**Kenneth M. Rubin**
**Senior Counsel**
**Florida Power & Light Company**
**700 Universe Boulevard**
**Juno Beach, FL 33408-0420**
**(561) 691-2512**
**(561) 691-7135 (Facsimile)**
**ken.rubin@fpl.com**

May 21, 2014

**-VIA ELECTRONIC FILING -**

Ms. Carlotta S. Stauffer
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

**Re: Docket No. 130223-EI**

Dear Ms. Stauffer:

I enclose for electronic filing in the above docket Florida Power & Light Company's ("FPL") testimony and exhibits of witness Robert A. Onsgard and testimony and exhibit of witness J. Terry Deason. This filing consists of two submittals:

- This letter, along with the testimony and exhibits of Robert Onsgard (document 1 of 2); and
- The testimony and exhibit of J. Terry Deason (document 2 of 2)

If there are any questions regarding this transmittal, please contact me at (561) 691-2512.

Sincerely,

*s/ Kenneth M. Rubin*
Kenneth M. Rubin

Enclosures
cc: Counsel for Parties of Record (w/encl.)
Marilynne Martin

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

**FLORIDA POWER & LIGHT COMPANY**

**DIRECT TESTIMONY OF ROBERT A. ONSGARD**

**DOCKET NO. 130223-EI**

**MAY 21, 2014**

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## I. INTRODUCTION

**Q. Please state your name and business address.**

A. My name is Robert A. Onsgard. My business address is 9250 W. Flagler Street, Miami, Florida, 33174.

**Q. By whom are you employed and what is your position?**

A. I am employed by Florida Power & Light Company ("FPL" or "the Company") as Energy Smart Florida Project Manager in the Smart Grid and Meter Services Department.

**Q. Please describe your duties and responsibilities in that position.**

A. As Energy Smart Florida Project Manager, I am responsible for the financial reporting and budgeting for FPL's smart meter projects. Over the last two years I have led a cross-functional team tasked with addressing customer requests for a non-standard meter option. The team identified the operational processes required for the non-standard meter program, developed the detailed analysis that determined the incremental costs required to implement and administer that program, and provided a means to equitably distribute those incremental costs to the customers who choose the non-standard meter rider option ("opt-out customers" or "NSMR customers").

**Q. Please describe your educational background and professional experience.**

A. I have a Bachelor's Degree in Finance and a Master of Business Administration from Florida International University. I have been a Project

Manager on the Energy Smart Florida program since December 2009. Since joining FPL in 1985, I have held numerous managerial positions in a variety of functional areas, including Internal Auditing, Accounting, FiberNet (an FPL affiliate) and now in Customer Service.

**Q. Are you sponsoring any exhibits in this case?**

A. Yes. I am sponsoring the following exhibits: RAO-1 through RAO-5, which are attached to my direct testimony.

- RAO-1: FPL's original proposed tariff filed August 21, 2013
- RAO-2: FPL's revised tariff filed January 17, 2014
- RAO-3: Florida Public Service Commission Staff Briefing dated February 11, 2013
- RAO-4: Cost analysis (Exhibit B to Petition for Approval of Optional Non-Standard Meter Rider filed August 21, 2013)
- RAO-5: FPL Energy News, May 2014, including NSMR tariff communication to all customers

**Q. What is the purpose of your testimony?**

A. My testimony describes the steps the Company has taken to respond to FPL's customers' concerns regarding smart meters, establish a "postpone list", evaluate meter alternatives, and develop the detailed cost estimates and projected number of opt-out customers used to support the NSMR tariff. My testimony also describes the calculations that support both the original tariff (as shown in Exhibit RAO-1) and revised tariff (as shown in Exhibit RAO-2) filed by FPL with the Florida Public Service Commission ("FPSC" or

"Commission"). Finally, consistent with FPL witness Deason's testimony, my testimony describes how FPL's proposal assesses the incremental costs required to develop, implement, and administer this non-standard service to the opt-out customers rather than the general body of customers.

**Q. Please summarize your testimony.**

A. By way of background, it is important to recall that FPL's smart meter project was reviewed and approved by the Commission in FPL's 2009 rate case. In that case the Commission found that FPL's Advanced Metering Infrastructure project was prudent and that the project should not be delayed. In accordance with that order, the Company completed installation of smart meters to essentially all of its 4.5 million residential and small business customers by March of 2013.

During the smart meter deployment, FPL voluntarily created a "postpone list" to accommodate a very small number of FPL customers - less than one half of 1% - who expressed a desire to have a non-standard, non-communicating meter. These customers were allowed to postpone installation of a smart meter at no cost until after deployment was completed so that the Company could properly analyze the feasibility of an opt-out program, and, if feasible, the projected costs of continuing to provide service to a very small percentage of its customers through a non-standard meter.

In the summer of 2013, after smart meter deployment was essentially complete, the Company asked the Commission to approve a cost-based tariff to allow customers the option of taking service through a non-standard meter by paying the incremental cost of that service. On January 7, 2014, the Commission denied FPL's request as filed, but provided the Company with the option to file a revised tariff reflecting specific modifications. FPL complied by filing a revised tariff which offers customers the choice to receive service through the non-standard meter by paying an Enrollment Fee of $95 and a Monthly Surcharge of $13 (the "NSMR program" or "opt-out program").

FPL's tariff, which has been approved by the Commission, is consistent with the principle that a customer requesting an 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.

## II. BACKGROUND

**Q. Have FPL customers been receptive to the installation of smart meters?**

A. Yes. Although a very small percentage of customers were hesitant about this new technology during deployment, the great majority of FPL's customers - more than 99.7% of smart meter eligible customers - now have smart meters.

**Q. During the smart meter deployment, did FPL take any actions to provide customers with the facts regarding smart meters?**

A. Yes. Throughout the smart meter deployment, FPL maintained a robust customer communication plan to provide customers with the facts concerning smart meters. This communication plan included:

- A dedicated website with educational content and videos, Q&As, fact sheets and third party resources (www.FPL.com/energysmart).
- Briefings for the media and public officials prior to beginning deployment in new areas.
- A pre-installation postcard and post-activation letter directing customers to additional sources of information.
- A post-activation bill message.
- Smart meter information made available through FPL's interactive voice system.
- Email communication encouraging use of the Energy Dashboard.
- Stories in bill inserts and eNewsletters.
- A free class offered through Miami Dade College and Broward College that taught customers how to create their own energy-saving plan using the Energy Dashboard.
- Formal and informal presentations to community organizations and homeowners' associations.

**Q. Did these efforts help FPL successfully complete its smart meter deployment?**

A. Yes. Nonetheless, a very small percentage of customers – less than one half of 1% - continued to request the option to take service with non-standard, non-communicating meters.

**Q. Did FPL take any actions during deployment to accommodate this small group of customers?**

A. Yes. In an effort to accommodate these customers, FPL voluntarily created a "postpone list" pending the completion of its smart meter deployment to its residential customers. Customers who objected to smart meters – for any stated reason or for no reason – retained their existing non-standard meters (or received a non-communicating replacement meter if a smart meter had already been installed). This accommodation has been temporarily provided at no charge to the individual customer.

