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VIA HAND DELIVERY

Ms. Ann Cole
Division of the Commission Clerk and
Administrative Services
Florida Public Service Commission
Betty Easley Conference Center
2540 Shumard Oak Boulevard, Room 110
Tallahassee, FL 32399-0850

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Re: Docket No. 120002-EG – FPL Smart Meter Progress Report

Dear Ms. Cole:

Pursuant to Order No. PSC-10-0153-FOF-EI, issued March 17, 2010 in Docket Nos. 080677-EI and 090130-EI (“Order 0153”), Florida Power & Light Company (“FPL” or the “Company”) provides this annual progress report on its implementation of smart meters. FPL is providing this informational update in the Energy Conservation Cost Recovery docket, as required by Order 0153.

Progress Report

FPL continues to make excellent progress in its deployment of smart meters and smart grid technologies. Our investments in smart grid technologies include intelligent devices on the electric grid, enhancements to centers that monitor the performance of the grid, and smart meters for FPL’s residential and small business customers. As of March 1, 2012, FPL has installed over 3 million smart meters in its service area, accounting for 65% of the planned meter installations. This puts the Company slightly ahead of the originally planned deployment schedule. Approximately 2.3 million meters have been activated, allowing these meters to be read remotely. Activation of the smart meters typically occurs up to 6 months after installation to allow adequate time for testing, optimization and integration of communications and networking components that enable meter communication. Installation and activation have been completed in Miami-Dade

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and Broward Counties. Meter installations have been completed in Palm Beach, Martin and Collier Counties and the activation process is underway. Meter installations continue in Lee, Hendry, St. Lucie and Brevard Counties. FPL anticipates that full deployment of smart meters to residential and small business customers throughout its entire service territory will be completed in 2013.

Remote readings are now being used for monthly billing and for customers moving in and out, reducing the number of estimated and prorated bills. The system performance for activated meters is at expected levels. The 12 month-ending read rate for activated meters for 2011 was 99.9%. (“Read rate” is a statistical value of the rate at which the remote reading allows FPL to timely bill its customers.) In 2011, areas with activated smart meters experienced an estimated bill rate of 0.36 per 1000 meters compared to areas where legacy meters are still in place where the rate was 14 per 1000 meters. These statistics show that by reducing the number of estimated bills, we are providing our customers with highly accurate bills in a more timely fashion.

As the Commission will recall, the primary basis for deploying smart meters is to further improve service and reliability for FPL’s customers and to provide them with tangible benefits today while laying the foundation for a host of potential future benefits. The program will also provide operational savings and tools that allow customers to understand and better manage their energy use if they choose.

Overall, FPL’s capital costs remain on target while Operations and Maintenance expenses are slightly higher than expected. At the same time, FPL is beginning to see operational savings associated with the project. As the deployment of smart meters and the supporting technologies continues, we expect to realize significant operational savings. However, this remains a long-term project in which savings are realized after several complex interdependent components are fully developed, tested, implemented, and when necessary modified. This methodical approach helps to ensure the best possible experience for our customers as we complete the transition to the smart meter technology.

The progress made by FPL in the deployment of its smart meters has also enabled the Company to move forward with the incremental distribution and transmission smart grid programs which were funded by the Department of Energy (“DOE”) grant. FPL has now satisfied the requirements necessary to receive reimbursement of the full \$200 million awarded through the DOE grant. These funds have allowed FPL to provide system-wide smart grid improvements and resulting benefits at no cost to FPL’s customers.

How FPL Intends to Use Smart Meters to Allow Customers to Better Manage Their Energy Usage and Reduce Energy Consumption

Customers with activated smart meters now have access to significantly more information about their energy usage via the secure online Energy Dashboard. This allows customers to make more informed energy choices and to manage their energy use accordingly. Through the end of 2011, FPL customers have accessed the online Energy Dashboard nearly half a million times. FPL regularly requests feedback from customers

regarding the online Energy Dashboard and continually enhances this tool based upon customer comments and input. FPL's online Energy Dashboard which is available on FPL.com allows customers to:

- View how much energy is being consumed by the month, day or hour - helping customers better understand and adjust their usage patterns.
- View the projected amount of the next bill – helping customers understand their current energy costs and what they might spend in the upcoming billing period.
- During 2011, enhancements were made to the online Energy Dashboard to provide customers with the ability to compare usage for monthly, daily or hourly time periods. Customers can now see usage information in conjunction with temperatures for the comparison period selected. For a selected 30-day period, a user can also compare their weekends vs. weekdays, highest five days, or lowest five days of usage.

