

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for approval of optional non-standard meter rider, by Florida Power & Light Company.

DOCKET NO.: 130223-EI

FILED: August 15, 2014

PREHEARING STATEMENT

Pursuant to Florida Public Service Commission (“FPSC” or “Commission”) Order No. PSC-14-0104-PCO-EI, as subsequently modified by FPSC Order No. PSC-14-0123-PCO-EI and FPSC Order No. PSC-14-0270-PCO-EI, Mr. Daniel R. Larson and Mrs. Alexandria Larson (“Larsons”), by and through undersigned counsel, hereby file their Prehearing Statement in the above captioned docket. In support thereof, the Larsons state as follows:

1. **The name of all known witnesses whose testimony has been pre-filed or who may be called by the Party, along with subject matter of each such witness’s testimony:**

Not applicable. The Larsons reserve the right to question witnesses during cross examination regarding their direct testimony, rebuttal testimony, and interrogatory responses.

2. **A description of all pre-filed exhibits and other exhibits that may be used by the Party in presenting its direct case (including individual components of a composite exhibit) and the witness sponsoring each:**

The Larsons have no exhibits at this time, but reserve the right to enter evidence into the record during the hearing.

3. **A statement of the Party’s basic position in the proceeding:**

Basic Position (Larsons)

The FPL Non-Standard Meter Rider (“NSMR”) tariff should be denied by the Commission because: (a) the tariff allows FPL to recover advanced costs for “assumed” site visits that FPL may not actually perform rather than charging site visits to individual customers when a site visit is actually required; (b) the tariff permits advanced cost recovery not specifically authorized under Florida law; (c) the tariff charges are duplicative to costs already recovered in base rates; (d) the tariff charges are not fair, just, and reasonable; (e) the tariff fails to account for the cost savings (including ROE) to FPL customers from not having to install a smart meter for those customers that opting-out under the NSMR tariff; and (f) the tariff is discriminatory to the extent that it does not treat all FPL customers equally because it fails to recover the same NSMR costs from business customers that do not have a smart meter installed.

The Commission should stay implementation of any NSMR tariff and deny recovery any related costs until such time as FPL delivers the cost savings it promised to FPL customers when seeking approval of FPL’s Advanced Metering Infrastructure (“AMI”) program. It is inherently unjust to allow FPL to earn a Return of Equity (“ROE”) on capital invested for smart meters when FPL has failed to deliver the promised cost savings promised to FPL customers. It is equally unjust to allow FPL to implement the NSMR tariff when FPL has failed to deliver the promised cost savings to FPL customers. The Commission issued Order No.: PSC-10-1053-FOF-EI (In re: Petition for increase in rates by Florida Power & Light Company; Docket 080677-EI) authorizing the recovery of costs for FPL’s Advanced Metering Infrastructure (“AMI”)

program based upon the substantial projected savings presented by FPL witness Santos.¹ Table 13 of this Order summarized the FPL projected savings and expenses associated with the AMI program.² Witness Santos testified that beginning in 2013, the net O&M savings from the AMI program would exceed \$30 million annually.³ As of the most recent FPL rate case, the AMI savings projected by FPL in Table 13 had not materialized.

As a general proposition, the Larsons agree that NSMR tariff customers should pay a nominal monthly fee that is fair, just, and reasonable. In turn, FPL has a duty to minimize the monthly cost and implementation of any NSMR tariff should be denied until FPL delivers the cost savings it promised to FPL customers when seeking approval of FPL's AMI program. FPL should not be allowed to profit when FPL has failed to deliver the promised AMI cost savings to FPL customers now subject to the proposed NSMR.

4. **A statement of each question of fact, question of law, and policy question that the Party considers at issue, along with the Party's position on each issue, and, where applicable, the names of the Party's witness(es) who will address each issue.**

ISSUE 1: Is it appropriate for customers who receive service through a non-standard meter to bear the cost of that service?

Larsons: No. FPL customers who receive service through a non-standard meter should not bear the cost of that service until FPL delivers the cost savings it promised to FPL customers when seeking approval of FPL's AMI program. FPL should not be

¹ See FPSC Order No.: PSC-10-1053-FOF-EI at 96-97.

