL") are the original and seven (7) copies of its Petition for Approval of Optional Non-Standard Meter Rider, along with a CD containing the Petition in Microsoft word format.

If you should have any questions, please do not hesitate to contact me at (561) 691-2512 or ken.rubin@fpl.com.

Sincerely,

Kenneth M. Rubin

Enclosures

COM _____
AFD _____
APA _____
ECO _____
ENG _____
GCL _____
IDM _____
TEL _____
CLK _____

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for Approval of Optional
Non-Standard Meter Rider

Docket No. _____
Filed: August 21, 2013

**PETITION FOR APPROVAL OF OPTIONAL
NON-STANDARD METER RIDER**

Florida Power & Light Company (“FPL” or “Company”) petitions the Florida Public Service Commission (“Commission” or “FPSC”) for approval of an optional Non-Standard Meter Rider (“NSMR”) for customers who elect or who have been deemed to have elected to take service with a non-standard meter, to be effective once enrollment is complete and the billing system has been implemented (currently projected to be on or about April 1, 2014), and in support thereof states as follows:

I. Introduction and Overview

1. FPL has successfully installed more than 4.5 million smart meters to its residential and small business customers nine months ahead of schedule. The smart meters are now FPL’s standard service. During the course of deployment which began in earnest in 2009, a very small percentage of FPL customers (about one half of one percent, or approximately 24,000) have asked FPL to refrain from installing smart meters at their premises. FPL has accommodated these requests pending the completion of deployment by voluntarily creating a “postpone list.” FPL has advised customers on the postpone list that the Company will not install smart meters at their premises pending completion of the deployment or action by the Commission.

2. FPL’s deployment to residential and small business customers is now substantially complete, with certain minimal exceptions discussed below. The Company

must now address the customers on the postpone list, along with customers who have prevented access to their premises or whose structures prevent the installation of the smart meter, contrary to FPL's Electric Tariff.

3. Following the smart meter workshop conducted September 20, 2012, Staff issued a memorandum entitled "Briefing on Smart Meters: Technical Information and Regulatory Issues" ("Briefing") on February 11, 2013. In that Briefing Staff wrote as follows: "[T]here appears to be no consensus among the utilities on the issue of smart meter alternatives." However, Staff noted that with respect to optional service, "[T]he FPSC has a history of ensuring that the cost-causer pays the costs associated with their request." Staff concluded by recommending that "[T]he FPSC should allow utilities to voluntarily provide their customers with new services under an appropriate, approved tariff."

4. Consistent with the position and recommendation expressed by Staff, FPL hereby submits that a cost based option be made available to FPL's customers who wish to be served with a non-standard meter and who are qualified. A customer who is "qualified" is a customer who has not been engaged in theft of electricity from the Company.¹ Customers who deny access and/or who prevent FPL from installing the standard smart meter should be deemed to have elected to take the non-standard service under the optional rate, again assuming they are otherwise qualified.²

¹ The complete eligibility criteria for the proposed NSMR are more fully described on the proposed tariff attached to this Petition and marked as Exhibit A.

² FPL's tariff provides the Company with the legal authority to enter upon the customer's premises to install and maintain FPL's equipment, including its standard meter. The Company has elected not to initiate available disconnect procedures with these customers or otherwise enforce its legal rights at this point in time; however, this remedy will remain available to the Company in the event a customer refuses access to install a standard meter, if they have previously engaged in the theft of electricity from the Company, or if they are otherwise not eligible to take service pursuant to the NSMR.

5. A tariff providing an optional rate for customers who opt for a non-standard meter should be cost based to ensure that subsidization, if any, is kept to a minimum. This approach is consistent with the principle that a customer requesting any available non-standard service should pay the incremental costs associated with that service. Stated another way, the cost causer rather than the general body of customers should properly bear the costs associated with the provision of this non-standard service. This is precisely how FPL's proposed opt-out tariff will work.

II. Petitioner and Jurisdiction

6. The name and address of the Petitioner is:

Florida Power & Light Company
700 Universe Blvd
Juno Beach, FL 33408

7. All notices and pleadings in connection with this matter are to be served upon the following individuals:

Kenneth A. Hoffman
Vice President, Regulatory Affairs
Florida Power & Light Company
215 South Monroe Street, Suite 810
Tallahassee, FL 32301
Phone: 850-521-3919
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Principal Attorney
Email: kevin.donaldson@fpl.com
Florida Power & Light Company
700 Universe Boulevard
Juno Beach, FL 33408-0420
Phone: 561-691-2512
Fax: 561-691-7135

8. The Commission has jurisdiction pursuant to §§ 366.03, 366.04, 366.05 and 366.06, Florida Statutes, to approve tariffs for public utilities. This Petition is filed pursuant to Rules 25-6.033 and 25-22.036, Florida Administrative Code.

9. FPL is a corporation organized and existing under the laws of the State of Florida and is an electric utility as defined in § 366.02(2), Florida Statutes.

III. Background

10. To support the development of Smart Grid technologies and align itself with federal legislation, FPL has focused on smart grid solutions for several years. In so doing, FPL has actively supported the deployment of smart grid technologies consistent with the Energy Independence and Security Act of 2007 and the American Recovery and Reinvestment Act of 2009. Smart meters have served as an initial step in the development of the Company's smart grid initiative and support the established federal policy to modernize the electric infrastructure. FPL's smart meter deployment, now essentially complete, includes the installation of state-of-the-art integrated solid-state smart meters to the approximately 4.5 million residential and small business customers it serves.

