

RECEIVED-FPSC

09 JUL -2 PM 2:58

COMMISSION  
CLERK

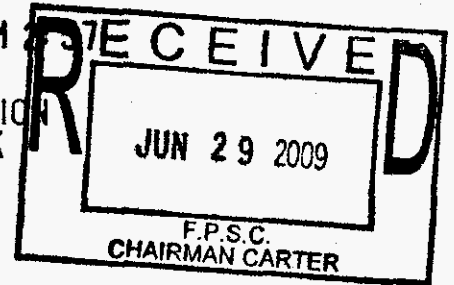


City of Palms  
June 24, 2009

Mr. Matthew M. Carter  
Chairman Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, FL 32399

*City of Fort Myers* RECEIVED-FPSC

*William P. Mitchell* PH  
*City Manager* COMMISSION  
CLERK



Re: Public Service Hearing June 19<sup>th</sup> Fort Myers, Florida

Dear Mr. Carter:

Outlined below are concerns the City of Fort Myers has with the proposed changes to the rate structure, which FPL filed an application for on March 18, 2009 with the Public Service Commission, scheduled for implementation in January 2010.

**FPL Base Rate Increase:**

The proposed application filed with the Florida Public Service Commission is requesting authority to increase their customer's base electric rates by about 30%. This equates to \$1.3 billion annually and is a 12.5% return on equity.

The Florida Office of Public Counsel, which represents the state's utility customers, has stated that the national average return on investment (ROI) for utilities is approximately 10.5%. Recent regulator decisions around the country have resulted in equity returns averaging 10.3%. In comparison, the recent Tampa Electric Company (TECO) request on a return on equity of 9.75% was deemed fair and reasonable by the Office of Public Counsel. The Office of Public Counsel is recommending a rate reduction or no increase. Additionally, on January 1, 2009 the State of Florida started collecting the "Capacity Clause Recovery Charge" which is a prepayment for future facilities that may or may not be constructed from their customer base.

The base rate increase has a serious impact on our street light costs and cost of producing water and treating wastewater. FPL has been marketing this as an overall decrease to the total bill for large kilowatt users when in reality the only savings that will be realized is related to the price of fuel should it remain at lower levels than the current pass through. Their application is based on a fuel rate of \$2.11. The price of fuel currently is \$2.73. Therefore, the original savings presented to us are not valid. If the rate increase is approved and there are no savings generated by a reduced fuel pass through, the City's FPL charges would increase by over \$2.3 million over the current year budget.

DOCUMENT NUMBER - DATE  
06740 JUL -2 09  
FPSC-COMMISSION CLERK

Unfortunately, our City would not be able to build our budget around proposed savings given the current volatility of the petroleum market. We would need to somehow absorb the increases through efficiencies or pass it on to our taxpayers and rate payers burdening them with higher bills.

The City of Fort Myers would like to go on record as opposing the 30% base bill increase. While FPL has been a good business partner, proposing a 12.5% return on investment in the current recessionary times is excessive.

**Prepay Concept:**

It has come to our attention that FPL has considered a prepay option in the past. The City of Fort Myers is budgeted to spend \$7.6 million this year on electrical consumption. There could be financial benefits to the City if they could prepay for their average historical usage at the FPL discount rate of 8.35%. The City has the potential of saving the difference between the FPL discount rate and the amount it would have earned on the cash. The savings that could be achieved in the current rate environment could be as much as \$400,000. Different forms of prepayment are being offered throughout the energy industry. We urge the Public Service Commission to request FPL to offer a prepayment option.

Sincerely,



William P. Mitchell  
City Manager

WPM: SK: sb

cc: Honorable Mayor and City Council  
Florida League of Cities  
Saeed Kazemi, PE, Public Works Director

JUN 30 2013

STATE OF FLORIDA

COMMISSIONERS:  
MATTHEW M. CARTER II, CHAIRMAN  
LISA POLAK EDGAR  
KATRINA J. MCMURRIAN  
NANCY ARGENZIANO  
NATHAN A. SKOP



DIVISION OF SERVICE, SAFETY &  
CONSUMER ASSISTANCE  
DANIEL M. HOPPE, DIRECTOR  
(850) 413-6480

## Public Service Commission

July 6, 2009

Mr. William P. Mitchell, City Manager  
City of Fort Myers  
P.O. Box 2217  
Fort Myers, FL 33902

RE: PSC Inquiry 865837C

Dear Mr. Mitchell:

This is in response to your letter to Chairman Matthew M. Carter II, Florida Public Service Commission, regarding Florida Power & Light Company (FPL). Given the nature of your concerns, Chairman Carter feels it would be appropriate for specialized staff of the Division of Service, Safety and Consumer Assistance to respond directly to you.

You expressed a concern about FPL's petition for an increase in its base rate. We appreciate your comments regarding the petition and will add your correspondence to Docket No. 080677-EI.

If you have any questions or concerns please call Ellen Plendl at 1-800-342-3552 or by fax at 1-800-511-0809.

Sincerely,

A handwritten signature in black ink that reads "Daniel Hoppe".

Daniel M. Hoppe, Director  
Division of Service, Safety &  
Consumer Assistance

DMH:mep

---

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD • TALLAHASSEE, FL 32399-0850

An Affirmative Action / Equal Opportunity Employer

PSC Website: <http://www.floridapsc.com>

Internet E-mail: [contact@psc.state.fl.us](mailto:contact@psc.state.fl.us)