



City of South Miami

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12 MAY 10 AM 11: 14
COMMISSION
CLERK

May 4, 2012

Florida Public Service Commission
Office of the Clerk
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Attn: Docket 120015-EI

The City of South Miami adopted Resolution No. 103-12-13660 on May 1, 2012. This resolution opposes the proposed base rate increase by Florida Power and Light (FPL). The proposed rate increases will adversely affect the residents of our City and further strain limited resources.

The City objects to and opposes the Public Service Commission approving FPL's request for the base rate increase.

Your attention to this matter is greatly appreciated.

Sincerely,

Nkenga A. Payne, CMC
Deputy City Clerk

Enclosure



6130 Sunset Drive South Miami, Florida 33143-5093 • Tel: (305) 663-6340 • Fax: (305) 663-6348
www.southmiamifl.gov

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02993 MAY 10 2012
FPSC - COMMISSION CLERK

RESOLUTION NO. 103-12-13660

A Resolution of the City of South Miami, Florida, opposing the proposed base rate increase by Florida Power and Light; authorizing the mayor to file this resolution with the Florida Public Service Commission; providing for distribution by the City Clerk.

WHEREAS, Florida Power and Light ("FPL") provides electricity within the City of South Miami ("City"), and the City and its residents have no alternative but to purchase services from FPL; and the City government purchases electricity from FPL to power City Hall and numerous municipal buildings in order to provide services to residents; and

WHEREAS, the residents and businesses of the City must also purchase electric service from FPL; and

WHEREAS, the City, its residents and businesses continue to face a depressed economy with limited resources wherein jobs are being lost, incomes and revenues are static or declining, and home mortgages are being foreclosed, requiring the City, its residents and businesses to live within their means and budget accordingly; and

WHEREAS in March 2012, FPL proposed a 16% base rate hike in order to ensure up to a 12.5% return on equity for its shareholders, currently at 11.25%; and

WHEREAS, FPL benefits from more pass-through cost recovery mechanisms than any other regulated utility in the United States of America, including the Storm Cost Recovery Surcharge, the Fuel Cost Recovery Clause pass-through, the Environmental Cost Recovery Clause pass-through, the Capacity Cost Recovery Clause pass-through, the Conservation Cost Recovery Clause pass-through, and the Nuclear Cost Recovery Clause pass-through, which pass-through mechanisms increase FPL's current cash flow without the scrutiny employed in a traditional rate case; and

WHEREAS, currently, approximately 52% of the rates paid by FPL customers are paid pursuant to these cost recovery mechanisms instead of through base rates; and

WHEREAS, in 2009 the Florida Public Service Commission ("PSC") awarded FPL only 7% of its requested base rate relief, yet FPL continued in 2010 and 2011 to report substantial earnings growth, including an increase of 14% in 2010 and 13% in 2011; and

WHEREAS, October 4, 2010, the PSC Staff recommended that the PSC order FPL to hold \$400 million for possible refund to customers and that the PSC investigate over earning by the company, however the customers never received a refund; and

WHEREAS, the proposed rate increases will adversely affect the residents of the City and further strain limited resources.

RECEIVED MEMBER DATE

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FPSC-COMMISSION CLERK

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND CITY COMMISSION OF THE CITY OF SOUTH MIAMI, FLORIDA, THAT:

Section 1. The foregoing "WHEREAS" clauses are hereby ratified as true and correct and are incorporated herein by this reference.

Section 2. The City hereby objects to and opposes the Public Service Commission ("PSC") approving FPL's request for a base rate increase.

Section 3. The Mayor, or an alternate member of the City Commission if the Mayor is unavailable, is authorized on behalf of the City to file this Resolution with the PSC and present this Resolution opposing the rate increase at any public meeting, conference or hearing, including those scheduled for the purpose of discussing or considering any matters under consideration in PSC docket number 120015-EI

Section 4. The City Clerk is hereby directed to distribute a copy of this resolution via mail to the PSC Clerk, Attention: Docket 120015-EI, 2540 Shumard Oak Blvd., Tallahassee, FL 32399-0850, and via electronic mail to the PSC at contact@psc.state.fl.us

Section 5. If any section, subsection, sentence, clause, phrase, or portion of this Resolution, or application hereof, is for any reason held invalid or unconstitutional by any Court, such portion or application shall be deemed a separate, distinct, and independent provision, and such holding shall not affect the validity of the remaining portions or application hereof.