11. FPL began the process of replacing electromechanical and digital meters with smart meters through two separate early deployment programs initiated in 2007 and 2008. Each of these programs involved the installation of approximately 50,000 smart meters. Thereafter, the smart meter rollout to all residential and small business customers commenced in earnest in September of 2009.

12. FPL's smart meter project was reviewed and approved by the Commission in FPL's 2009 rate case, as reflected in Order No. PSC-10-0153-FOF-EI, issued on March 17, 2010, in Docket Nos. 080677-EI and 090130-EI. The Commission found FPL's Advanced Metering Infrastructure ("AMI") project prudent and specifically indicated that the project should not be delayed. Consistent with that portion of the Commission's Order, FPL has continued the rollout of the program through the systematic installation of smart meters.

13. FPL's efforts to support federal and state energy policy and to effectively and efficiently carry out the Commission's Order regarding the installation of smart meters and the implementation of the smart grid have been undertaken for the benefit of all FPL customers and for the system as a whole.

14. Notwithstanding these facts, a small number of FPL's customers have objected to the installation of the standard smart meter.

15. Customers choosing to opt out of this standard service forego the individual benefits associated with the smart meter. These customers also require the utility to incur additional capital and O&M costs necessary to develop and maintain unique and separate meter processes and personnel to serve only this small number of customers.

16. FPL strongly supports the use of smart meters. At the same time, the Company recognizes that a small percentage of FPL customers have asked for a choice regarding the type of meter the Company will install at their premises. Provided these customers pay the cost-based fee, FPL's proposed optional tariff offers its customers that choice.

IV. FPL's Proposal

17. FPL has undertaken a comprehensive analysis of the additional costs it expects to incur to develop and maintain the infrastructure and personnel required to service the distinct population of customers left with non-standard meters in conjunction with an opt-out program.

18. As with any other available non-standard service, the customers requesting non-standard meters should be required to pay the additional costs required to establish and

maintain the meter reading network and the associated personnel required to provide this service.

19. Only the customer of record for a premise will have the option to elect the non-standard meter service for that premise. Additionally, customers who have tampered with the electric service or who have used service in a fraudulent or unauthorized manner will not be eligible to receive service pursuant to this optional rider.

20. FPL's proposal is consistent with the longstanding Commission principle and practice that requires the cost causer to pay the associated costs. The proposal is also consistent with Staff's recommendation as expressed in the February 11, 2013 Briefing to the Commission. Absent approval of the proposed tariff, the cost causer (i.e., customers requesting non-standard meters) will not pay the costs associated with the provision of this non-standard service.

21. FPL's current base rates are established by virtue of the Stipulation and Settlement Agreement identified as Attachment "A" to the Commission's January 14, 2013 Order Approving Revised Stipulation and Settlement, Order No. PSC-13-0023-S-EI, entered in Docket No. 120015-EI. This request for approval of an FPL opt-out tariff is entirely consistent with paragraph 14 of that agreement, which reads as follows:

"Nothing in this Agreement will preclude FPL from filing and the Commission from approving any new or revised tariff provisions or rate schedules requested by FPL, provided that such tariff request does not increase any existing base rate component of a tariff or rate schedule during the Term unless the application of such new or revised tariff or rate schedule is optional to FPL's customers."

22. The tariff sought by FPL in this Petition is optional to FPL's customers who choose to forego the benefits associated with FPL's smart meters either through a specific

request for this non-standard service or by preventing access to the Company to install the standard meter.

23. During implementation, a total of 24,000 or approximately 0.53% of FPL's smart meter eligible customers have asked to be placed on the postpone list. Customers on the postpone list have not yet been required to pay for this non-standard service.

24. The analysis performed by FPL in July 2013 reflects that utilities throughout the United States that have provided an optional rate for non-standard service have experienced opt-out enrollment rates of between 17% and 72% of the populations that had been postponed during smart meter implementations.³ For FPL, this would equate to a range of 4,080 to 17,280 customers of its approximately 24,000 customer-requested postponements. The midpoint of that range would be 10,680 customers. 10,680 opt out customers equates to 0.24% of FPL's smart meter eligible customer base.

25. Also, based on limited data available as of July 2013, 0.02% to 0.5% of all smart meter eligible customers in the majority of programs around the country have agreed to pay a fee to opt out. The midpoint of these participation rates is 0.26%. 11,700 opt out customers equates to 0.26% of FPL's smart meter eligible customer base.

26. In addition to the approximately 24,000 customers currently on the postpone list, FPL has been unable to install smart meters in approximately 14,000 additional eligible premises. This group is largely comprised of customers who have failed or refused to allow Company representatives access to their premises to install smart meters after repeated requests, or who have built around the existing meter enclosure or have otherwise altered

³ Many of the opt-out programs are not cost based and therefore spread at least a portion of the associated costs to customers receiving smart meters. FPL's proposal attempts to avoid such a result, instead imposing the costs of the opt-out on those who elect to maintain a non-standard service.

their structure so as to prevent a meter change out. These customers have not asked to be on the postpone list, but installation has not been possible for the stated reasons. Until these customers contact FPL, the Company has no method to determine how many will take non-standard service pursuant to this optional rate. However, in developing an estimate of potential opt-out customers, FPL assumes that a small number of these customers may ultimately take service pursuant to this rider.

27. For these reasons, FPL respectfully submits that it is reasonable to expect an anticipated opt-out population of between 0.2% and 0.3% of FPL's smart meter eligible customers. This equates to a range of 9,000 to 13,500 potential opt-out customers, for an average of 11,250. Because FPL anticipates that only a small number of the 14,000 customers described in paragraph 26 above, along with a small number of additional customers who are not currently on the postpone list, will take service pursuant to the NSMR, the tariff is based upon an expected average opt-out population of 12,000 customers.

