



Florida Power & Light Company, 215 S. Monroe St., Suite 810, Tallahassee, FL 32301

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COMMISSION
CLERK

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April 1, 2011

VIA HAND DELIVERY

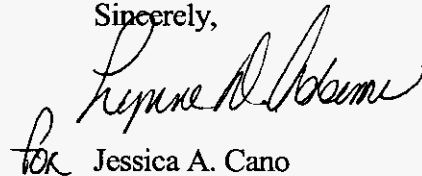
Ms. Ann Cole
Division of the Commission Clerk and
Administrative Services
Florida Public Service Commission
Betty Easley Conference Center
2540 Shumard Oak Boulevard, Room 110
Tallahassee, FL 32399-0850

RE: Docket No. 110031-EG

Dear Ms. Cole:

Enclosed for filing on behalf of Florida Power & Light Company ("FPL") are an original and five (5) copies of FPL's responses to Staff's Data Request No. 2 in the above referenced docket. Please contact me if you or your staff has any questions regarding this filing.

Sincerely,


for Jessica A. Cano

Enclosures
cc: Keino Young

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an FPL Group company

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02175 APR-1 =
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1. **Please provide all assumptions and calculations used to derive the following:**
 - a.) the proposed customer charge,
 - b.) the proposed base energy charge of \$0.04023, and
 - c.) the proposed pilot adjustment credit of \$0.00201 and pilot adjustment charge of \$0.21821.

Please see Attachment #1.

2. **Will the proposed pilot program credits and charges be applied to the otherwise applicable RS ECCR charge as shown on FPL's current Billing Adjustment tariff, Sheet No. 8.030? If not, please explain.**

Yes. This is reflected in FPL's February 8th filing of an updated Original Tariff Sheet No. 8.030.2, which reflects FPL's currently applicable RS-1 ECCR charge.

3. **If as a result of customer responses the total amount of credits exceeds the total amount of charges associated with the Pilot Rate, will FPL seek to recover any portion of the excess credits? Please discuss.**

No. As indicated on the bottom of page 7 to the top of page 8 of Appendix A to FPL's Petition, FPL expects the difference between the credits paid for the "all hours" rate and the charges collected through the Critical Peak Pricing ("CPP") rate from the 130 participating customers during the pilot term to be negligible, and FPL will not seek to recover the difference.

As discussed in FPL's petition, FPL is not proposing to recover any costs through the ECCR clause for the proposed pilot rate or the In-Home Technology Project. FPL is only seeking to use the ECCR clause for ease of administration of the pilot rate in order to credit (for the "all-hours" energy rate) and charge (for the CPP rate) participating customers. This is the same process used by Tampa Electric Company ("TECO") for its dynamic rates pilot project (RSVP rate) previously approved by the Commission.

The ECCR clause will only be used as the vehicle by which participating customers will be charged the pilot rate, and the docket in which FPL will propose and seek approval of any changes to the pilot rate. The pilot rate and any potential changes to it would have no effect on non-participating customers.

4. **Will the participants of the Pilot Rate program pay the applicable tariff charges for the remainder of the cost recovery clauses (fuel, environmental, capacity, and storm damage) such that there is no impact of the pilot program on the costs or revenues used to determine any cost recovery clause factors?**

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Yes. Pilot participants will pay all prevailing cost recovery clause charges as if they were on the standard RS-1 rate.

5. Please explain in detail as to why FPL is proposing to use the ECCR clause to administer the Pilot Rate, as opposed to doing so through base rates.

FPL's test of dynamic pricing is a component of its Energy Smart Florida initiative, funded by a federal American Recovery and Reinvestment Act ("ARRA") grant from the U.S. Department of Energy ("DOE"). Based on the DOE's published scoring criteria, FPL understands that the inclusion of the pilot in FPL's grant application was a key factor in DOE awarding FPL the maximum DOE grant amount of \$200 million. For ARRA grant purposes, FPL is required to enlist all pilot participants by September 1, 2011. Additionally, FPL is attempting to enlist all pilot participants by July 1, 2011, in order to gain additional summer peak-period data to use in evaluating the project. Because it is difficult to predict how quickly customers will respond and enroll in the pilot, FPL feels it is important to begin marketing the project and enrolling customers beginning in May, if possible. This would require the tariff to be effective on the date of the PSC vote, currently expected in April. *See, e.g.,* Order No. PSC-98-0684-FOF-EI, Order Approving Building Energy-Efficiency Rating System Audit Tariff, issued May 18, 1998 (approving proposed tariff sheets effective the day of the Commission's vote and ordering that they remain effective pending the resolution of any protests).

ECCR vs. Base

In order to initiate the pilot rate in time to comply with DOE conditions for grant money, FPL needed to choose a mechanism for handling the credits and charges associated with the pilot rate that would require the minimum amount of billing system changes and administrative burden. FPL chose the ECCR clause in light of the TECO precedent referenced above. Additionally, the ECCR docket will provide a convenient forum for annual review of the pilot rate, as well as the annual opportunity to seek approval of any changes to the pilot rate.

If the Commission were to instead require FPL to use base rates to administer the pilot, it would take FPL approximately 6-8 months to make the necessary billing system changes and test system functionality (as well as unnecessarily increase costs). Accordingly, FPL would not be able to offer the pilot rate consistent with the terms of its grant, and FPL would likely forfeit unspent DOE grant money associated with the pilot rate portion of the In-home Technology Project.

Whether the Pilot Rate is a DSM Pilot

FPL does not consider the pilot rate to be a DSM pilot program. FPL has no projections of potential energy and demand savings from customers' use of the pilot rate. Further, the theoretical potential for energy and demand savings is only one issue that is being studied. The In-Home Technology Project and the pilot rate are also a means to test smart meter-enabled technology and customer acceptance of and satisfaction with the technology and dynamic rate.