**Q. Were there other benefits associated with the postpone list?**

A. Yes. By creating a postpone list, FPL was able to begin to quantify the number of customers who expressed concerns about the new smart meters. This information was ultimately used to assist the Company in developing its projection of anticipated opt-out customers.

**Q. In light of FPL's plan to deploy smart meters to all residential and small business customers, why did the Company allow this group of customers to be placed on a postpone list?**

A. While FPL strongly supports the use of smart meters, the Company understands that some customers have expressed their desire to opt-out. In light of this situation, the Company felt that the creation of the temporary postpone list during deployment was the most accommodating course of action for FPL's customers while the Company considered an appropriate long-term solution.

**Q. Did FPL participate in the smart meter workshop conducted by the Commission Staff in September of 2012?**

A. Yes. FPL, along with other utilities, industry representatives and members of the public, participated in the day-long workshop.

**Q. Did the Staff prepare a written summary of the September 2012 Smart Meter Workshop?**

A. Yes. Staff issued a memorandum dated February 11, 2013 providing an overview of the issues and concerns raised at the workshop. This memorandum was presented by Staff to the Commission at the February 19, 2013 Internal Affairs Meeting. A copy of Staff's Smart Meter Briefing from February of 2013 is attached as Exhibit RAO-3.

**Q. Did the Staff Memorandum provide any guidance to FPL regarding the potential filing of an opt-out tariff?**

A. Yes. The Staff Memorandum, particularly the comments regarding opt-out tariffs, helped to inform the proposal ultimately submitted by FPL.

**Q. What recommendations did Staff make to the Commission in the memorandum regarding the possibility of a Smart Meter Opt-out Tariff?**

A. In the memorandum, Staff noted that all of the investor-owned utilities:

> "…appear to be in agreement that if an option is offered, the customer who requests an alternative type of meter should be responsible for all the related costs. The FPSC has a history of ensuring that the cost-causer pays the costs associated with their request. Examples include undergrounding of distribution lines, distribution upgrades for net metering, and customer-requested electric line extensions."

In its concluding remarks, Staff went on to emphasize its belief that all charges under any opt-out tariff "should be cost-based to ensure any subsidization is kept to a minimum."

**Q. In light of all of the information gathered by FPL during the smart meter deployment, did the Company ultimately conclude that it would be appropriate to offer its customers a cost-based opt-out option under a Commission-approved tariff?**

A. Yes. FPL's analyses on this issue resulted in the proposal for the cost-based opt-out tariff filed by the Company in August of 2013.

**Q. Why has FPL proposed to recover the costs of the opt-out program through a cost-based tariff?**

A. Providing service with a non-communicating non-standard meter adds significant incremental costs that would not be incurred with the standard communicating meter. It would not be fair, and in fact it would be discriminatory to those customers who do have communicating meters, to force them to pay the costs for the small percentage of customers who are requesting the non-standard service. FPL is proposing this cost-based tariff based on the longstanding principle that the cost-causers should pay the incremental costs for optional, available non-standard services.

FPL witness Deason provides additional support for this position in his pre-filed testimony.

## III. COST ANALYSIS

**Q. Please explain the process used by FPL to identify the functional areas within the Company affected by the decision to offer customers the choice to opt-out of the smart meter.**

A. FPL began by reviewing opt-out filings made in other jurisdictions to understand the functional areas identified by those utilities that had already proposed or implemented opt-out programs. With that information in hand, the Company turned inward and completed a thorough and comprehensive

analysis of its own systems and processes. Through this process FPL identified the functional areas that would be directly impacted by the implementation and administration of a non-standard meter program. The primary functional areas and systems identified were: customer information system, billing, meter reading, collections, care center, field meters, meter technology center, power delivery, marketing and communications, regulatory accounting, and safety. The impacts on these functional areas are addressed in more detail in Exhibit RAO-4, also identified as Exhibit B to FPL's Petition for Approval of Optional Non-Standard Meter Rider ("Petition").

**Q. What was the next step in the development of the NSMR tariff?**

A. Once the impacted functional areas had been identified, the Company undertook an extremely thorough analysis to identify, project and validate the incremental cost components attributable to the opt-out program that would be incurred in each of these areas.

**Q. Can you describe the cost components of the impacted functional areas that are included in the cost-based NSMR rates?**

A. Yes. However, it is important to remember that FPL's analysis resulted in an Enrollment Fee of $105 and a Monthly Surcharge of $16 (as shown on Exhibit RAO-1), charges that are slightly higher than those reflected in the revised tariff filed by FPL in January of 2014 (as shown on Exhibit RAO-2).

**Q. Please describe FPL's approach to assessing the opt-out program incremental costs for the Customer Information System.**

A. FPL's Customer Information System is the official system of record for customer data. The system maintains the history of FPL customers' account and energy data. The continued use of non-standard meters required system enhancements to ensure that new NSMR attributes could be assigned to the opt-out customer, premise and meter change order transactions. Additionally, work management systems were enhanced to properly notify meter reading and field meter maintenance employees of NSMR customer attributes, including adding interfaces to field systems such as the Trouble Call Management System and the Field Management Operations Systems so that proper customer NSMR attributes would be reflected in those systems as well.

**Q. Please describe FPL's approach to assessing the opt-out program incremental costs for the Billing System.**

A. In order to properly bill NSMR customers for the incremental costs associated with the opt-out program, FPL was required to modify its billing system. These modifications include, among other things, the capability to record NSMR transactions to the financial systems. Additionally, these modifications allow FPL to generate reports that are required to track account attributes from postponed and unable to complete ("UTC") status to either NSMR enrolled or accepted smart meter status. Finally, FPL projected the incremental costs associated with back office billing work to handle enrollment, meter change orders, and initial billing.

**Q. Please describe FPL's approach to assessing the opt-out program incremental costs for Meter Reading.**

A. In order to accurately and timely record the electricity used by NSMR customers, and in accordance with FPL's policies and good utility practices, FPL requires meters to be read manually by its employees at monthly intervals. Costs were projected for the required effort to manually read meters monthly for customers who enroll in the opt-out program. This required the establishment of unique routes for NSMR customers and included salary, the purchase of additional hand held meter reading devices, vehicle cost for miles driven, supervision and employee related expenses. Also included were the projected costs for creating meter reading routes for customers who enroll in the NSMR program, and revision of routes as additional NSMR customers are added to and removed from the program.

**Q. Please describe FPL's approach to assessing the opt-out program incremental costs for Collections.**

A. NSMR customers will continue to require field visits for collecting delinquent payments/disconnections for non-payment and field visits for re-connects subsequent to payment. Smart metered premises with enabled Remote Connect Service no longer require these additional site visits. NSMR customers will therefore be billed the existing service charges and the incremental costs for this non-standard service.

**Q. Please describe FPL's approach to assessing the opt-out program incremental costs for the Care Center.**

A. FPL's Care Center is made up of employees and systems that respond to calls from customers. Costs were projected to create scripting and train customer care representatives on the details of the NSMR program. Costs were estimated for these representatives to handle projected call volumes for customer inquiries related to the NSMR program, follow-up calls, and customer enrollment assistance. Costs were also projected for Care Center representatives to process customer enrollments sent via mail from the tear off portion of enrollment notification letters.