28. FPL has identified the additional costs it expects to incur in order to provide non-standard meters and the associated services to its customers. In order to assure that the program is cost based, the costs associated with the program must be distributed among the members of the opt-out population. The anticipated costs and the breakdown of those costs per customer are more fully outlined on the attached Exhibit B to this Petition. Based upon the foregoing analysis, the resulting customer Enrollment Fee and the Monthly Surcharge for the 12,000 customers are outlined in detail on the attached Exhibit B.⁴

⁴ The Commission of course has continuing jurisdiction to monitor and evaluate the number of participants in the program, the costs associated with the program, and the resulting charges to customers within the opt-out class in order to assure that the program remains cost based.

29. In furtherance of its efforts to ensure that the NSMR is cost based and that the cost causer rather than the general body of customers properly bears those costs, FPL proposes that customers who receive this non-standard service pay an Enrollment Fee, along with a Monthly Surcharge. The Enrollment Fee is the fee that provides for the recovery of the one-time costs. The Enrollment Fee of \$105.00 must be paid by the customer at the time the customer initially takes service pursuant to the NSMR. In addition to the Enrollment Fee, during the time the customer takes service pursuant to the NSMR, the customer also will pay a Monthly Surcharge of \$16.00.⁵ Customers who take service pursuant to the NSMR will be obligated to pay the Enrollment Fee regardless of the length of time they take service pursuant to the NSMR, subject to the terms and conditions of the tariff, while the Monthly Surcharge will only be applicable during the time the customer actually takes service pursuant to this tariff. This fee structure ensures that FPL recovers incremental one-time costs along with ongoing operational costs it must incur to accommodate these customers, and that such costs are not imposed on other customers.

30. FPL's proposed Non-Standard Meter Rider-NSMR, Eleventh Revised Sheet No. 8.120, and FPL's proposed revised Index of Rate Schedules, which reflects the addition of the Non-Standard Meter Rider, is attached as Composite Exhibit A, in legislative and clean formats.

⁵ Charges are based on the customer keeping the existing legacy meter if smart meter installation was postponed, or customer accepting a non-communicating meter of the Company's choice from FPL inventory if a smart meter has already been installed. Although FPL recognizes that it will need to make a field visit to install a smart meter if the customer later decides to accept a smart meter, or when the customer leaves the home and a new customer accepts a smart meter, FPL has not included the costs associated with that field visit and service in its calculation of costs to be paid by customers who take service pursuant to this rider.

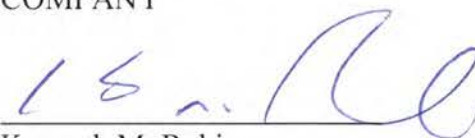
V. Conclusion

31. As outlined in this petition and the NSMR tariff which is attached hereto as Exhibit A, FPL proposes to offer a cost based non-standard meter option for eligible customers who take service pursuant to this rider. The NSMR tariff would become effective once enrollment is complete and the billing system has been implemented, currently projected to be on or about April 1, 2014. The proposed tariff is in the best interests of the general body of FPL's customers as it complies with the longstanding Commission principle that the cost causer should bear the costs, and it is entirely consistent with the principles addressed in the Staff Briefing of February 11, 2013.

WHEREFORE, FPL respectfully requests that the Commission enter an order approving the FPL Non-Standard Meter Rider, as described herein and as provided on Eleventh Revised Tariff Sheet No. 8.120 (Exhibit A).

DATED this 21st day of August, 2013.

FLORIDA POWER & LIGHT
COMPANY



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Florida Bar No. 349038
Kevin Donaldson
Principal Attorney
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Florida Power & Light Company
700 Universe Boulevard
Juno Beach, FL 33408-0420
(561) 691-2512 (telephone)
(561) 691-7135 (fax)

EXHIBIT A

INDEX OF RATE SCHEDULES

<u>RATE SCHEDULE</u>	<u>DESCRIPTION</u>	<u>SHEET NO.</u>
BA	Billing Adjustments	8.030
SC	Storm Charge	8.040
GS-1	General Service - Non Demand (0-20 kW)	8.101
GST-1	General Service - Non Demand - Time of Use (0-20 kW)	8.103
GSD-1	General Service Demand (21-499 kW)	8.105
GSDT-1	General Service Demand - Time of Use (21-499 kW)	8.107
GSL	General Service Load Management Program	8.109
<u>NSMR</u>	<u>Non-Standard Meter Rider</u>	<u>8.120</u>
GSCU-1	General Service Constant Usage	8.122
RS-1	Residential Service	8.201
RTR-1	Residential Time of Use Rider	8.203
RSL	Residential Load Management Program	8.207
CU	Common Use Facilities Rider	8.211
RLP	Residential Load Control Program	8.217
GSLD-1	General Service Large Demand (500-1999 kW)	8.310
GSLDT-1	General Service Large Demand - Time of Use (500-1999 kW)	8.320
CS-1	Curtailable Service (500-1999 kW)	8.330
CST-1	Curtailable Service -Time of Use (500-1999 kW)	8.340
GSLD-2	General Service Large Demand (2000 kW +)	8.412
GSLDT-2	General Service Large Demand - Time of Use (2000 kW +)	8.420
HLFT	High Load Factor – Time of Use	8.425
CS-2	Curtailable Service (2000 kW +)	8.432
CST-2	Curtailable Service -Time of Use (2000 kW +)	8.440
CST-3	Curtailable Service -Time of Use (2000 kW +)	8.542
CS-3	Curtailable Service (2000 kW +)	8.545
GSLD-3	General Service Large Demand (2000 kW +)	8.551
GSLDT-3	General Service Large Demand - Time of Use (2000 kW +)	8.552
OS-2	Sports Field Service	8.602
MET	Metropolitan Transit Service	8.610
CILC-1	Commercial/Industrial Load Control Program (Closed Schedule)	8.650
CDR	Commercial/Industrial Demand Reduction Rider	8.680
SL-1	Street Lighting	8.715
PL-1	Premium Lighting	8.720
OL-1	Outdoor Lighting	8.725
SL-2	Traffic Signal Service	8.730
RL-1	Recreational Lighting	8.743
SST-1	Standby and Supplemental Service	8.750
ISST-1	Interruptible Standby and Supplemental Service	8.760
EDR	Economic Development Rider	8.800
DSMAR	Demand Side Management Adjustment Rider	8.810
TR	Transformation Rider	8.820
SDTR	Seasonal Demand – Time of Use Rider	8.830
EFEDR	Existing Facility Economic Development Rider	8.900

