

**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: October 27, 2014

**LARSONS' POST-HEARING STATEMENT  
OF POSITIONS AND POST-HEARING BRIEF**

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 Post-Hearing Statement of Positions and Post-Hearing Brief in the above captioned docket. In support thereof, the Larsons state as follows:

**SUMMARY OF ARGUMENT**

For the following reasons, the Commission should deny and modify the Non-Standard Meter Rider ("NSMR") tariff filed by Florida Power & Light Company ("FPL"):

***The NSMR tariff is flawed and cannot be viewed in isolation when FPL has failed to deliver approximately \$60 million in promised Advanced Metering Infrastructure savings to FPL customers which include the Larsons.***

The 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 opted-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 over 100,000 business customers that do not currently 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 substantial 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 the Commission ignores the fact that FPL has failed to deliver \$30 million in annual 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. Under the totality of circumstances, the Larsons are not an incremental cost driver, but rather the failure of FPL to deliver approximately \$60 million in cumulative savings to date and the ROE on hundreds of millions of stranded AMI investment drives higher revenue requirements for all FPL customers. Applying FPL's favorite "asymmetric" analogy to the facts of the instant case, FPL has over promised and under delivered projected savings to the detriment of all FPL customers. FPL profits from this substantial investment, fails to deliver savings, and now attempts to charge a small subset of customers for alleged incremental costs viewed in isolation rather than under the totality of circumstances. In sharp contrast, the Larsons merely want to keep their existing meter, which under the totality of circumstances is revenue neutral at present because FPL has failed to deliver the promised savings to all FPL customers which include the Larsons. Accordingly, Commission approval of the proposed NSMR tariff abdicates

regulatory accountability and rewards FPL for non-performance. Accordingly, approval of the NSMR under the totality of circumstances represents bad public policy.

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.<sup>1</sup> Table 13 of this Order summarized the FPL projected savings and expenses associated with the AMI program.<sup>2</sup> Witness Santos testified that beginning in 2013, the net O&M savings from the AMI program would exceed \$30 million annually.<sup>3</sup> As of the most recent FPL rate case, the AMI savings projected by FPL in Table 13 (nearly \$60 million cumulative to date) had not materialized. At hearing, FPL admitted that it had not delivered the promised savings.

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 the 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. Moreover, Commission should assist in reducing any incremental costs associated with any proposed NSMR tariff for those FPL customers wanting to keep their existing meter by delaying implementation of the NSMR tariff until FPL fully deploys AMI to the remaining 100,000+ business customers (representing redundant costs already included in base rates), substantially reducing the enrollment fee to eliminate advanced cost recovery for "assumed" site visits that FPL may not actually perform,

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

<sup>2</sup> Id. at 95.

<sup>3</sup> Id. at 96.

and by waiving the requirements of Florida Administrative Code Rule 25-6.052 to avoid the removal of all non-standard meters over the next five (5) years.

### **ISSUES AND POSITIONS**

**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 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:** \*No additional staffing required. 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. The NSMR tariff can be implemented using existing resources.\*

**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. Advanced cost recovery for “assumed” site visits should be denied as this speculative charge is not specifically authorized under Florida law and represents the majority of the Enrollment Fee. Granting FPL advanced cost recovery 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, related ROE & depreciation, and duplicative costs imbedded in base rates should be offset from the NSMR charges for customers who keep their existing analog meters under 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. 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. Accordingly, NSMR tariff customers should be offered alternatives (e.g., self-read) 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.\*

**Issue 6:** Are there any cost savings associated with the NSMR program that have not been used in accounting for the NSMR 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 related ROE & depreciation, should be offset from the NSMR charges for customers who keep their existing meter. 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. This number is approximately 200,000 customers.\*

**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. The avoided cost of not having to install a smart meter, and realted ROE & depreciation, should be offset from the NSMR charges for customers who keep their existing meter 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 meter, the total number of smart meters deployed within 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 \$30 million of annual cost savings to FPL customers it promised when seeking approval of FPL's AMI program.\* Any terms and conditions should be fair, just, and reasonable.\*

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

**Larsons:** \*The NSMR charges should be fair, just, and reasonable. Assumed site visits are speculative costs and should be removed from the Enrollment Fee. The avoided cost of not having to install a smart meter, and related ROE & depreciation, should be offset from the NSMR charges for customers who keep their existing meter. The NSMR tariff charges that are duplicative to costs already recovered in base rates should be removed from the NSMR tariff.\*

**CONCLUSION**

For the legal, substantive, and policy reasons presented herein, the Commission should deny the NSMR tariff as filed by FPL. The Commission should stay implementation of the FPL proposed NSMR tariff and deny recovery any related costs until such time as FPL delivers the substantial cost savings it promised to FPL customers when seeking approval of FPL's AMI program. Alternatively, the Commission should assist in reducing any incremental costs associated with any proposed NSMR tariff for those FPL customers wanting to keep their existing meter by delaying implementation of the NSMR tariff until FPL fully deploys AMI to the remaining 100,000+ business customers (representing redundant costs already included in base rates), substantially reducing the enrollment fee to eliminate advanced cost recovery for "assumed" site visits that FPL may not actually perform, and by waiving the requirements of Florida Administrative Code Rule 25-6.052 to avoid the removal of all non-standard meters over the next five (5) years.



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

Respectfully submitted on this 27th day of October, 2014.

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**Attorney for the Larsons**

**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 October 27, 2014:

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