**Q. Please describe FPL's approach to assessing the opt-out program incremental costs for the Field Meter organization.**

A. FPL's Field Meter organization performs meter installations and maintenance on meters throughout the Company's service territory. Costs were projected for this department to make on average at least one site visit to each NSMR premise during the originally requested three-year cost recovery period. These projections were based on the need to make site visits for the installation of the non-standard meter for those with smart meters already installed, site visits for retrieval of non-standard meters for meter sampling and testing, site visits for potential theft monitoring, and other site visits that relate directly to the non-standard meter.

Although FPL's analysis supports the need for an average of one site visit every three years, through the filing of FPL's revised tariff, the Company has agreed to include charges for only one site visit every five years.

**Q. Why is it appropriate to charge all customers for an average of one site visit when they might not need any?**

A. Rates are based on average costs. It would not be efficient or practical to charge customers each time there was a non-standard meter site visit. In fact, FPL's projection of one site visit per non-standard meter customer every three years is actually conservative and there will likely be more than one such visit every three years on average. FPL has already made over 4,800 site visits to customers on the postpone list to set non-standard meters, and meter sampling will require the majority of non-standard meters to have site visits over the next three years if these meters remain in the field.

**Q. Please describe FPL's approach to assessing the opt-out program incremental costs for Meter Sampling.**

A. The FPSC requires annual meter testing of statistically valid populations of different meter types to demonstrate that utility meters are accurate. The legacy meters in the postpone population consisted of about 100 different meter types, each in relatively small numbers. In order to achieve valid sample sizes for these legacy meter types in the opt-out population, the Company will be required to test the majority of the remaining non-standard meters over the next three years.

**Q. Please describe FPL's approach to assessing the opt-out program incremental costs related to the unnecessary dispatching of Power Delivery crews, or truck rolls.**

A. Power Delivery is responsible for outage restoration, among other things. Incremental Power Delivery costs were projected for truck rolls related to non-standard meter outage calls that could have been resolved without a field visit if the customer had a smart meter. Truck rolls are avoided when a smart meter customer inquires about an outage and the FPL representative can remotely determine that the customer's smart meter is receiving power, suggesting the customer check their circuit breaker or other customer-side issues as the cause of their outage.

**Q. Please describe FPL's approach to assessing the opt-out program incremental costs for Marketing and Communications.**

A. Costs were projected for the design and implementation of the communication plan for the opt-out program. This included costs for work to ensure that the communication materials were clear and effective, customer usability tests of the on-line enrollment experience, and three waves of communications over the 90-day enrollment period to postponed and UTC customers. This robust communication plan provided postponed and UTC customers with multiple opportunities to respond in order to minimize the number of unresponsive customers who would be defaulted into the program at the end of the 90-day enrollment period.

**Q. Please describe FPL's approach to assessing the opt-out program incremental costs for Safety.**

A. Because additional meter readers and field meter personnel will continue to make field visits, they will continue to be exposed to danger and risk in the field. The projection of safety costs in this area is attributable to the need to continue to have employees in the field and is based on historic OSHA and vehicle accident claims.

**Q. Please describe FPL's approach to assessing the opt-out program incremental costs for Enrollment Systems.**

A. Web and voice response systems were designed, created and implemented for the new opt-out enrollment systems. The online enrollment system was designed to help customers determine if they were eligible for the opt-out program and validate the customer's existing meter type. This online system includes information to help the customer make an educated decision regarding the choice of meter and to assist with completing the application for opt-out enrollment. A mirror application was created for the Care Center to enroll customers who called to enroll. Both of these applications needed to be interfaced into the customer information system. FPL's voice response system was enhanced to provide callers with information about the NSMR program and assist them with enrollment. Finally, the enrollment systems asked the customers about meter accessibility and appropriately routed customers to an appointment desk for those who required meter changes but stated their meter was not accessible.

**Q. Please describe FPL's approach to assessing the opt-out program incremental costs on the Revenue Requirements for the Company.**

A. The Company calculated the revenue requirements associated with the opt-out utilizing the same methodology used to calculate base rates. All costs included in the opt-out revenue requirement calculation are incremental to the costs recovered through base rates. The return calculation was based on FPL's Commission-approved rate of return.

**Q. If the analysis described above supports the Enrollment Fee of $105 and the Monthly Surcharge of $16, why did FPL file a revised tariff with an Enrollment Fee of $95 and a Monthly Surcharge of $13?**

A. After FPL filed its Petition with the original tariff in August of 2013, the Commission Staff engaged in discovery and analyses, and ultimately issued a recommendation on December 23, 2013. In that recommendation, Staff opined that the Enrollment Fee should be reduced to $95 and the Monthly Surcharge should be reduced to $13. The Commission approved the recommendation on January 7, 2014.

**Q. Please explain the basis for the modifications recommended by Staff and approved by the Commission.**

A. Staff's recommendation, which was approved by the Commission, included three modifications to the following assumptions:

1. Extend Recovery Period to Five Years - Staff recommended extending the recovery period of FPL's system and communication costs from

the three years requested to five years. Based on this, Staff recommended a reduction from $16 to $13 in the Monthly Surcharge.

2. Reduce Care Center Staffing - Staff recommended reducing the cost for FPL's Care Center to handle NSMR enrollment by reducing staffing after year two from four employees to one employee. Based on this, Staff recommended a reduction of $3.24 in the Enrollment Fee.

3. Eliminate Meter Reading Routing After Year Two – Staff recommended that the cost to route NSMR meter reading should be absorbed into existing staffing levels after year two. Based on this, Staff recommended an additional reduction of $7.19 in the Enrollment Fee.

**Q. Did FPL agree with the reductions in both the Enrollment Fee and the Monthly Surcharge?**

A. While FPL continues to feel that its original analysis was appropriate, the Company agreed to accept the modifications and thereafter filed its revised tariff in compliance with Order No. PSC-14-0036-TRF-EI.

**Q. Notwithstanding these changes, does the FPL revised NSMR tariff remain cost-based?**

A. Yes, it is cost based using Staff's analysis and assuming a participation rate of 12,000 customers.

**Q. Should customers with several non-standard meters at the same property pay separate Enrollment Fees and Monthly Surcharges for each non-standard meter?**

A. Yes. In order to treat all customers fairly, rates are based on average costs to serve the complete group of opt-out customers rather than on an individual customer basis. It would not be appropriate or practical to attempt to assign different rates based on a customer's circumstances at any given time, including the distance between non-standard meters in the field.

**Q. Has FPL identified other costs that were not included in the NSMR tariff?**

A. Yes. As FPL moved into the implementation phase of the opt-out program, the Company has identified costs that were not included in original projections and were not included in either the Enrollment Fee or the Monthly Surcharge. While FPL fully intends for this tariff to be cost-based, the Company is not currently advocating that these costs be added to the tariff. Actual incremental costs, revenues, and enrollments will be monitored and reported to the Commission annually, providing the Commission with the information needed to make adjustments to the tariff as it deems appropriate.