NON-STANDARD METER RIDER – NSMR
(OPTIONAL)

RIDER: NSMR

AVAILABLE:

In all territory served to all customers.

APPLICATION:

This Rider is available to customers who elect non-standard non-communicating meter service in lieu of the standard communicating smart meter service ("Opt-Out Customer"). This is an optional Rider available to customers served under a standard or optional rate schedule for which a communicating smart meter is the standard meter service. Customers who fail to provide reasonable access to premises, or otherwise prevent replacement of the non-standard non-communicating meter with a standard communicating smart meter shall be deemed to have elected to take service under Rider NSMR, provided they are not prohibited from doing so pursuant to the "Limitation of Service" provision of this NSMR. Service under this schedule shall be provided with a non-communicating meter of the Company's choice.

SERVICE:

The same as that specified in the Opt-Out Customer's otherwise applicable rate schedule.

LIMITATION OF SERVICE:

RESERVED FOR FUTURE USE

This Rider is available to customers who have not tampered with the electric meter service or used service in a fraudulent or unauthorized manner.

CHARGES:

All charges and provisions of the Opt-Out Customer's otherwise applicable rate schedule shall apply. In addition, customers who elect service under this Rider will be charged an Enrollment Fee and a recurring Monthly Surcharge. The Enrollment Fee consists of an initial lump sum payment.

Enrollment Fee: \$105.00
Monthly Surcharge: \$16.00

TERM OF SERVICE:

Not less than one (1) billing period.

SPECIAL PROVISIONS:

Customers otherwise eligible at premises where FPL has intended to deploy smart meters who have not received a smart meter and have (a) actively enrolled in the NSMR program during the enrollment period or (b) not actively enrolled in the NSMR program during the enrollment period and have been deemed to have elected to take the non-standard service under the optional rate, will have a grace period of 45 days following the initial billing of NSMR charges to contact FPL requesting cancellation of service under NSMR and accept installation of a standard communicating meter. NSMR charges that have been billed (Enrollment Fee and Monthly Surcharge) will be waived after installation of the standard communicating meter.

A replacement for a non-standard meter may not be readily available should one require maintenance. Service under this Rider may require the temporary installation of a standard communicating meter in order to maintain electric service to the premise. All charges for NSMR shall continue to apply in this case.

Customers taking service under this Rider relocating to a new premise who wish to continue service under NSMR are required to request new service under the Rider including payment of the Enrollment Fee at the new premise. Customers who cancel service under this Rider and then later re-enroll for this service at any location would also be required to submit another Enrollment Fee.

RULES AND REGULATIONS:

Service under this Rider is subject to orders of governmental bodies having jurisdiction and to the currently effective "General Rules and Regulations for Electric Service" on file with the Florida Public Service Commission. In case of conflict between any provision of this schedule and said "General Rules and Regulations for Electric Service" the provision of this schedule shall apply.

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NON-STANDARD METER RIDER – NSMR
(OPTIONAL)

RIDER: NSMR

AVAILABLE:

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APPLICATION:

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SERVICE:

The same as that specified in the Opt-Out Customer's otherwise applicable rate schedule.

LIMITATION OF SERVICE:

This Rider is available to customers who have not tampered with the electric meter service or used service in a fraudulent or unauthorized manner.

CHARGES:

All charges and provisions of the Opt-Out Customer's otherwise applicable rate schedule shall apply. In addition, customers who elect service under this Rider will be charged an Enrollment Fee and a recurring Monthly Surcharge. The Enrollment Fee consists of an initial lump sum payment.

Enrollment Fee: \$105.00
Monthly Surcharge: \$16.00

TERM OF SERVICE:

Not less than one (1) billing period.

SPECIAL PROVISIONS:

Customers otherwise eligible at premises where FPL has intended to deploy smart meters who have not received a smart meter and have (a) actively enrolled in the NSMR program during the enrollment period or (b) not actively enrolled in the NSMR program during the enrollment period and have been deemed to have elected to take the non-standard service under the optional rate, will have a grace period of 45 days following the initial billing of NSMR charges to contact FPL requesting cancellation of service under NSMR and accept installation of a standard communicating meter. NSMR charges that have been billed (Enrollment Fee and Monthly Surcharge) will be waived after installation of the standard communicating meter.

A replacement for a non-standard meter may not be readily available should one require maintenance. Service under this Rider may require the temporary installation of a standard communicating meter in order to maintain electric service to the premise. All charges for NSMR shall continue to apply in this case.