² Id. at 95.

³ Id. at 96.

allowed to profit when FPL has failed to deliver the promised cost savings to FPL customers now subject to the proposed NSMR.

ISSUE 2: What are the appropriate staffing levels for the customer care employees and the meter reading lead position functions to enroll and serve customers on the NSMR tariff?

Larsons: The staffing levels proposed by FPL in support of the NSMR tariff are excessive, inflate the cost associated with providing service under the NSMR, duplicate the cost of service already recovered under existing rates and should be denied.

ISSUE 3: Are the various cost components and their amounts FPL included in developing the charges for the NSMR tariff appropriate? If not, what cost components and their associated amounts, if any, should be excluded from the calculations?

Larsons: No. The costs for “assumed” site visits that FPL may not actually perform should be properly removed from the FPL Enrollment Fee. The advanced cost recovery of this speculative charge is not specifically authorized under Florida law and represents the majority of the FPL Enrollment Fee. Such costs are more appropriately billed directly to individual customers when a site visit is actually performed. Granting FPL advanced cost recovery of such speculative site visits is contrary to Florida law and represents a “multi-million dollar giveaway” to FPL who has failed to deliver the promised \$30 million of annual AMI cost savings to FPL customers. Additionally, the avoided cost of not having to install a smart meter, and

associated ROE & depreciation, should be offset from the NSMR charges for customers who keep their existing analog meters under the NSMR tariff. Finally, the NSMR tariff charges that are duplicative to costs already recovered in base rates should be removed from the NSMR tariff.

ISSUE 4: Is the requirement for a manual monthly meter reading by FPL reasonable and justified or should customers be offered alternatives (e.g., self-read or estimated billing options) to ensure fair and reasonable rates are established and costs to FPL are minimized?

Larsons: No. Since its inception in 1925, FPL has read customer meters in the course of providing reliable electric service to its customers. Historically, the cost of reading meters has been included in electric base rates. The proposed NSMR tariff is discriminatory to the extent that it does not treat all FPL customers equally because it fails to recover the same NSMR costs from business customers that do not have a smart meter installed. Such costs of reading meters are already included in base rates. Furthermore, FPL has failed to deliver the promised \$30 million of annual AMI cost savings to FPL customers. Accordingly, NSMR tariff customers should be offered alternatives (e.g., self-read or estimated billing options) to ensure fair and reasonable rates are established and costs to FPL customers are minimized.

ISSUE 5: Should customers with several non-standard meters at the same property location pay multiple enrollment fees? If not, what is appropriate enrollment fee?

Larsons: No. The Enrollment Fee is the fundamental problem with the NSMR tariff. Granting FPL advanced cost recovery of speculative costs within the enrollment fee is contrary to Florida law and represents a “multi-million dollar giveaway” to FPL who has failed to deliver the promised \$30 million of annual AMI cost savings to FPL customers. Accordingly, customers with several non-standard meters at the same property should not be required to pay multiple enrollment fees, any enrollment fee should be substantially reduced by removing speculative costs which may never be incurred by FPL for customers keeping their existing meters, and any enrollment fee should be denied by this Commission until such time as FPL delivers the promised \$30 million of annual AMI cost savings to FPL customers. Allowing FPL to recover multiple enrollment fees from customers with several non-standard meters at the same property would represent a windfall profit for FPL. FPL should not be allowed to profit when FPL has failed to deliver the promised cost savings to FPL customers now subject to the proposed NSMR.

ISSUE 6: Are there any cost savings associated with the NSMR program that have not been used in accounting for the NMSR charges? If so, what are the sources of such savings, and what and how should the amounts be reflected in the NSMR calculations?

Larsons: Yes. The avoided cost of not having to install a smart meter, and associated ROE & depreciation, should be offset from the NSMR charges for customers who keep their existing analog meters under the NSMR tariff. Additionally, the NSMR tariff charges that are duplicative to costs already recovered in base rates should be removed from the NSMR tariff.

ISSUE 7: What is the appropriate projection of the number of FPL customers who may subscribe to the NSMR tariff for purposes of deriving the NSMR charges?