Section 6. All Resolutions made in conflict with this Resolution are hereby repealed.

Section 7. This Resolution shall be effective immediately upon its adoption.

Passed and adopted this 1st day of May, 2012.

ATTEST:

[Signature of City Clerk]
CITY CLERK

APPROVED:

[Signature of Mayor]
Mayor

READ AND APPROVED AS TO FORM, LANGUAGE LEGALITY AND SUFFICIENCY:

[Signature of City Attorney]
CITY ATTORNEY

COMMISSION VOTE: 3-2
Mayor Stoddard: Yea
Vice Mayor Liebman: Yea
Commissioner Newman: Nay
Commissioner Harris: Nay
Commissioner Welsh: Yea



Dr. Hector Mirabile
Manager, City of South Miami
6130 Sunset Drive
South Miami, Florida 33143

Dear Dr. Mirabile:

I am writing to make you aware that today we filed the required petition, testimony and data supporting our request for a January 2013 change in base rates.

With the proposed base rate increase and the latest estimates for fuel and other components of electric service, FPL's typical 1,000-kWh residential bill is projected to increase by about \$2.48 a month, or about 8 cents per day compared with today's bill. This includes the proposed base rate increase of \$6.97 a month, or about 23 cents a day, offset in part by an estimated \$4.49 a month net decrease in other components of a typical 1,000-kWh residential customer bill in 2013.

Most small businesses, which comprise more than 80 percent of all commercial customers in FPL's territory, would see little change in their bills in 2013. In fact, many would actually see a net decrease on their bills based on currently projected reductions in the fuel charge and other bill components, more than offsetting the base rate increase.

The increase would not take effect until 2013, and we expect that, even with the change, our customer bills will still be the lowest in the state and well below the national average.

In fact, from 2006 to 2012, FPL's 1,000-kWh residential customer bill has decreased 13 percent. FPL's business customer bills have decreased, on average, 14 percent during the same time period.

Also today we launched a new, online calculator at www.FPL.com/answers so that residential customers can see the impact on their bills of the company's requested rate adjustment. Business customers also will find updated information on this site.

Key elements underlying the company's request include:

- The need to address the impact of the accelerated amortization of non-cash surplus depreciation, which was part of a 2010 base rate case settlement and which was a temporary solution to avoid a base rate increase
- Cost recovery for the new Cape Canaveral Next Generation Clean Energy Center, which will use 33 percent less fuel per megawatt-hour of power generated
- The impact of inflation on the cost of many materials and products needed to provide affordable, reliable power


Florida Power & Light Company
4200 West Flagler Street, Miami, FL 33134

- The anticipated addition of nearly 100,000 new customers between the end of 2010 and the end of 2013
- A proposed adjustment to an 11.25 percent midpoint return on equity, which is within the range of currently allowed ROEs for other investor-owned utilities in the state.

We know there is never a good time for a rate increase, and we are particularly mindful that the economy remains uncertain. We've worked hard to minimize the required increase, and we're committed to working equally hard to make sure our customers continue to have the lowest electric bills in the state, reliability that is among the best in the country, and top-notch customer service. Clean, low-cost, high-quality electric service is a competitive advantage for our customers and our state. I have enclosed the news release issued today for your review.

Please click here <http://www.fpl.com/sustainable/efficiency/committed/newsrelease2.pdf> to read the news release we issued today on this subject. You have my commitment that we will continue to communicate with you throughout the rate-making process. Our website, www.fpl.com/answers also will provide you with updated information. Finally, you are welcome to contact me directly if you have questions or concerns.