Customers taking service under this Rider relocating to a new premise who wish to continue service under NSMR are required to request new service under the Rider including payment of the Enrollment Fee at the new premise. Customers who cancel service under this Rider and then later re-enroll for this service at any location would also be required to submit another Enrollment Fee.

RULES AND REGULATIONS:

Service under this Rider is subject to orders of governmental bodies having jurisdiction and to the currently effective "General Rules and Regulations for Electric Service" on file with the Florida Public Service Commission. In case of conflict between any provision of this schedule and said "General Rules and Regulations for Electric Service" the provision of this schedule shall apply.

EXHIBIT B

**FLORIDA POWER AND LIGHT COMPANY
SUMMARY OF NON-STANDARD METER FEES**

Line No.	Amount
1 <u>Non-Standard Meter Program Costs</u>	
2 Cumulative Net Present Value of Up-Front System and Communication Costs	\$ 3,078,882
3 Projected Non-Standard Meter Customers	12,000
4 Total Up-Front System and Communication Costs Per Customer (Line 2 / Line 3)	\$ 256.57
5	
6 One Time Non-Standard Meter Cost Per Customer	\$ 105.35
7	
8 Total Up-Front and One Time Non-Standard Meter Cost Per Customer (Line 4 + Line 6)	\$ 361.92
9	
10 Enrollment Fee Per Customer Limited to \$105	\$ 105.00
11 Remaining Up-Front and One Time Cost Per Customer (Line 8 - Line 10)	256.92
12 Remaining Up-Front and One Time Cost to be paid in Monthly Surcharge over 36 months (Line 11 / 36)	\$ 7.14
13 <u>On-going Operations & Maintenance (O&M) Costs to be recovered in the Monthly Surcharge:</u>	
14 Monthly Non-Standard O&M Meter Costs Per Customer	\$ 8.76
15	
16 <u>Summary of Charges:</u>	
17 Enrollment Fee limited to \$105	\$ 105.00
18 Monthly Surcharge for time customer takes service pursuant NMSR (Line 14+12, rounded to nearest \$)	\$ 16.00
19 <u>Note:</u>	
20 Totals may not add due to rounding	

**FLORIDA POWER AND LIGHT COMPANY
NET PRESENT VALUE CALCULATION
UP-FRONT NON-STANDARD METER PROGRAM COSTS**

Line	No.	Year	Rate Base Beg Bal ^(A)	Accum Depr	Rate Base End Bal	Average Rate Base	Pre-Tax COC ^(B)	Return on Rate Base	Depr Expense ^(C)	O&M ^(D)	Total Revenue Requirement	Net Present Value of Rev Req ^(E)	Annual Levelized 3 Year Rev Req	
			(1)	(2)	(3) = (1)+(2)	(4) = ((1)+(3))/2	(5)	(6) = (4)*(5)	(7)	(8)	(9) = (6)+(7)+(8)	(10)	(12)	
1	1		\$ 2,093,054	\$ (418,611)	\$ 1,674,443	\$ 1,883,748	9.48%	\$ 178,505	\$ 418,611	\$ 368,000	\$ 965,116	\$ 965,116	\$ 1,026,294	
2	2		1,674,443	(837,222)	1,255,832	1,465,138	9.48%	138,837	418,611		557,448	509,196	1,026,294	
3	3		1,255,832	(1,255,832)	837,222	1,046,527	9.48%	99,169	418,611		517,780	432,023	1,026,294	
4	4		837,222	(1,674,443)	418,611	627,916	9.48%	59,502	418,611		478,112	364,395		
5	5		418,611	(2,093,054)	0	209,305	9.48%	19,834	418,611		438,445	305,238		
								Totals	\$ 495,847	\$ 2,093,054	\$ 368,000	\$ 2,956,901	\$ 2,575,968	\$ 3,078,882

14 **Notes:**

15 (A) Support for upfront non-standard meter program capital costs is reflected on Page 3 and 4.

16 (B) Represents FPL's pre-tax weighted average cost of capital approved by the FPSC in

17 Order PSC-13-0023-S-EI, Docket No. 120015-EI.

18 (C) One time capital costs for systems, infrastructure and communication equipment are estimated to be depreciated over five years.

19 (D) Support for upfront non-standard meter program operation and maintenance costs is reflected on Page 3 and 5.

20 (E) Net present value calculation utilizes a discount rate equal to FPL's pre-tax weighted average cost of capital reflected in column (5).

**FLORIDA POWER AND LIGHT COMPANY
SUMMARY OF NON-STANDARD METER PROGRAM COSTS**

Line No.	Reference	Up-Front System and Communication Costs			One Time Cost Per Meter	Monthly Cost Per Meter
		CAPITAL	O&M	TOTAL	O&M	O&M
1	<u>Customer Enrollment in Non-Standard Option</u>					
2	Customer Information System Changes with Web Enrollment and Billing					
3	Care Center Enrollment, Customer Inquiries and Follow Up	Page 4	\$ 1,952,000	\$ 1,952,000		
4	Customer Brochures, Research and Mailings	Page 6			\$11.30	
5		Page 5		\$368,000		
6	<u>Meter Reading and Billing</u>					
7	Meter Reading workflow to establish and remove route	Page 8			\$11.98	
8	Meter Reading Handhelds	Page 4	\$42,054	\$42,054		
9	Monthly manual meter reading	Page 9				\$6.81
10	Monthly Meter OSHA and vehicle accident cost	Page 10				\$0.05
11	Billing and Project Support Operational Costs	Page 11				\$0.40
13	<u>Collection and Disconnect/Reconnect</u>					
14	Systems to Identify and Handle Collection Issues	Page 4	\$99,000	\$99,000		
15	Field visits for Collections, Disconnects/Reconnects	Page 12				\$0.45
17	<u>Distribution Outage</u>					
18	Truck rolls from inability to ping meter to verify power	Page 13				\$0.10
20	<u>Field Meter Visits</u>					
21	Average at least one field visit per opt out ⁽¹⁾	Page 7			\$77.06	
23	<u>Meter Technology Center</u>					
24	Meter sampling and testing for non-standard meters	Page 7			\$ 5.00	
26	<u>Project Management</u>					
27	Administer program design, implementation and true-ups	Page 14				\$0.95
29	Total Estimated Costs		\$ 2,093,054	\$ 368,000	\$ 2,461,054	\$ 105.35
						\$ 8.76