## IV. ENROLLMENT PROJECTIONS

**Q. When FPL filed its Petition seeking approval of the NSMR tariff, how many customers were on the postpone list?**

A. FPL had approximately 24,000 customers on the postpone list at that time.

**Q. How then did FPL determine that it would be appropriate to spread the costs of the opt-out program across 12,000 customers?**

A. FPL recognized that there was no precise way to project the number of customers who would ultimately make the choice to pay a charge to receive their electric service through the non-standard meter. However, in order to establish a rate for this non-standard service, the Company engaged in a process to identify and analyze information upon which to project participation rates. FPL carefully analyzed its own system data, and also looked at available information from utilities around the country which had smart meter opt-out options. Based upon the most current available information, FPL projected 12,000 customers to take service under this optional tariff.

**Q. Explain the analysis performed to arrive at FPL's projection of approximately 12,000 opt-out customers.**

A. The first part of the analysis performed by FPL identified utilities throughout the United States that transitioned from postpone lists to opt-out programs. The analysis of this data indicated that between 17% and 72% of the populations that had been postponed during smart meter implementations

made the choice to opt out of the smart meter. Although some of these programs did not include a cost-based opt-out rate, FPL utilized these statistics in an effort to include all available data. For FPL, the application of these percentages translated to a range of 4,080 to 17,280 customers of the approximately 24,000 customers on the postpone list. The midpoint of that range was 10,680 customers, or 0.24% of FPL's smart meter eligible customer base.

**Q. Did FPL rely entirely on that data to project 12,000 potential opt-out customers?**

A. No. The Company also looked at additional data available as of July 2013 in an effort to identify the percentage of smart meter eligible customers in the majority of programs around the country that had agreed to pay a fee to opt-out, regardless of whether there had been an initial postpone list. The results of that analysis reflected that a range of 0.02% to 0.5% of all smart meter eligible customers had made the choice to pay a fee to opt-out. The midpoint of this participation range is 0.26%. 0.26% of FPL's smart meter eligible customer base would equate to 11,700 customers.

**Q. At the time the Petition was filed, did FPL also have a population of customers who had not received smart meters because they either prevented access to their property or whose meters were unable to be accessed for any number of reasons?**

A. Yes. In addition to the approximately 24,000 customers on the postpone list, FPL had been unable to install smart meters in approximately 14,000

additional eligible premises, identified above as UTC accounts. These UTC customers had not asked to be on the postpone list, but installation had not been possible for any number of reasons outside of FPL's control. In arriving at its projection of 12,000 customers to establish the opt-out rate, FPL assumed that a small number of these UTC customers may ultimately take service pursuant to this rider.

**Q. What did FPL conclude from the analyses of opt-out participation rates in other jurisdictions and from the analysis of its own customer specific information?**

A. Based upon the analyses performed by FPL, the Company reasonably projected an anticipated opt-out population of between 0.2% and 0.3% of FPL's smart meter eligible customers.

**Q. How does this analysis translate into projected numbers of opt-out customers?**

A. This equates to a range of 9,000 to 13,500 potential opt-out customers, for a midpoint of 11,250. Because FPL anticipated that only a small number of the 14,000 UTC customers that existed in July of 2013, along with a small number of additional customers who were not on the postpone list, would take service pursuant to the NSMR, the tariff is based upon an expected opt-out population of 12,000 customers.

**Q. With the tariff approved, explain FPL's process of providing customers with information about this new optional service.**

A. FPL went to great lengths to ensure that all postponed and UTC customers had ample information and time to make an informed decision regarding their choice of meter and to then notify FPL of their choice before billing begins in June 2014. The 90-day enrollment period, which ran from March 2014 through May 2014, included three waves of communications. Each wave consisted of letters, brochures, emails and phone calls to these customers. The material was designed to provide customers with the facts about smart meters, the costs associated with the choice of a non-standard meter, and the terms and conditions of the NSMR program. These customers were given three ways to notify FPL of their choice: (1) via www.FPL.com/meteroption, (2) by calling the dedicated NSMR enrollment phone number, or (3) by mailing in a tear-off enrollment form and returning it in a postage-paid envelope. Each wave of communication was only directed to the customers who had not yet notified FPL of their choice; once customers made their choices, they were removed from future enrollment communication. The final letter was sent by both certified and regular mail, emphasizing the need to take action or be defaulted into the opt-out program. All customers who enrolled in the opt-out program, either through their own action or by default, also received a letter confirming their choice in conjunction with their June bill. In addition to these outreach efforts, FPL's website was updated with facts about the opt-out program along with instructions on how to enroll.

**Q. Has the Company also provided notification of this new optional service to the rest of its customers?**

A. Yes. In keeping with Commission practice, FPL provided notification of the NSMR tariff to all FPL customers. A copy of the communication included in bills sent to residential customers in May of 2014 is attached as Exhibit RAO-5. Another communication regarding the new NSMR tariff will be sent to all FPL customers as a message that will appear as part of their June 2014 electric bill.

**Q. To date, how many customers have chosen to receive service through a non-standard meter at the NSMR tariff rates?**

A. As of May 16, 2014, 3,815 FPL customers had actively enrolled in the NSMR program.

**Q. How many customers remain on the postpone and UTC lists?**

A. As of May 16, 2014, with two weeks remaining in the 90-day enrollment period, approximately 5,700 customers from the postpone and UTC lists had not yet responded with their meter choice.

**Q. How will these unresponsive customers be billed at the end of the 90-day enrollment period?**

A. Those customers who do not respond by the end of May will be defaulted into the NSMR program. However, the Company has included in the tariff a grace period (as explained in Exhibit RAO-2), during which eligible customers can decline participation in the program within 45-days of receiving their initial

NSMR charge. The NSMR charges for these customers will be waived once the smart meter is installed.

**Q. FPL's position is that the tariff is cost-based. How will the Commission, the public, and interested parties know whether that remains the case as participation rates fluctuate?**

A. Each year FPL files a Smart Meter Progress Report in the Energy Conservation Cost Recovery Clause Docket. The Company will provide the Commission with annual information in that report identifying actual participation rates, actual costs associated with the continued operation and administration of the program, and actual revenues received in the form of customer Enrollment Fees and Monthly Surcharge payments.

**Q. Does this conclude your testimony?**

A. Yes**.**

INDEX OF RATE SCHEDULES

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.

INDEX OF RATE SCHEDULES

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:
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:
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FLORIDA POWER & LIGHT COMPANY

Fiftieth ~~Forty-Ninth~~ Revised Sheet No. 8.010
Cancels Forty-Ninth ~~Forty-Eighth~~ Revised Sheet No. 8.010

INDEX OF RATE SCHEDULES



Issued by: S. E. Romig, Director, Rates and Tariffs
Effective: July 1, 2013

**FLORIDA POWER & LIGHT COMPANY**

**Eleventh Revised Sheet No. 8.120**
**Cancels Tenth Revised Sheet No. 8.120**

## NON-STANDARD METER RIDER – NSMR
## (OPTIONAL)

RIDER: NSMR

AVAILABLE:
In all territory served to all customers.