Thank you,



Ramón Ferrer
Area Manager
FPL
4200 West Flagler Street
Miami, Florida 33134
305-442-6454



Florida Power & Light Co.
Media Line: 305-552-3888
March 19, 2012

FOR IMMEDIATE RELEASE

Florida Power & Light Company files request for base rate increase

- *Total bill impact for 1,000-kWh residential customer expected to be about 8 cents a day*
- *Company launches online tool so residential customers can calculate their personal bill impact*
- *Despite increase, typical FPL customer bill expected to remain lowest in state and lower than the national average*

JUNO BEACH, Fla. – Florida Power & Light Company today filed its formal request for a base rate increase with the Florida Public Service Commission (PSC). The requested increase would not take effect until Jan. 1, 2013.

Today's filing was consistent with the company's notice to the PSC in January that an adjustment would be necessary because the company's existing rate agreement, which effectively froze base rates for three years, expires at the end of 2012.

FPL expects that, even with the change, its customer bills will still be the lowest in the state and well below the national average.

The company is requesting a base rate increase of \$6.97 a month, or about 23 cents a day, on the base portion of a typical 1,000-kWh residential customer bill offset in part by an estimated \$4.49 a month net decrease in other components of a typical bill, including lower fuel usage, lower fuel prices and other adjustments.

As a result, the typical residential customer bill would increase about \$2.48 a month, or about 8 cents a day – a 2.6 percent increase.

The adjustment is needed to pay for increases in the cost of doing business and to begin paying for a new, high-efficiency natural gas power plant after it enters service in June 2013. The plant will use considerably less fuel to generate electricity, which in turn helps to keep customer bills low over the long term and reduces the impact of the base rate request.

"We've worked hard to minimize the required increase, and we're committed to working equally hard to make sure our customers continue to have the lowest electric bills in the state, excellent reliability and top-notch customer service. In today's competitive economy, clean, low-cost, high-quality electric service is an advantage for our customers and our state," FPL President Eric Silagy said.

The majority of FPL residential customers use less than 1,000 kilowatt-hours of electricity a month, although usage varies from household to household.

To enable residential customers to see the specific impact on their bills based on their individual use of electricity, FPL launched a new, online calculator at www.FPL.com/answers. Residential

efficiency programs among utilities nationwide. FPL is a subsidiary of Juno Beach, Fla.-based NextEra Energy, Inc. (NYSE: NEE). For more information, visit www.FPL.com.

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Cautionary Statements And Risk Factors That May Affect Future Results