An enhancement to FPL's interactive voice response system was completed in February 2012 which allows customers to receive smart meter usage information by phone. If a customer has a question about their bill, they can call and receive information that could help explain the reason for a change in the bill. Customers can also use the interactive voice system to obtain a projection of the amount of their next bill based on the data received from the smart meter.

In the area of additional customer education, FPL has partnered with Miami Dade College ("MDC") to create a free class, "Energy Savings Essentials," that helps customers create personal energy plans using face-to-face training and hands-on participation. The project has a special focus on limited income communities and senior citizens. In the class, participants learn how to use FPL tools to gain more control over their energy use. Created to maximize the benefits to customers of smart meter technology, the course:

- Teaches customers how to access and use the online Energy Dashboard through FPL.com to see how much energy they're consuming by the month, day and hour and take steps to control their usage.
- Walks participants through FPL's Online Home Energy Survey.
- Offers tips and techniques to help manage energy consumption and save money.
- Provides an energy savings journal for customers to take home as a handy source for year-round tips and a place to record their own plan.

As of February 29, 2012, more than 550 people had taken the class at sessions on MDC campuses and at community locations throughout Miami-Dade County. In 2012 the class will also be offered by Broward College and Palm Beach State College in their respective counties. This program is funded by a DOE grant.

Additional Programs or Rate Offerings Associated With Smart Meters

Before deploying a new program or rate offering to our customers system-wide, the Company conducts pilots to gauge whether full deployment of a program is appropriate and to attempt to gain a full understanding of the necessary communications, systems and processes.

On May 24, 2011, the Commission approved the FPL Smart Price Dynamic Pricing Pilot and the associated pilot tariff. This pilot is part of our In-Home Technology Project which is one of the components of our Energy Smart Florida initiative. The pilot enables us to study how dynamic pricing, coupled with real-time energy information and different customer load reduction capabilities, will impact peak load and energy use. Voluntary customer enrollment has been completed and in-home equipment required for the pilot has been installed. Data collection and measurements began on September 1, 2011 as scheduled. FPL will provide the Commission with a status update on the pilot in May 2012.

Customers will also benefit from reliability improvements, including outage identification and prevention and faster restoration. Work has begun to integrate smart meter technology with our Trouble Call Management System to enhance reliability benefits. This will provide real-time outage information/visibility, and will decrease dependence on customer outage calls. Additionally, it provides outage and restoration verification, includes a “ping” functionality utilized by FPL to provide real-time confirmation of a meter’s current status, and helps FPL to more quickly identify the problem and restore service to the customer.

FPL continues extensive work on systems and processes that will bring additional benefits to all customers. In 2012, FPL plans to perform move-in, move-out and emergency reconnects remotely on a small test group of customers. In order to ensure the best possible experience for our customers, and consistent with FPL’s overall approach to its smart meter initiative, implementation of the remote service for move-in, move-out and emergency situations will follow a methodical approach which will include testing, analyses, and modifications to the program as necessary. We plan to then gradually implement the remote functionality for non-payment in 2013 and will follow the same methodical approach that will allow us to support our customers through this transition. In conjunction with the use of this function, we will increase and enhance communications to provide customers with additional notification to help them avoid disconnection of their electric service. Additionally, use of this function will allow us to more quickly reconnect service in the future, a benefit that is very important to our customers.

Smart meter data analytics are also now allowing the Company to automatically generate leads to detect meter tampering from a system perspective rather than relying upon visual inspection. The effectiveness of theft leads generated through the use of smart meter data

is significantly higher than with visual inspections. The resulting reduction of theft of electricity will benefit all FPL customers.

Conclusion

FPL's smart meter deployment and the implementation of associated programs remain slightly ahead of schedule. This project will provide our customers with more information and control over their energy usage, enabling them to make more informed energy choices throughout the month. At the same time, individual customers and the system as a whole will continue to experience added reliability benefits.

Thank you for your interest in this informational update. Please do not hesitate to contact me should you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Kenneth M. Rubin". The signature is fluid and cursive, with a large initial "K" and "R".

Kenneth M. Rubin, Senior Counsel
Florida Power & Light Company

cc: All parties on attached service list via e-service

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