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

LIMITATION OF SERVICE:
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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: $95.00
Monthly Surcharge: $13.00

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.

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RULES AND REGULATIONS:
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**Issued by: S. E. Romig, Director, Rates and Tariffs**
**Effective:**

FLORIDA POWER & LIGHT COMPANY

**Fiftieth Revised Sheet No. 8.010**
**Cancels Forty-Ninth Revised Sheet No. 8.010**

INDEX OF RATE SCHEDULES



**Issued by: S. E. Romig, Director, Rates and Tariffs**
**Effective:**

**FLORIDA POWER & LIGHT COMPANY**

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**Cancels Tenth Revised Sheet No. 8.120**

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**Issued by: S. E. Romig, Director, Rates and Tariffs**
**Effective:**

# Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

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

**DATE:** February 11, 2013

**TO:** Braulio L. Baez, Executive Director

**FROM:** Walter Clemence, Public Utility Analyst II, Office of Industry Development and Market Analysis
Michael T. Lawson, Senior Attorney, Office of the General Counsel

**RE:** Briefing on Smart Meters: Technical Information and Regulatory Issues.

**CRITICAL INFORMATION:** Please place on the February 19, 2013 Internal Affairs. This item is being presented for briefing only.

Florida Public Service Commission (FPSC) staff held a public workshop on September 20, 2012 to gather information on smart meters and to address concerns raised by consumers. Topics addressed during the workshop included jurisdiction of government agencies, health, privacy, data security, and alternatives to smart meters. Presentations were made by subject matter experts from utilities, transmitter manufacturers, and meter manufacturers. Twelve consumers provided public comment during the workshop and numerous customer contacts have been received. Staff is providing a summary of the issues that have been of concern to customers for briefing purposes.

## Introduction

The meters being installed by the investor-owned utilities are not identical and have been rolled out on different schedules. Florida Power & Light Company (FPL) uses advanced metering infrastructure (AMI) that utilizes Radio Frequency (RF) Mesh technology that provides two-way communications infrastructure to and from the customer's meter. FPL began installing meters in 2006 and plans to complete their installation of 4.6 million meters in May of 2013. Tampa Electric Company (TECO) uses an automated meter reading (AMR) meter that is capable of transmitting from the meter, but the meter is not capable of two-way communication. TECO started its AMR roll out in 2003 and completed the installation of approximately 682,000 meters in January 2012. Progress Energy Florida, Inc. (PEF) used a mix of cellular AMR for large customers, drive-by AMR for residential and small commercial customers, and AMI for medium size commercial customers. PEF began installing AMR meters for its industrial customers in the 1990's and plan to complete its installations with AMI meters in October of 2013. Gulf Power Company (Gulf) also uses AMI meters within its service territory. Gulf started its installation of AMI meters in 2007 and completed the installation of approximately 437,000 meters in 2012.

**Jurisdiction**

The FPSC has jurisdiction over cost recovery of smart meters, but does not have specific statutory authority over the smart meters themselves. As required by Section 366.04, Florida Statutes, the FPSC has adopted and enforces the safety standards found in the National Electrical Safety Code (NESC) for all electric utilities. However, the NESC does not address radio frequency transmitted by devices such as smart meters. RF emission standards are established by the Federal Communications Commission (FCC).

Section 366.03, Florida Statutes (F.S.), requires the utilities to furnish to each customer reasonably sufficient, adequate, and efficient service upon terms as required by the FPSC. Section 366.04(1), F.S., indicates that the Commission has jurisdiction to regulate and supervise each public utility with respect to rates and service. Utilities present at the workshop agreed that the rates and services aspects of the statutes apply to smart meters.

Section 366.045, F.S., provides that the FPSC shall have jurisdiction over the planning, development, and maintenance of a coordinated electric power grid throughout Florida. Section 366.05(1), F.S., discusses the FPSC's jurisdiction to prescribe fair and reasonable rates and charges, and classification standards of quality and measurements. Rule 25-6.049, Florida Administrative Code, requires utilities to use commercially acceptable measuring devices owned and maintained by the utility to measure their customers' energy usage. Meter manufacturers and utilities at the workshop stated that the meters being installed are commercially accepted measuring devices.

The participating utilities all indicate that the FCC has exclusive jurisdiction over any health effects from smart meters. The FCC's jurisdiction arose from the Federal Communications Act of 1934, continued with the Telecommunications Act of 1996. Workshop presenters agreed that the standards are uniformly adhered to by Florida's IOUs.

FPL presented information that the FCC corresponded with Florida Senator Bill Nelson in June of 2012 and reaffirmed that health issues related to smart meters are within their jurisdiction. Further, FPL indicated the FCC has stated that it has exercised its jurisdiction and will continue to exercise the FCC's jurisdiction over smart meter transmitters.

Commission staff invited the FCC and the California Council on Science and Technology (CCST) to attend the workshop. Both the FCC and CCST declined to attend the workshop.

*Available Options*

Staff does not believe that jurisdictional issues addressed at the workshop require any FPSC action.

**Health**

Smart meter transmitters are certified for compliance with RF emissions by the FCC. The transmitters within the meter have an FCC ID number that consumers could use to verify that it

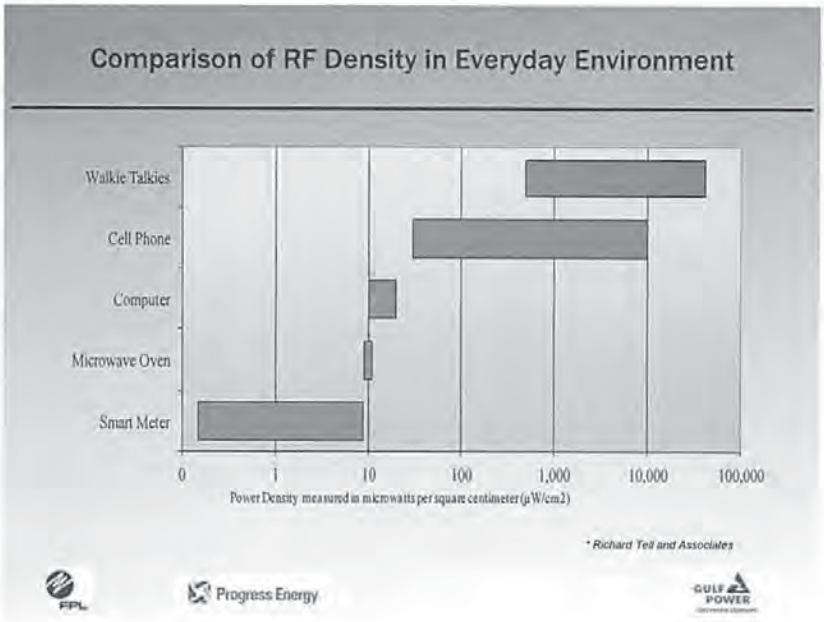
has been approved. RF emitting devices have been used since the 2nd World War and have been widely studied. The smart meter is a relatively new application of existing RF technology. Utilities and manufacturers presented information that smart meters are safe and operate within established authorized standards. However, during the public comment session, consumers presented information that the meters are unsafe and contended that the meters may operate outside the bounds of established standards.