This press release contains "forward-looking statements" within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are not statements of historical facts, but instead represent the current expectations of NextEra Energy, Inc. (NextEra Energy) and Florida Power & Light Company (FPL) regarding future operating results and other future events, many of which, by their nature, are inherently uncertain and outside of NextEra Energy's and FPL's control. Forward-looking statements in this press release include, among others, statements concerning the effects of FPL's rate request. In some cases, you can identify the forward-looking statements by words or phrases such as "will," "will likely result," "expect," "anticipate," "believe," "intend," "plan," "seek," "aim," "potential," "projection," "forecast," "predict," "goals," "target," "outlook," "should," "would" or similar words or expressions. You should not place undue reliance on these forward-looking statements, which are not a guarantee of future performance. The future results of NextEra Energy and FPL are subject to risks and uncertainties that could cause their actual results to differ materially from those expressed or implied in the forward-looking statements. These risks and uncertainties include, but are not limited to, the following: effects of extensive regulation of NextEra Energy's and FPL's business operations; inability of NextEra Energy and FPL to recover in a timely manner any significant amount of costs, a return on certain assets or an appropriate return on capital through base rates, cost recovery clauses, other regulatory mechanisms or otherwise; impact of political, regulatory and economic factors on regulatory decisions important to NextEra Energy and FPL; risks of disallowance of cost recovery by FPL based on a finding of imprudent use of derivative instruments; effect of reduction or elimination of existing government support policies on demand for generation from renewable energy projects of NextEra Energy Resources, LLC (NEER); impact of new or revised laws, regulations or interpretations or other regulatory initiatives on NextEra Energy and FPL; effect on NextEra Energy and FPL of potential regulatory action to broaden the scope of regulation of OTC financial derivatives and to apply such regulation to NextEra Energy and FPL; capital expenditures, increased cost of operations and exposure to liabilities attributable to environmental laws and regulations applicable to NextEra Energy and FPL; effects on NextEra Energy and FPL of federal or state laws or regulations mandating new or additional limits on the production of greenhouse gas emissions; exposure of NextEra Energy and FPL to significant and increasing compliance costs and substantial monetary penalties and other sanctions as a result of extensive federal regulation of their operations; effect on NextEra Energy and FPL of changes in tax laws and in judgments and estimates used to determine tax-related asset and liability amounts; impact on NextEra Energy and FPL of adverse results of litigation; effect on NextEra Energy and FPL of failure to proceed with projects under development or inability to complete the construction of (or capital improvements to) electric generation, transmission and distribution facilities, gas infrastructure facilities or other facilities on schedule or within budget; impact on development and operating activities of NextEra Energy and FPL resulting from risks related to project siting, financing, construction, permitting, governmental approvals and the negotiation of project development agreements; risks involved in the operation and maintenance of electric generation, transmission and distribution facilities, gas infrastructure facilities and other facilities; effect on NextEra Energy and FPL of a lack of growth or slower growth in the number of customers or in customer usage; impact on NextEra Energy and FPL of severe weather and other weather conditions; risks associated with threats of terrorism and catastrophic events that could result from terrorism, cyber attacks or other attempts to disrupt NextEra Energy's and FPL's business or the businesses of third parties; risk of lack of availability of adequate insurance coverage for protection of NextEra Energy and FPL against significant losses; risk to NEER of increased operating costs resulting from unfavorable supply costs necessary to provide NEER's full energy and capacity requirement services; inability or failure by NEER to hedge effectively its assets or positions against changes in commodity prices, volumes, interest rates, counterparty credit risk or other risk measures; potential volatility of NextEra Energy's results of operations caused by sales of power on the spot market or on a short-term contractual basis; effect of reductions in the liquidity of energy markets on NextEra Energy's ability to manage operational risks; effectiveness of NextEra Energy's and FPL's hedging and trading procedures and associated risk management tools to protect against significant losses; impact of unavailability or disruption of power transmission or commodity transportation facilities on sale and delivery of power or natural gas by FPL and NEER; exposure of NextEra Energy and FPL to credit and performance risk from customers, hedging counterparties and vendors; risks to NextEra Energy and FPL of failure of



Explaining your residential electric bill

Below are explanations of the items related to your monthly electric bill. The Florida Public Service Commission (PSC) regulates each non-tax item.

Customer charge*: A fixed monthly amount to cover the cost of providing service to your location. This charge includes the cost of the meter, billing and providing customer service. It is applicable whether or not electricity is used.

Fuel charge*: The cost for fuel required to provide each kilowatt-hour (kWh) of electricity. FPL makes no profit on fuel costs, which are adjusted at least once a year.

Non-fuel charge*:

- **Base energy charge**: The costs other than fuel to produce and deliver electricity, including the cost of operating power plants, and maintaining the grid.
- **Energy Conservation Cost Recovery Charge (ECCR)**: Cost of programs designed to reduce electric demand and consumption through efficiency measures.
- **Capacity Payment Recovery Clause (OPRC)**: Cost for purchasing electricity from non-FPL owned resources as well as certain nuclear-related expenses.
- **Environmental Cost Recovery Clause (ECRC)**: Cost to meet environmental laws and regulations.

Storm charge*: Used to repay the bonds and taxes issued during the 2004 and 2005 hurricane restoration efforts and

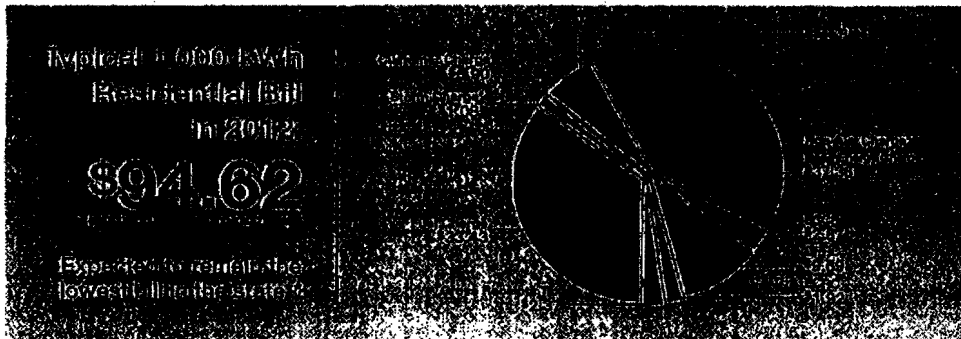
to partially replenish the storm damage reserve fund for future storms.