31 Notes:

32 (1) It is assumed that there will be at least one site visit for each opt out over three years for meter test sampling, installing non-standard meters for customers with smart meters already installed, installing non-standard meters for opt out customers relocating to another premise, along with additional visits due to restoration/theft monitoring activities

**FLORIDA POWER AND LIGHT COMPANY
ONE TIME UP-FRONT NON-STANDARD METER PROGRAM CAPITAL COSTS**

Line No.	Task	Task Description	Amount
1	Customer Information System Changes with Web Enrollment and Billing		
2	Data Conversion - Care Center and Customer System Initial configuration	* Conversion of manual postponement list from Excel to customer billing system, development of interfaces to FPL's other operational field systems (i.e. trouble call and distribution work management systems) and additional system functionality for tracking postponed customers. Foundational work for enrollment and billing changes.	\$ 477,000
3	Customer Information System - Billing and Financial components	* Create new service charge to bill initial charges * Create new service charge to bill monthly charges * Ability to adjust, backdate, cancel/replace above fees as needed. * Bill, track and report on charges from enrollment through final accounting.	\$ 808,500
4	Customer Information System - Core functionality	* System functionality to link customers, premises and their opt out requests throughout customer care processes. * Execute opt out functionality with new meter change orders for opt out and smart meters. * Create new workflows for meter reading routing (Reroute to non-smart meter route and issue meter change if applicable) * System functionality for Care Center to forward opt out communication requirements to back office	\$ 251,500
5	Web Enrollment - Enable customer web self-service enroll functionality	* Build new web application for customers to sign up for smart meter opt out on FPL.com	\$ 124,000
6	Customer system automation to enroll in opt out program	* Workflow logic to support system checks for smart meter enrollment status. * Counters for all decision points * Various decision points around previously submitted request, confirmation letter received	\$ 169,000
7	Care Center - Enrollment	* Develop business logic to define customer eligibility * Create care center scripting and functionality for the care center to request letters and other correspondence to be sent to opt out customers. * Generate letter to communicate opt out status to customer, display code status & dates	\$ 122,000
8	Total Customer Information System Changes with Web Enrollment and Billing		\$ 1,952,000
9			
10	Systems to Identify and Handle Opt Out Collection Issues		
11	Revenue Recovery - Online changes to support Remote Connect Switch	* Data Integrity - Changes to customer information system general maintenance screen for remote connect switch restrictions to ensure opt out accounts are not included	\$ 99,000
12	Total System Changes to Identify and Handle Opt Out Collection Issues		\$ 99,000
13			
14	Meter Reading Handhelds		
15	One time cost of Meter Reading Handhelds		
16	Cost per handheld		3,823
17	Cost of handhelds for 11 opt out FTE's	Line 16 X 11	42,054
18	Total Meter Reading Handheld Costs		\$ 42,054
19			
20	Total Estimated Capital Costs		\$ 2,093,054

FLORIDA POWER AND LIGHT COMPANY
ONE TIME UP-FRONT NON-STANDARD METER PROGRAM O&M COSTS
Communications

Line No.	Task	Amount
1	<u>Customer Brochures, Research and Mailings</u>	
2		
3	Notification - Design and first mailing to both postponed and unable to complete (UTC) customers (letter + brochure)	\$ 60,000
4	Notification - Follow-up mailing to both postponed and UTC customers (letter + brochure)	\$ 37,500
5	Final notification to customers who have not responded - to be sent certified mail, return receipt requested	\$ 70,000
6	Postage - self-addressed stamped envelopes	\$ 3,000
7	Notification - Opt out fact sheet/brochure	\$ 7,500
8	Email communication to reinforce first and second mailing to postponed plus UTC customers	\$ 16,000
9	Notification - Door hangers (2 sets @ 10,000 quantity)	\$ 20,000
10	Opt out confirmation - Mailing to confirm request for opt out	\$ 84,000
11	Research: Get customer feedback on effectiveness of communication materials	\$ 30,000
12	Design Support - Communication planning, implementation and copy writing	\$ 35,000
13	Foreign language translation (Spanish)	\$ 5,000
14		
15	Customer Brochures, Research and Mailings Costs	<u>\$ 368,000</u>

**FLORIDA POWER AND LIGHT COMPANY
ONE-TIME COSTS PER METER
Care Center Enrollment, Customer Inquiries and Follow Up Costs**