Larsons: The appropriate projection should be the number of customers that FPL projected in its original NSMR tariff filing plus the total number of existing business customers that do not currently have a smart meter installed.

ISSUE 8: How should the NSMR charges, if any, be designed?

Larsons: The NSMR charges should reflect a nominal monthly fee that is fair, just, and reasonable. In turn, FPL has a duty to minimize the monthly cost and implementation of any NSMR tariff should be denied until FPL delivers the promised \$30 million of annual cost savings to FPL customers when it previously sought approval of FPL's AMI program. FPL should not be allowed to profit when FPL has failed to deliver the promised AMI cost savings to FPL customers now subject to the proposed NSMR. The avoided cost of not having to install a smart meter, and associated ROE & depreciation, should be offset from the NSMR charges for customers who keep their existing analog meters under the NSMR tariff. Additionally, the NSMR tariff charges that are duplicative to costs already recovered in base rates should be removed from the NSMR tariff.

ISSUE 9: What additional information, if any, should FPL be required to file in its annual smart meter progress reports?

Larsons: The total number of FPL customers, the total number of FPL customers enrolled under the NSMR tariff, the total number of NSMR tariff customers who have retained their original analog meter, the total number of smart meters deployed with FPL's service territory, the total number of FPL customers that do not have a smart meter installed, the number of annual smart meter failures, total smart meter failures to date, and any other information that the Commission deems appropriate.

ISSUE 10: Are FPL's proposed terms and conditions of the NSMR tariff appropriate? If not, what changes should be made?

Larsons: No. Customers should not be forced to accept FPL's proposed terms and conditions for the NSMR tariff until FPL delivers the promised \$30 million of annual cost savings to FPL customers when seeking approval of FPL's AMI program.

ISSUE 11: Based on the resolution of the previous issues, what are the appropriate NSMR charges?

Larsons: The NSMR charges should reflect a nominal monthly fee that is fair, just, and reasonable. In turn, FPL has a duty to minimize the monthly cost and implementation of any NSMR tariff should be denied until FPL delivers the promised \$30 million of annual cost savings to FPL customers when it previously sought approval of FPL's AMI program. It is inherently unjust to allow FPL to earn a Return of Equity ("ROE") on capital invested for smart meters when FPL has failed to deliver the promised cost savings promised to FPL customers. It is equally unjust to allow FPL to implement the NSMR tariff when FPL has failed to deliver the

promised cost savings to FPL customers. The avoided cost of not having to install a smart meter, and associated ROE & depreciation, should be offset from the NSMR charges for customers who keep their existing analog meters under the NSMR tariff. Additionally, the NSMR tariff charges that are duplicative to costs already recovered in base rates should be removed from the NSMR tariff. Finally, the advance cost recovery of the speculative costs within the enrollment fee is not specifically authorized under Florida law and should be removed as they are more appropriately billed to individual FPL customers when a site visit is required.

5. **A statement of issues to which the Parties have stipulated:**

None. The Larsons are willing to stipulate issues in this docket if agreement with FPL and other Parties can be reached prior to hearing.

6. **A statement of all pending motions or other matters the Party seeks action upon:**

None. The Larsons currently have no have no pending motions or other matters upon which they seek Commission action.

7. **A statement identifying the Party's pending requests or claims for confidentiality:**

None. The Larsons have no pending request or claims for confidentiality.

8. **Any objections to a witness's qualifications as an expert. Failure to identify such objection will result in restriction of a Party's ability to conduct voir dire absent a showing of good cause at the time the witness is offered for cross-examination at hearing:**

None. The Larsons have no objections to the qualifications of any of the witnesses.

9. **A statement as to any requirement set forth in this order that cannot be complied with, and the reasons therefore:**

None. The Larsons have complied with all requirements of orders regarding prehearing procedures.

WHEREFORE, the Larsons, by and through undersigned counsel, hereby timely file their Prehearing Statement in the above captioned docket.

Respectfully submitted on this 15th day of August, 2014.

s/ Nathan A. Skop
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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished to the parties of record indicated below via electronic mail on August 15, 2014:

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