

**Florida Public Service Commission
Fact Sheet: Docket No. 120015-EI
Petition for Rate Increase by
Florida Power & Light Company**

Background on FPL's Rate Petition

In its petition filed with the PSC on March 19, 2012, FPL said its rate adjustment was 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 2012."

- FPL petitioned the Commission for a \$516.5 million increase to be effective January 2013, with a Return on Equity (ROE) of 11.25 percent, plus a .25 percent performance "add-on."
- As of December 2012, a 1,000 kilowatt (kWh) monthly bill for FPL residential customers was \$94.75.
- Using FPL's original rate proposal, a 1,000 kWh monthly bill for residential customers was estimated to be \$96.07 in January 2013.
- A minimum late payment charge of \$5 or the current 1.5 percent of the bill, whichever is higher.
- A \$173.9 million increase to be implemented in June 2013 when the Cape Canaveral plant begins operation.
- FPL serves approximately 4.5 million customer accounts in Florida and employs a workforce of more than 10,000.

[For actual FPL bill comparisons, please see the chart at the end of the Fact Sheet.]

Customer Hearings

The PSC held *nine* service hearings in FPL's service territory, and thousands of customers provided input on the utility's rate request and quality of service.

- Customer comments during those hearings and customer correspondence—before and after—were reviewed and considered when PSC staff prepared its recommendation to the Commissioners on FPL's proposed rates.

Original Settlement Agreement Submitted to the PSC on August 15, 2012

FPL, the Florida Industrial Power Users Group, South Florida Hospital and Healthcare Association, and the Federal Executive Agencies signed a Settlement Agreement (Agreement)

submitted to the PSC on August 15. The Florida Retail Federation and the Office of Public Counsel opposed the Agreement.

Agreement Terms:

- A revenue increase of \$378 million, effective January 1, 2013, with an ROE of 10.70 percent (9.70-11.70 percent range).
- A residential monthly 1,000 kWh customer bill would be \$94.59 in January.
- A step increase of \$165.3 million in June 2013 when the Cape Canaveral plant modernization begins operation, and step increases in June 2014 and June 2016 when the Riviera and Port Everglades plant modernizations begin operation.
- A minimum late payment charge of \$6 or the current 1.5 percent of the bill, whichever is higher.

Technical Hearing for Rate Case and Settlement Agreement

PSC Commissioners are charged with making sure that Florida's utility companies, including FPL, fulfill their service obligation. The PSC ensures that final customer rates reflect only those costs that are prudent and necessary for FPL to deliver quality electric service to residents and businesses.

- FPL's rate case hearing before the PSC was held in August 2012 in Tallahassee.
- Witnesses from the utility, the Commission staff, and the OPC presented testimony, introduced exhibits, and were cross-examined before the Commissioners.
- After hearing oral arguments on FPL's proposed Settlement Agreement, the PSC voted to hold a hearing to take supplemental evidence. This action put the PSC's schedule on hold for FPL's original requested rate increase.
- The hearing to take supplemental evidence on the Agreement occurred November 19-21.

New Settlement Agreement Approved by the PSC on December 13, 2012

In response to concerns raised by Commissioners concerning the ROE and residential customer impact, signatories to the Agreement submitted a new Settlement Agreement that was approved on December 13.

New Agreement Terms:

- A revenue increase of \$350 million, effective January 1, 2013, with an ROE of 10.50 percent (9.50-11.50 percent range).

- A residential monthly 1,000 kWh bill will be \$94.25 in January. *Reference the rate chart on the last page for customer rates from FPL's original filing (called MFRs) and customer rates approved as proposed in the Agreement.*
- A step increase of \$165.3 million in June 2013 when the Cape Canaveral plant modernization begins operation. Residential 1,000 kWh bill will increase to \$95.56.
- Step increases of \$234 million in June 2014 with Riviera plant modernization in-service and \$216 million in June 2016 with Port Everglades plant modernization in-service. *These projected base rate increases will be reviewed by Commission staff for administrative approval before implementation. During the one-year true-up, if actual costs are lower than those charged, customers will receive a refund through the capacity bill charge.*
- A \$5 minimum late payment charge. Reducing the minimum late payment charge from \$6 to \$5 will save customers \$40 million over the life of the new Agreement.
- Residential customers receive a direct benefit, with \$72 million of the lowered revenue increase over the life of the Agreement allocated as savings for this customer class only.
- FPL's rates remain the lowest of Florida's investor-owned utilities and among the lowest in the state, helping local economies and businesses succeed.

For more case information, visit the PSC's Web site, www.floridapsc.com; look for the Clerk's Office tab, then select Dockets, and type in 120015, FPL's case number.

FPL - Docket No. 120015-EI
1,000 kwh Residential Bill Comparison

Rate Case MFRs		
Oct 2012	Jan 2013	June 2013 Canaveral ⁽¹⁾
\$94.75	\$96.07	\$97.16

Settlement				
Oct 2012	Jan 2013	June 2013 Canaveral GBRA 3.56% ⁽²⁾	June 2014 Riviera Beach GBRA 4.9% ⁽³⁾	June 2016 P Everglades GBRA 4.3% ⁽³⁾
\$94.75	\$94.59	\$95.56	\$98.78	\$101.17

(1) MFR base with revised Canaveral Factor, approved clauses, and estimated storm factor

(2) With approved clauses and estimated storm factor

(3) Based on FPL Response to Staff 19th set of Interrogatories, No. 493, Assumes 2013 Clauses