Line No.	Description	Assumptions	Amount
1	Inbound Call Volume		
2	Projected number of opt out customers		12,000
3	Estimated number of customer calls	Based on estimated call backs and information only calls	20,880
4	Cost per call ⁽¹⁾	Based on 2013 Estimate	\$ 6.21
5	Call Volume Cost (Line 3 * Line 4)		\$ 129,665
6			
7	Less: Estimated % of customers using self service web	Assumption is that 50% would use web to opt out	50%
8	Self Service Web Usage (Line 5 * Line 7)		\$ 64,832
9			
10	Back Office Cost	1 full time employee (FTE) at \$45k plus payroll loaders ⁽²⁾	\$ 70,821
11			
12	Total Cost Less Self Service Costs (Line 5 - Line 8 + Line 10)	Customer Care cost less self service enrollments	\$ 135,653
13			
14	Care Center Enrollment, Customer Inquiries and Follow Up Costs Per Customer (Line 12 / Line 2)		\$ 11.30
15			
16	Notes:		
17	(1) Includes the following payroll loaders from page 15: exempt and non-exempt pension & welfare taxes and insurance		
18	(PWTI), exempt performance incentives, and corporate administrative and general.		
19	(2) Includes the following payroll loaders from page 15: non-exempt pension & welfare taxes and insurance (PWTI), and		
20	corporate administrative and general.		

FLORIDA POWER AND LIGHT COMPANY
ONE-TIME COSTS PER METER
Field Meter Costs to Visit Premises
Ongoing Testing, Maintenance and Support Costs for Old Meters

Line No.	Description	Assumptions	Amount
1	Field Meter Costs		
2			
3	Hourly wage	2012 Average hourly rate based on skill set from Memorandum of Agreement (MOA)	\$28.28
4	Total hourly wage + loaders	Loaders added for: Overtime Rate for skill set, Bargaining Unit Pension & Welfare Taxes and Insurance (PWTI) and Corporate Administrative and General	\$ 48.73
5	Time to replace meter	Standard site time for a typical meter installation	0:12:00
6	Time to travel to premise	Average drive time X 2 for return trip	0:35:35
7	Total time to replace (Lines 5+6)		0:47:35
8	Total time + loaders	Loaders added for: Wasted trips, vacation/holiday/illness, and downtime	1:16:22
9	Vehicle costs (Line 8 X the average hourly vehicle rate)	Hourly average per vehicle = \$6.10	\$ 7.75
10	Material costs	Total 2012 Material and Supplies (M&S) expenses times 20% ⁽¹⁾ to account for proportion of work related to meter changes divided by the total amount of meter changes performed in that timeframe	\$ 1.36
11	Cost per meter Replacement (Line 4 X Line 8 (in hours) + Lines 9 + 10)		\$71.01
12	Admin and Supervision	Admin + Supervision + Safety Meetings + Training expenses in 2012 divided by the total amount of meter changes performed in that timeframe	\$ 5.04
13	Field Meters Safety Cost per Visit		\$ 1.01
14	Fully Loaded Cost for Field Meters Visit to Premise (Lines 11+12+13)		\$77.06
15			
16	Ongoing Testing, Maintenance and Support for old meters		
17	Meter Test Center (MTC) cost of labor to do one meter test	2012 MTC Costs/Meters Tested, assume 1/3 tested (\$15/3=\$5)	\$ 5.00

18 **Notes:**

19 (1) 20% - Is the weighted proportion of work related to meter replacements. We apply this rate to general buckets such as
20 tools, materials, administrative, and supervisory costs.

FLORIDA POWER AND LIGHT COMPANY
ONE-TIME COSTS PER METER
Meter Reading Workflow to Establish and Remove Route

Line No.	Description	Amount
1	<u>Meter Reading Workflow to Establish and Remove Route</u>	
2		
3		
4	Transactions per hour	6
5	Meter Reader Lead average salary	\$ 47,518
6	Hours	2,080
7	Average hourly salary	\$ 22.85
8	Average hourly salary + loaders ⁽¹⁾	\$ 35.95
9		
10	Projected Cost per Transaction (Line 8 / Line 4)	\$ 5.99
11	Required Number of Pending Work Requests (establish and remove route)	2
12		
13	Cost per Opt Out Customer (Line 10 X Line 11)	<u>\$ 11.98</u>
14		
15	<u>Notes:</u>	
16	(1) Includes the following payroll loaders from page 15: non-exempt pension & welfare taxes	
17	and insurance (PWTI) and corporate administrative and general.	

**FLORIDA POWER AND LIGHT COMPANY
MONTHLY COSTS PER METER
Monthly Manual Meter Reading**

Line No.	Description	Amount
1	<u>Meter Reading Opt Out Cost per Read</u>	
2	Projected number of opt out customers	12,000
3	Annual cost per meter reading FTE	
4	Payroll cost per meter reading FTE (includes supervision)	\$ 47,354
5	Overhead cost per meter reading FTE	\$ 27,450
6	Non-payroll cost per meter reading FTE	\$ 11,738
7	Total annual cost per meter reading FTE	\$ 86,542
8		
9	Annual number of meter reads per year per meter reading FTE	12,708
10	Annual number of opt out reads (Line 2 X 12)	144,000
11	Opt out FTE's required (Line 10 / Line 9)	11
12	Total opt out cost (Line 7 X Line 11)	\$ 980,645
13		
14	Cost per Opt Out Read (Line 12 / Line 10)	<u>\$ 6.81</u>

FLORIDA POWER AND LIGHT COMPANY
MONTHLY COSTS PER METER
Monthly Meter OSHA and Vehicle Accident costs

Line No.	Description	Amount
1	<u>Meter Reading OSHA and Vehicle Accident Cost</u>	
2	Projected number of opt out customers	12,000
3		
4	2011 OSHA & vehicle costs	\$ 266,832
5	2011 Meter Reader FTEs	405
6	Average cost per Meter Reader (Line 4/Line 5)	\$ 659
7	Opt out FTEs required	11
8	Annual cost for 11 FTEs (Line 6 X Line 7)	\$ 7,466
9		
10	Cost per Meter per Month (Line 8 / Line 2 / 12 months)	<u>\$ 0.05</u>

