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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. 130002-EG – 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

Through its Energy Smart Florida (ESF) initiative, Florida Power & Light Company has nearly completed the installation of smart meters and smart grid technologies. These advanced technologies are already enabling important customer benefits while laying the foundation for additional benefits in the future.

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Ahead of Schedule on Meter Upgrade

As of March 1, 2013, FPL had installed nearly 4.5 million smart meters in its service area, accounting for 99 percent of the planned meter installations, ahead of the originally planned deployment schedule. Installations across the state are essentially complete. More than 3.7 million meters have been activated throughout FPL’s service territory, allowing them to be read remotely. Activation of the smart meters typically occurs several months after installation to allow adequate time for testing, optimization, and

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integration of communication and networking components that enable meter communication. The pilot installation of smart meters for large customers in Miami-Dade County is also complete. As FPL winds down the primary phase of its smart meter deployment, the company will now focus the rest of the year on completing installations where it was unable to complete the meter change, installing smart meters for the large residential customers outside Miami-Dade County, and the final activation of all remaining smart meters. As communicated during FPL's 2012 rate case, FPL's forecasted project costs and timing of savings have changed from the original filing, and represent the reasonable and necessary costs associated with this program. As the program has progressed, FPL identified additional costs that were necessary to ensure a smooth transition to the new processes for its customers. FPL still expects to realize long-term savings and is already achieving operational savings.

Greater Value for Customers through Strong System Performance

FPL has high standards for the performance of its remote meter reading system, and the performance continues to exceed those expectations. The read rate for activated meters for 2012 was 99.9 percent. ("Read rate" is the rate at which the remote reading allows FPL to bill its customers on time.) FPL is also more effectively resolving billing exceptions with the help of process improvements and system automation using smart meter data. The number of estimated bills has been reduced by more than 367,000 in the last two years.

Enhancing Customer Education and Engagement

FPL has continued to enhance the Energy Dashboard, which customers who have activated smart meters can access online and via telephone. The Energy Dashboard enables customers to see their energy usage by the hour, day and month. Enhancements have been made to the Energy Dashboard in the following areas:

- Bill Projection tool, adding more information about the previous bill and the bill to date
- Temperature data, adding humidity information to help customers understand the effects temperature and humidity can have on energy usage
- Additional functionality for small business customers to see multiple accounts as groups providing benchmarking comparisons

FPL actively educates customers on the Dashboard and encourages them to use it. After the smart meter is activated, FPL sends a letter or email to customers explaining the benefits of the Energy Dashboard and how to access it. In addition, throughout 2012, FPL promoted the Dashboard in weekly emails to customers with newly activated smart meters and customers who were new to FPL. Through the end of 2012, more than 585,000 of the activated customers had accessed the online energy dashboard. Those customers accessed the Dashboard online more than 1.2 million times.

Florida community colleges have partnered with FPL to offer “Energy Savings Essentials,” a free class on how to use the Energy Dashboard to create a personal energy savings plan. The classes are open to all FPL customers; however, they were created primarily to serve the needs of limited income customers and senior citizens. Classes are offered at community college campuses, and the colleges will bring the class to community groups at no charge. Special outreach is conducted to government agencies and local nonprofit organizations that serve limited income and senior residents.

Initially rolled out through Miami-Dade College in late 2012, the classes were expanded to Broward County. In addition, a Spanish version of the course was created and the first Spanish course was conducted in February 2013. As of February 2013, more than 1,200 people had taken the course in Miami-Dade and Broward counties. This program was initially funded through the Department of Energy (DOE) grant. Upon expiration of the grant, FPL has arranged to continue the program through mid-2013.

As the meter deployment has progressed, FPL has increased its customer education efforts and outreach. In 2012, FPL participated in more than 150 community outreach events sponsored by homeowners associations, local government agencies and other community organizations. In September 2012, the ESF website was enhanced to include more information for customers about smart grid and smart meters, including more videos and fact sheets to help address customer questions. A Resource Library was added to make it easy for customers to find videos, fact sheets, frequently asked questions, links to white papers and other third party information on a variety of topics.

Enabling New Customer Benefits through Smart Meter Technology

The implementation of many of the associated projects and system integration efforts are well underway, bringing additional benefits to customers. FPL continues to make progress in using smart meter technology to improve outage identification and speed of restoration. Smart meter data provides FPL with visibility to outages that are difficult to detect on the distribution system. For example, when a customer calls the Care Center to report an outage, the FPL representative can communicate with the meter to see if it is receiving electricity. That helps to quickly determine if the problem is with FPL equipment or customer equipment. It could be as simple as a tripped breaker, which the representative can help the customer correct immediately.

FPL is also making it possible for field restoration crews to view real-time outage information based on communication from the smart meter. Restoration specialists can check the meter status before leaving the area to ensure that all customers who were part of an outage have been restored. Ultimately, this makes restoration verification more efficient, which in turn can speed a restoration effort. This functionality proved very useful in the aftermath of Tropical Storm Isaac.