The meter manufacturers who attended the workshop provided staff with an overview of the process for ensuring FCC RF compliance. First, the transmitter is tested by a third-party agency for compliance and then that information is filed with the FCC. Once approved, an FCC ID number is provided to transmitters that pass the test. Each FCC ID number is available to be verified on the FCC website, and consumers may reference the number that appears on any transmitter. In the event that a change is made to the transmitter, the testing and FCC filings must be resubmitted, and another FCC ID number would be assigned after compliance.

The effects of RF can be either thermal or non-thermal. At very low levels, RF can pass directly through the body and has no effect on a person. At higher levels, the RF can accumulate energy within the body, and this effect can raise body temperature. The standards set by the FCC focus primarily on the thermal effects from RF. The FCC does look at the non-thermal effects; however, it believes it is appropriate to use the thermal effects as a guide for setting standards. Non-thermal effects reported by customers include headaches and difficulty sleeping.

Comments were provided regarding multi-meter installations and the possible health effects from these meter banks. FPL conducted third-party testing and found that at a distance of one foot from 100 smart meters, the RF was 15% of the allowable exposure limit. The testing company also tested banks of 80 meters and came to the same conclusion. FPL's study found that the exposure from multi-meter installations was still well below the standards established by the FCC.

The following is a chart that was presented by the IOUs in a joint presentation at the workshop. The chart shows a comparison of RF emission levels from various devices typically found in a home.




*Summary*

The FPSC does not have regulatory authority over any potential health effects from smart meters; the FCC is the entity that has jurisdiction over the issue. However, staff will monitor the FCC for any updates to FCC standards.

**Privacy**

The IOUs all hold customer data confidentially, except for release for regulated business purposes and to comply with court orders. Municipal utilities must comply with Florida's Sunshine Law. Customer data that is maintained by a municipal utility must be disclosed as part of a public records request. The Florida Municipal Electric Association stated that it is considering seeking legislative support to allow for a delay in releasing interval data by 3 months, while maintaining the availability of current monthly data.

Smart meters do not transmit or store any personal customer identification information. The meters do not transmit customer names, billing information, or addresses. The Federal Trade Commission has regulations in place that are designed to prevent identity theft. The IOUs' privacy policies are designed to be consistent with Federal Trade Commission regulations. Further, the IOUs can use the FPSC confidentiality process to ensure that any customer information that is provided to the FPSC remains confidential.

The utilities were unanimous in their presentations that the only time customer data would be released to a third party is when it is specifically requested by the customer, unless required by law. However, the utilities look at ownership of the data differently; FPL and PEF see themselves as custodians of the data, TECO believes that it owns the information, and Gulf believes that the customer owns the data. In the future, commercial interests may want access to

this data and the ownership of the data may determine who receives any potential value from this data.

Customers expressed concern that the meter will indicate what appliances are being used and the information from the smart meter will be used to market items to consumers. Customers also expressed concern that smart meters are an attempt by United Nations Agenda 21 to regulate how consumers use electricity. The meter manufacturers stated that the meters only measure total usage and are unable to identify usage from specific appliances.

*Summary*

The IOUs have all represented that they have privacy policies in place. Staff will monitor any legislative changes that may require the FPSC or the utilities to act.

**Data Security**

The data transmitted by the smart meter does not contain any personal customer identification information. Smart meters only transmit information about usage, the meter number, meter type, tampering indications, and error checking information. Moreover, the information transmitted by the meters is encrypted, so if a person did intercept a signal, they would not be able to decipher it.

The utilities transmit the encrypted information securely, and have cyber and privacy policies in place. FPL, Gulf, and PEF have used third-party testing to ensure the security of their transmission of customer usage information from the meter to the utility. TECO's information technology staff consistently monitors their system to ensure security.

The National Institute of Standards Technology (NIST) is the leading board that promulgates security standards, and they have several working groups that promote and develop those standards. The NIST process is a collaborative one among private industry, public industry, and individuals who come together and establish standards for cyber security and interoperability.

During the last Congressional Session, several cybersecurity bills were before Congress; these bills did not pass.

*Summary*

It appears existing data security protocols are being followed and staff will monitor for further enhancements to security requirements, including federal legislation.

**Alternatives**

FPL commented during the workshop that it would be open to an alternative to requiring all customers to accept a smart meter. Gulf, TECO, and PEF do not believe that the FPSC should require a smart meter alternative. However, IOUs all appear to be in agreement that if an option is offered, the customer who requests an alternative type of meter should be responsible for all the related costs. The FPSC has a history of ensuring that the cost-causer pays the costs

associated with their request. Examples include undergrounding of distribution lines, distribution upgrades for net metering, and customer-requested electric line extensions.

Currently, FPL is placing customers who express concerns about smart meters on a "hold list" This delay allows FPL to temporarily delay the installation of a smart meter. FPL estimates it may have as many as 25,000 customers (.5% of all meter installations) on the hold list at the end of its smart meter deployment in May 2013. It is not known what FPL will do with these customers in May 2013. Currently, the costs to read these customers analog meters are being borne by the general body of ratepayers which reduces the overall savings that may be achieved by smart meters.

During the workshop, FPL indicated that allowing a customer to opt for a non-smart meter could cost as much as $1,000 per customer over a five-year period. For FPL, or any utility, the question then becomes how to allocate these costs between an upfront cost and a monthly charge.

All customers who provided public comment at the workshop and many who have corresponded with the FPSC wish to have an alternative to a smart meter. Some advocated that before the smart meters were installed, there should have been an opt-in to the smart meter installation. The possible alternative includes a digital meter or the use of an analog meter. However, some customers expressed concerns about having a digital meter and only wanted an analog meter.

Providing an alternative to a smart meter would give customers a choice in their meter. Customer concerns about privacy, health, and data security might be alleviated. However, many of those customers that provided public comment did not want to be assessed a separate charge associated with their decision not to have a smart meter.

In California, Pacific Gas and Electric, Southern California Edison, and San Diego Gas & Electric all have a California Public Utilities Commission-approved opt-out program. Customers pay a $75 fee to enroll and $10 a month for meter reading. Low-income customers pay an initial fee of $10 and $5.00 a month for meter reading. Avista Utility in Oregon charges an upfront fee of $221.61 and a monthly charge of $50.88.

Not all opt-out programs come with a fee. Vermont's legislature passed a bill in 2012 that prohibits utilities from assessing fees from customers who opt out of a smart meter. The Vermont Department of Public Service staff had previously recommended the inclusion of guidelines that would have required cost-based fees for an opt out.

*Summary*

Most of the IOUs at the workshop stated that an opt out is not needed at this time. FPL appears to be open to an alternative to smart meters. Therefore, it may be more appropriate for the utility to file a tariff for FPSC review and approval that addresses their situation. Staff will continue to monitor issues associated with alternatives to smart meters in Florida.