**FLORIDA POWER AND LIGHT COMPANY
MONTHLY COSTS PER METER
Billing and Project Support Operational Costs**

Line No.	Description	Amount
1	<u>Customer Billing - Billing, Projects & Support (BPS) Cost</u>	
2	Projected number of opt out customers	12,000
3	First year: 1.2 FTE's at \$46K/year	\$ 55,200
4	Ongoing: .60 FTE's at \$46K/year X 2 years	\$ 55,200
5	Total Payroll Cost for Three Years	\$ 110,400
6		
7	Total Projected Three Year Incremental BPS Cost for Opt Out Customers ⁽¹⁾	\$ 173,750
8		
9	Monthly Cost per Opt Out customer (Line 7 /Line 2 / 3 years / 12 months)	<u>\$ 0.40</u>
10		
11		
12		
13	<u>FTE Responsibilities</u>	
14	* Support for initial opt out request processing to ensure completeness and accuracy, auditable quality,	
15	tracking and follow-thru	
16	* Initiate meter change order (MCO) for field services for the meter to be changed when needed	
17	* Once MCO is completed, initiate task for meter reading to re-route premise to a non-smart meter route	
18	* Bill initial charge to the customer and set up the customer to be billed for a monthly opt out charge	
19	* Support for Service Order process when non-smart meter customer leaves, customer billing system	
20	automatically issues MCO	
21	* Miscellaneous ongoing support of automated processes and billing processes	
22		
23	<u>Notes:</u>	
24	(1) Includes the following payroll loaders from page 15: non-exempt pension & welfare taxes	
25	and insurance (PWTI), and corporate administrative and general.	

FLORIDA POWER AND LIGHT COMPANY
MONTHLY COSTS PER METER
Costs for Field Visits for Collections and Disconnects

Line No.	Description	Amount
1	Field visits for Collections	
2	Projected number of opt out customers	12,000
3	Average % of customers that receive a field visit and pay in the field	4.84%
4	Projected annual number of opt out field visits (Line 3 X Line 2)	581
5	Full cost for manual field collection charge	\$ 25.80
6	Current Approved Service charge in Order No. PSC-13-0023-S-EI, Docket No. 120015-EI	\$ 5.11
7	Incremental cost above current approved service charge (Line 5-Line 6)	\$ 20.69
8	Projected annual incremental cost for field collections (Line 7 X Line 4)	\$ 12,021
9	Projected Monthly incremental cost for field collections (Line 8 / Line 2 / 12 months)	\$ 0.08
10		
11	Disconnect/Reconnect	
12	Average % of customers disconnected for non-pay	10.60%
13	Projected annual number of opt out that will be disconnected/reconnected (Line 12 X Line 2)	1,272
14	Full cost for manual reconnect for non-payment charge	\$ 59.27
15	Current Approved Service charge in Order No. PSC-13-0023-S-EI, Docket No. 120015-EI	\$ 17.66
16	Incremental cost above current approved service charge (Line 14 - Line 15)	\$ 41.61
17	Projected annual incremental cost for connect/disconnect (Line 16 X Line 13)	\$ 52,928
18	Projected Monthly incremental cost for disconnect/reconnect (Line 17 / Line 2 / 12 months)	\$ 0.37
19		
20		
21	Total Projected Incremental Collections per Month (Lines 9 + 18)	<u>\$ 0.45</u>

**FLORIDA POWER AND LIGHT COMPANY
MONTHLY COSTS PER METER
Costs for Truck Rolls from Inability to Ping Meter to Verify Power**

Line No.	Description	Amount
1	<u>Truck rolls from inability to ping meter to verify power</u>	
2		
3	Projected number of opt out customers	12,000
4	Estimated annual customers with an outage AND we can avoid the truck roll by pinging the smart meter	28,500
5	Number of FPL Residential Customers	4,500,000
6	Cost Per Customer (Line 4 / Line 5)	0.6%
7	Number of opt out customers with an outage AND we would have avoided the truck roll, had they had a smart meter (Line 3 X Line 6)	76
8	Average Cost per ticket ⁽¹⁾	\$ 182
9	Estimated Annual Cost (Line 7 X Line 8)	\$ 13,832
10	Cost per opt out customer per month (Line 9 / Line 3 / 12 months)	<u>\$ 0.10</u>
11		
12	Notes:	
13	(1) Based on bottoms-up calculation of hourly Restoration Specialist cost, including vehicle cost.	
14	Assumes average of 2 hours to investigate.	

FLORIDA POWER AND LIGHT COMPANY
MONTHLY COSTS PER METER
Costs to Administer Program Design, Implementation and True-ups

Line No.	Description	Amount
1	<u>Project Management Office</u>	
2	Projected number of opt out customers	12,000
3	Project Management ⁽¹⁾	
4	Annual Salary With Loaders ⁽²⁾	Mid Point \$ 136,981
5		
6	Cost per Meter per Month (Line 4 / Line 2 / 12 months)	<u>\$ 0.95</u>
7		
8		
9		

10 Notes:

- 11 (1) One equivalent FTE to account for opt out program oversight across multiple business units and processes.
- 12 Additionally cost accounting will require oversight for the integrity of cost data which is critical to project's success.
- 13 (2) Includes the following payroll loaders from page 15: exempt pension & welfare taxes and insurance (PWTI),
- 14 exempt performance incentives, and corporate administrative and general.