FPL is also working to accelerate outage detection, creating new tools that use distribution system data, meter event data and Care Center system information to help prioritize outages. This information is also being used to pilot the automated creation of

outage tickets for some devices, so FPL can begin restoring power before customers even call to report an outage. FPL continues to test ways to use the data provided by the meters to enhance grid operations and outage response.

To enhance customer service and enable greater operational efficiencies, FPL is implementing remote connection and disconnection of electric service. There are currently 170,000 premises enabled with the remote connect service (RCS). This means:

- Faster, more convenient connection of service for customers who are opening new accounts
- Faster, more convenient disconnection of service at the customer's request (e.g., moving out of a premise)
- For accounts that have been disconnected for non-payment, faster reconnection when payment is received

Prior to implementing RCS, FPL obtained input from several hundred customers through in-depth interviews and an online survey. The survey population included customers who had been in the collections process, including customers whose service had been disconnected for nonpayment, as well as customers with no collections history. A solid majority of each segment said that the new process was a significant improvement over the existing process. In particular, the customers cited faster reconnection and more flexible ways to pay as important service enhancements.

FPL began gradually phasing in this service in September of 2012 in Broward County. The initial implementation included customer-requested transactions (move-in, move-out) and disconnecting service at premises where there is no account holder of record. In 2013, FPL began to gradually phase in this feature for other connection and disconnection processes, including non-payment of bills. Customers whose service has been disconnected for nonpayment want to get their power back on as quickly as possible after they make a payment. The new feature will enable us to reconnect service more quickly. Although FPL will communicate a conservative time frame initially, the Company's goal is to reconnect service within minutes. Disconnection of service is always a last resort, and FPL offers customers a number of ways to avoid it, even if they are late paying their bills. To help customers avoid having their service disconnected for non-payment, FPL is offering more flexible payment options. As this service is phased in, FPL will follow a methodical approach that will include testing, analysis and modifications to the program as necessary.

Smart Devices for Grid Modernization

The deployment of smart meters enabled receipt of the \$200 million DOE grant, which has been used to make significant enhancements to the reliability and efficiency of FPL's electric grid.

These incremental smart grid distribution and transmission projects associated with Energy Smart Florida have now been installed. By the close of 2012, FPL had installed more than 10,000 “smart” devices on its transmission and distribution grid and added some form of enhanced digital technology to all of its substations. The utility installed sensors and monitors on transformers, breakers and battery banks in order to determine the health of the equipment and predict potential issues. In addition, FPL installed digital microprocessor technologies and updated transmission protection and control panels in order to provide real-time telemetry and enhanced reliability. These devices serve as key components of FPL’s wide-area situational analysis. Internally, FPL staff has developed software applications to analyze the data coming into the predictive diagnostic centers. Engineers and operators use this data to pinpoint equipment problems in order to resolve issues before outages occur.

The newly installed digital distribution equipment is connected through a wireless mesh network. FPL used the same radio network cards in both the smart meters and the distribution automation switches to fully leverage the network capabilities. The mesh radio technology also connects the newly installed capacitor controllers and thousands of other distribution grid sensors and monitors such as fault current indicators and vault transformer monitors.

These are foundational technologies that once fully activated, will work in combination with smart meters, and will provide FPL with new tools to continue to enhance service reliability. They can help to prevent outages and, when outages do occur, they can make it possible for FPL to more quickly identify and correct the problem.

Responding to Customer Concerns

A very small percentage of customers have expressed concern about having a smart meter. FPL has been working hard to help its customers understand the facts and benefits of these new meters. Approximately one-half of one percent of FPL customers have objected to the installation of the new meter. For these customers, FPL has temporarily postponed the installation of the meter pending a long-term solution.

FPL, along with three other investor-owned utilities, addressed customers’ concerns over smart meters at a Florida Public Service Commission (FPSC) Staff Workshop held on September 20, 2012 in Tallahassee. Following that workshop, at the Feb 19, 2013 FPSC Internal Affairs meeting, the FPSC Staff presented a report concluding that the FPSC does not need to take any specific actions at this time to provide for an alternative to smart meters and recommended that utilities be allowed to voluntarily offer their customers a non-standard meter option under an appropriate, approved tariff.

In Conclusion: A Foundation for Important Customer Benefits—Now and in the Future

As FPL nears the completion of its smart meter deployment and grid modernization projects associated with Energy Smart Florida, its customers are already realizing many benefits. Smart meters have enabled improvements in billing and service. Remote readings provide more convenience for our customers and reduce billing exceptions. By providing customers with more information through the Energy Dashboard and other channels, customers are able to take greater control over their energy usage. The remote connect service functionality will provide customers with faster connection and reconnection of service. In addition, smart meters work with other advanced technologies on the grid to help FPL prevent more outages and, when outages do occur, restore power faster—in many cases even before customers call to report the outage. Smart meters and other smart grid technologies are laying the foundation for additional benefits, and FPL will continue to focus on deriving the greatest value for customers from these investments.

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

Sincerely,



for

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

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