The FPSC does have authority to act on the issue of alternative types of meter installations. While staff believes that a utility seeking such an alternative should file a tariff, there are other actions the FPSC might take. The FPSC could initiate rulemaking on this topic; however, there

appears no consensus among the utilities on the issue of smart meter alternatives. Staff could bring an item to Agenda or Internal Affairs and request that Commissioners approve an item that would require IOUs to file tariffs offering an opt-out. Finally, utilities could continue to handle customer requests for smart meter alternatives as they are currently. The costs of continuing to serve customers who have not yet had a smart meter installed would be borne by all customers under existing rates.

**Public Comment**

The most common concerns expressed by members of the public were health issues and privacy concerns. Presenters were concerned that: (1) the health effects have not been studied enough or that they are experiencing adverse effects from the meter; (2) utilities will know what appliances the customer is using and that usage information will be sold to third parties; and (3) that smart meters are a control device that will force them into time of use rates.

The most common concern expressed by customers in both the public comment section of the workshop and in post-workshop comments was the health effects of RF. As discussed earlier, the FPSC does not have authority over the health effects from smart meters.

Members of the public did provide studies to support their claims. However, while Commission staff does not have the expertise to evaluate and validate these or any health studies, staff would note that expert regulatory bodies have established standards to ensure that the transmissions from smart meters are safe.

*Summary*

Consumers have raised concerns and would like the option to opt-out of a smart meter, primarily without being assessed an additional fee. Staff will continue to be available to consumers to answer questions and will continue to serve as a source for information.

**Conclusion**

Staff does not believe that the FPSC needs to take any specific actions at this time to provide for an alternative to smart meters. The issues that are of concern to consumers are outside the jurisdiction of the FPSC. However, the FPSC should allow utilities to voluntarily provide their customers with new services under an appropriate, approved tariff. Staff would review any tariff that a utility files in response to smart meter concerns, and a recommendation on the filing would be brought before the FPSC at a scheduled Agenda Conference. As with any tariff, special attention would be paid to any charges requested by the utility. Staff believes all charges should be cost-based to ensure any subsidization is kept to a minimum. Further, the filing should clearly detail the purpose of offering the new tariff.

WC

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

| Line No. | | Amount |
|---|---|---|
| 1 | **Non-Standard Meter Program Costs** | |
| 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 | **On-going Operations & Maintenance (O&M) Costs to be recovered in the Monthly Surcharge:** | |
| 14 | Monthly Non-Standard O&M Meter Costs Per Customer | $ 8.76 |
| 15 | | |
| 16 | **Summary of Charges:** | |
| 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 | **Note:** | |
| 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] (1) | Accum Depr (2) | Rate Base End Bal (3) = (1)+(2) | Average Rate Base (4) = ((1)+(3))/2 | Pre-Tax COC [B] (5) | Return on Rate Base (6) = (4)*(5) | Depr Expense [C] (7) | O&M [D] (8) | Total Revenue Requirement (9) = (6)+(7)+(8) | Net Present Value of Rev Req [E] (10) | Annual Levelized 3 Year Rev Req (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 | |
| 6 | | | | | | | | | | | | |
| 7 | | | | | | Totals | $ 495,847 | $ 2,093,054 | $ 368,000 | $ 2,956,901 | $ 2,575,968 | $ 3,078,882 |
| 8 | | | | | | | | | | | | |
| 9 | | | | | | | | | | | | |
| 10 | | | | | | | | | | | | |
| 11 | | | | | | | | | | | | |
| 12 | | | | | | | | | | | | |
| 13 | | | | | | | | | | | | |

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).

EXHIBIT B
PAGE 3 OF 15

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

| Line No. | | Reference | Up-Front System and Communication Costs CAPITAL | Up-Front System and Communication Costs O&M | Up-Front System and Communication Costs TOTAL | One Time Cost Per Meter O&M | Monthly Cost Per Meter O&M |
|---|---|---|---|---|---|---|---|
| 1 | **Customer Enrollment in Non-Standard Option** | | | | | | |
| 2 | Customer Information System Changes with Web Enrollment and Billing | Page 4 | $ 1,952,000 | | $ 1,952,000 | | |
| 3 | Care Center Enrollment, Customer Inquiries and Follow Up | Page 6 | | | | $11.30 | |
| 4 | Customer Brochures, Research and Mailings | Page 5 | | $ 368,000 | $368,000 | | |
| 5 | | | | | | | |
| 6 | **Meter Reading and Billing** | | | | | | |
| 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 |
| 12 | | | | | | | |
| 13 | **Collection and Disconnect/Reconnect** | | | | | | |
| 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 |
| 16 | | | | | | | |
| 17 | **Distribution Outage** | | | | | | |
| 18 | Truck rolls from inability to ping meter to verify power | Page 13 | | | | | $0.10 |
| 19 | | | | | | | |
| 20 | **Field Meter Visits** | | | | | | |
| 21 | Average at least one field visit per opt out (1) | Page 7 | | | | $77.06 | |
| 22 | | | | | | | |
| 23 | **Meter Technology Center** | | | | | | |
| 24 | Meter sampling and testing for non-standard meters | Page 7 | | | | $ 5.00 | |
| 25 | | | | | | | |
| 26 | **Project Management** | | | | | | |
| 27 | Administer program design, implementation and true-ups | Page 14 | | | | | $0.95 |
| 28 | | | | | | | |
| 29 | **Total Estimated Costs** | | **$ 2,093,054** | **$ 368,000** | **$ 2,461,054** | **$ 105.35** | **$ 8.76** |
| 30 | | | | | | | |
| 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<br>* Create new service charge to bill monthly charges<br>* Ability to adjust, backdate, cancel/replace above fees as needed.<br>* 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.<br>* Execute opt out functionality with new meter change orders for opt out and smart meters.<br>* Create new workflows for meter reading routing (Reroute to non-smart meter route and issue meter change if applicable)<br>* 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.<br>* Counters for all decision points<br>* Various decision points around previously submitted request, confirmation letter received | $ 169,000 |
| 7 | Care Center - Enrollment | * Develop business logic to define customer eligibility<br>* Create care center scripting and functionality for the care center to request letters and other correspondence to be sent to opt out customers.<br>* 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 | **Customer Brochures, Research and Mailings** | |
| 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** | **$ 368,000** |

**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 | **Meter Reading Workflow to Establish and Remove Route** | | | |
| 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)** | | | **$ 11.98** |
| 14 | | | | |
| 15 | **Notes:** | | | |
| 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 | **Meter Reading Opt Out Cost per Read** | | |
| 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)** | **$** | **6.81** |

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

| Line No. | Description | Amount |
|---|---|---|
| 1 | **Meter Reading OSHA and Vehicle Accident Cost** | |
| 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)** | **$ 0.05** |

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

| Line No. | Description | | Amount |
|---|---|---|---|
| 1 | **Customer Billing - Billing, Projects & Support (BPS) Cost** | | |
| 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)** | **$** | **0.40** |
| 10 | | | |
| 11 | | | |
| 12 | | | |
| 13 | **FTE Responsibilities** | | |
| 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 | **Notes:** | | |
| 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 Line13) | $ | 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)** | | | **$ 0.45** |