Gross receipts tax*: A tax of about 2.56 percent on a customer's electric bill that is paid to the State of Florida.

Other taxes and fees: Vary by area, with amounts not established by FPL. FPL collects these fees and taxes for distribution to the appropriate entities and does not profit from them.

- **Franchise fee***: FPL competes with municipalities and county governments for the right to serve customers. If a local government chooses, it can enter into a contract with FPL that enables the government to charge residents a contractual amount, the franchise fee, in exchange for its agreement to not form an electric utility for the term of the franchise.
- **Utility/municipal tax***: A tax imposed by a municipality or county government on the sale of electricity.

Base rate: Consists of the customer charge and base energy charge and is not a separate item on the bill.



* Items listed on the bill

** Based on currently available comparisons of the state's 55 utilities

Rate Adjustment Recovery Mechanisms Authorized For Utilities In FPL Prvy Group																		
FPL Authorized Rate Adjustment Recovery Mechanisms (A)	Allstate Energy and State(s)	Alliant Energy and State(s)	Consolidated Edison and State(s)	Dominion Resources and State(s)	Duke Energy and State(s)	Integrus Energy and State(s)	MDU: Resources Group and State(s)	Norfolk and State(s)	OGE Energy Corp. and State(s)	PG&E Corp. and State(s)	Portland Electric and State(s)	Progress Energy and State(s)	SCANA Corp. and State(s)	Sempra Energy and State(s)	Southern Co. and State(s)	Veon Corp. and State(s)	Wisconsin Energy and State(s)	Xcel Energy, Inc. and State(s)
Generalization Base Rate Adjustment (GBRA)																		
Securitization of Storm Recovery Costs																		
Customer-Funded Storm Reserve									X				X		X			
Nuclear Cost Recovery Clause (projected costs, true-up, and cash) (AFUDC)																		
Conservation Clause (projected costs and true-up)	X			X	X	X					X	X				X		X
Capacity Clause (projected costs and true-up)																		
Environmental Clause (projected costs and true-up)	X		X	X	X					X		X		X	X			X
Fuel Clause (projected costs and true-up)	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Regulatory Interim-Rate Relief Within 60 Days																		
PERCENT OF OPERATING COSTS RECOVERED FROM COST ADJUSTMENT MECHANISMS (B) (C)																		

(A) As reported to Staff Interstate/In. and State/In. Rate Adjustment and Company Address (B) As reported to Public Counsel Interstate/In. and State/In. Rate Adjustment and Company Address (C) As reported to Public Counsel Interstate/In. and State/In. Rate Adjustment and Company Address (D) As reported to Public Counsel Interstate/In. and State/In. Rate Adjustment and Company Address

South Miami municipal FPL bill	\$204,856		
FPL Franchise Agreement pass-through payment to City of South Miami	\$1,197,000		
Franchise fee effective rate	5.29%		
Estimated annual FPL bill for all South Miami rate payers (excl county bldgs)	\$22,832,455		
		total bill	rate portion
Median residential bill	\$94.62	100.00%	
base portion of bill	\$48.49		100.00%
proposed rate increase	\$6.97	7.37%	14.37%
expected fuel savings	(\$4.49)	-4.75%	
net bill increase	\$2.48	2.62%	
Total annual FPL bill for all South Miami ratepayers:			
Return to South Miami economy from FPL's projected fuel savings without rate increase	\$1,083,468		
Net cost to South Miami economy from rate increase (factoring in FPL's projected fuel savings)	\$598,441		
Increased return to FPL from rate increase (to benefit shareholders) at expense of South Miami rate payers	\$1,681,909		