FPL'S RESPONSES TO
STAFF'S DATA REQUEST NO. 2
DOCKET NO. 110031-EG

And perhaps most importantly, as explained above, FPL is not seeking any cost recovery through the ECCR clause. In fact, without the ARRA grant from the DOE, it is questionable whether FPL would be investigating the proposed pilot rate at this time, because of the developmental nature of the In Home Technology involved.

Despite the foregoing and without waiving its position that the pilot project should not be considered a DSM pilot project for the reasons stated above, if considering the pilot rate a DSM pilot project would provide comfort with FPL's use of the ECCR clause as a vehicle for administering the dynamic rates in the manner described, FPL is willing to include the proposed pilot rate in its DSM plan as a Research and Development DSM pilot project. No revisions to FPL's DSM plan would be necessitated by this inclusion because no demand or energy savings are projected for this pilot and no costs are being sought for recovery. Whether the pilot rate is a DSM pilot program or not, FPL feels it is important for it to remain optional for customers. One reason FPL proposed this outside of its DSM plan is that treatment as a DSM pilot, apart from the other concerns, could be perceived as potentially leading to mandatory/forced imposition of dynamic pricing structures in the future.

Timing of Approval

It is FPL's position that the Commission can and should continue with approval of the pilot rate in this docket, Docket No. 110031-EG, consistent with the current Case and Scheduling Record, even if it is to be considered a DSM pilot project. It need not be consolidated with Docket No. 100155-EG. It is not uncommon for DSM pilot projects to be proposed, considered, and approved individually, outside the 5-year DSM plan approval process (*see, e.g.*, In re: Petition for approval of residential thermostat load control pilot project by Florida Power & Light Company, Docket No. 070376-EG, Order No. PSC-07-0719-TRF-EG, issued Sept. 4, 2007). Moreover, if consideration of the pilot rate were to be delayed until June – when the Commission is scheduled to consider FPL's DSM plan – FPL would be challenged to enroll participants in time to comply with the terms of the project as proposed to the DOE, and would therefore likely forfeit a portion of the grant money currently being invested in Florida.

6. Does FPL plan on adjusting the Pilot Rate charges annually? If yes, on what basis will FPL adjust the Pilot Rate charges?

FPL does not plan to adjust the pilot rate, but use of the ECCR clause provides the flexibility to make such adjustments if needed. If FPL determines that an adjustment to the pilot rate is needed, FPL will seek approval of such adjustment.

Attachment 1 - Derivation of Proposed Pilot Rates

Residential Base Rates Effective March 1, 2010 - Based on FPL's compliance filing in Docket No. 080677-EI			
	Rates	Billing Units	Resulting Revenue
Customer Charge	\$5.90	48,082,858	\$283,688,862
First 1,000 kWh	\$0.03711	35,736,171,707	\$1,326,169,332
All Additional kWh	\$0.04711	16,198,302,724	\$763,102,041
Totals		51,934,474,431	\$2,372,960,236
	Total Energy Revenues	Total Energy (kWh)	Energy Charge (10 / 11)
	(a)	(b)	(c) = (a)/(b)
		kWh	\$/kWh
Proposed Base Energy Charge	\$2,089,271,373	51,934,474,431	\$0.04023
Discounted Energy Rate (5%)		5%	\$0.03822
All Other Hour Adjustment (Credit)			-\$0.00201
Projected Annual Energy of Pilot customers (kWh) ¹			3,397,358
Conservation Hours Projected Energy (kWh) ²			37,939
Remaining Energy (kWh)			3,359,419
	Rate	Energy	Revenue
Total Projected Energy Revenue	\$0.04023	3,397,358	\$136,676
Non-Conservation Hour Revenue	\$0.03822	3,359,419	\$128,397
Remaining Revenue to be Collected during Conservation Hours			\$8,279
Resulting Conservation Hour Rate		37,939	\$0.21821

1) Annual kWh calculated using average customer profile data based on FPL residential historical load and 260 participating customers.

2) Conservation Hours projected energy based on the average hourly on-peak load during an assumed 4-hour call, with 16 calls (64 total hours) and 260 participating customers.

Note: Reducing the number of customers in the calculation does not impact the rate components because an average load per customer is used as the basis.

Attachment 1 - Derivation of Proposed Pilot Rates

Usage	RS-1 Base Bill ¹	RSDPR-1 Base Bill with \$5.90 Customer Charge ²	Difference
750	\$33.73	\$34.57	\$0.83
875	\$38.37	\$39.34	\$0.97
1000	\$43.01	\$44.12	\$1.11
1125	\$48.90	\$48.90	(\$0.00)
1250	\$54.79	\$53.68	(\$1.11)
1375	\$60.68	\$58.45	(\$2.22)

Usage	RS-1 Base Bill ¹	RSDPR-1 Base Bill with \$4.75 Customer Charge ³	Difference
750	\$33.73	\$33.42	(\$0.32)
875	\$38.37	\$38.19	(\$0.18)
1000	\$43.01	\$42.97	(\$0.04)
1125	\$48.90	\$47.75	(\$1.15)
1250	\$54.79	\$52.53	(\$2.26)
1375	\$60.68	\$57.30	(\$3.37)

- 17 1) Base bill calculated using RS-1 Rates effective March 1, 2010.
18 2) Base bill calculated assuming no conservation hours, RS-1 customer charge, \$.04023/kWh charge, and applied credit
19 of -\$0.00201/kWh.
20 3) Base bill calculated as in 2) but customer charge reduced to nearest 5 cent interval (\$4.75) to eliminate customer bill increase
21 as compared to RS-1 rate.