**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 | **Truck rolls from inability to ping meter to verify power** | |
| 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)** | **$ 0.10** |
| 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 | **Project Management Office** | | |
| 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)** | | **$ 0.95** |
| 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. | | |

EXHIBIT B
PAGE 15 OF 15

**FLORIDA POWER AND LIGHT COMPANY**
**SUMMARY OF CUSTOMER SERVICE OVERHEADS**
**For Customer Service Fees**

| Line No. | Customer Service Pension & Welfare Taxes and Insurance | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 1 | (1) | (2) | (3) | (4) = (2)+(3) | (5) | (6) = (5)/(4) | (7) | (8) = (6)+(7) |
| 2 | 2013 Average compensation per employee | Average Salary | Average OT | Total Average Salary | 2013 Medical Expense per employee | % Medical Expense | PWTI Rate excluding Medical | **Cust Serv PWTI** |
| 3 | Non-Bargaining, Non-exempt | $ 36,639 | $ 1,984 | $ 38,623 | $ 8,953 | 23.18% | 11.17% | **34.35%** |
| 4 | Non-Bargaining, Exempt | $ 71,189 | $ 168 | $ 71,357 | $ 8,953 | 12.55% | 11.17% | **23.72%** |
| 5 | Bargaining | $ 58,482 | $ 11,406 | $ 69,888 | $ 13,041 | 18.66% | 11.17% | **29.83%** |
| 6 | | | | | | | | |

| 7 | **Performance Incentives - Exempt** | | |
|---|---|---|---|
| 8 | Exempt Incentive Estimate | | $ 61,300,000 |
| 9 | Exempt Straight Time | $ 475,418,873 | |
| 10 | Executive Straight Time | $ 17,641,508 | |
| 11 | (Line 9-Line 10) | | $ 457,777,365 |
| 12 | (Line 8/Line 11) | | **13.39%** |
| 13 | | | |

| 14 | **Taxes and Insurance on Performance Incentives** | |
|---|---|---|
| 15 | Total Payroll Base | $ 986,839,457 |
| 16 | Federal Unemployment+ State Unemployment +FICA | $ 67,550,172 |
| 17 | Payroll Tax (Line 16 /Line 15) | 6.85% |
| 18 | Worker's Comp | $ 7,112,878 |
| 19 | External Worker's Comp (Line 18/ Line 15) | 0.72% |
| 20 | (Line 17 + Line 19 ) | **7.57%** |
| 21 | | |

| 22 | **Corporate Administrative and General Rate for Customer Service Fees** | | |
|---|---|---|---|
| 23 | | Data from Corp A&G Study | Rates to apply to Customer Service Payroll & Contractor base |
| 24 | Payroll/Contractor Base in 2010 study | $ 107,939,358 | |
| 25 | Non Payroll Expenses | | |
| 26 | Corporate Facilities | $ 4,780,296 | |
| 27 | Capitalized Software | $ 5,953,820 | |
| 28 | Corp Staff Allocation | $ 4,324,067 | |
| 29 | | $ 15,058,183 | |
| 30 | (Line 29/Line 24) | | 13.95% |
| 31 | Payroll Expenses(Unloaded) | | |
| 32 | Corp Staff Allocation | $ 6,885,512 | |
| 33 | (Line 32/Line 24) | | 6.38% |
| 34 | 2013 PWTI | 22.30% | |
| 35 | (Line 32 * Line 34) | $ 1,535,247 | |
| 36 | (Line 35/Line 24) | | 1.42% |
| 37 | 2013 PERP | | |
| 38 | Corp Staff Allocation | $ 6,885,512 | |
| 39 | Exempt % | 93.17% | |
| 40 | (Line 38 * Line 39) | $ 6,415,232 | |
| 41 | Blended PERP Rate | 20.01% | |
| 42 | (Line 40 * Line 41) | $ 1,283,459 | |
| 43 | Taxes & Insurance Loader | 7.57% | |
| 44 | Line 42 * Line 43) | $ 97,105 | |
| 45 | (Lines 42 + 44) | $ 1,380,564 | |
| 46 | (Line 45/Line 24) | | 1.28% |
| 47 | (Lines 30 + 33 + 36 + 46) | | **23.03%** |


# See how much energy you're using, find new ways to save

Families, like yours, are using their personalized online Energy Dashboard to make real changes in how they use energy. It's paying off for Kevin Linn. His family's bill is now $100 lower per month than some of his neighbors. "When I could see our actual usage per hour, that's when I altered my behavior," said Linn. At first, he needed to urge his wife and kids to turn lights off and make other changes. But now they're on board. The family also swapped out light bulbs, upgraded the air conditioner and replaced the pool pump. See how much energy you're using and find new ways to save, just like the Linn family: » **FPL.com/energydashboard**


*Kevin Linn, South Florida*

## Your online bill upgrade is almost here

Soon you'll be able to navigate among payment options, account history, energy-use comparisons and more all from a new, more helpful online bill. Get a sneak peek: » **FPL.com/upgrade**

# Protecting Florida's natural treasures

When manatees migrate to Florida's warmer waters during the winter months, they particularly love the warm-water outflows from our power plants. Our newest clean energy center in Riviera Beach will continue to provide this winter safe haven. Plus, we'll also ensure future generations can learn about these endangered species through a new manatee education center scheduled to open to the public by the end of 2015. Learn more: » **FPL.com/riviera**

## Evacuation help for customers in need

When a severe storm threatens, help is available to ensure those with special needs stay safe. Your local government can help assist with evacuations. Make sure to register with your local emergency management office by checking your phone directory under "county government."

## We offer a choice of meter

Smart meters provide important customer benefits, and that's why they're now the standard meter for FPL customers. However, eligible customers who prefer not to have the smart meter can choose to use a non-standard meter (the older technology replaced by the smart meter). Through a new tariff*, customers must pay an enrollment fee of $95 and a monthly surcharge of $13 to cover the cost of the non-standard service. Learn more:

» **FPL.com/meteroption**

**The tariff has been approved but is under review by the Florida Public Service Commission.*

## Ask the Energy Expert

**Q** What can I do to save money on my bill?

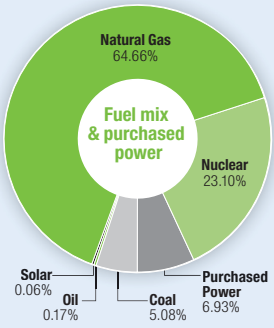
*- Loris S. from Margate*

**A** Enrolling in our On Call® program is one of the easiest ways to save. Learn more about how you can get money back on your electric bill:

» **FPLblog.com/oncall**

## Did you know?

We use mostly American-produced clean fuel sources to generate the electricity you use to power your home.




*Sources of electricity generation for the 12 months that ended on Feb. 28, 2014*

## Safety check your home

Electrical codes change over the years. It is important to have your home's electrical system inspected by a licensed electrician every 20 years to ensure that it's safe, running properly and up to code. Also, remember to keep a certified and operable fire extinguisher on hand. Get more safety tips:

» **FPL.com/homesafety**

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