

Diamond Williams

100358-EI

From: Goorland, Scott [Scott.Goorland@fpl.com]
Sent: Tuesday, March 08, 2011 4:48 PM
To: Filings@psc.state.fl.us
Subject: Electronic Filing / Docket 100358-EI / FPL's Response to AFFIRM 3/7/11 letter
Attachments: FPL Response to 3.7.11 AFFIRM letter.pdf

Electronic Filing

a. Person responsible for this electronic filing:

Scott A. Goorland, Esq.
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b. Docket No. 100356-EI
In re: Petition for rate increase by
Florida Power & Light Company

c. Documents are being filed on behalf of Florida Power & Light Company.

d. There are a total of 3 pages in the attached document.

e. The document attached for electronic filing is Florida Power & Light Company's response to 3/7/11 AFFIRM (Patrick K. Wiggins, Esq.) letter.

Thank you for your attention and cooperation to this request.

Scott A. Goorland
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March 8, 2011

Ms. Jennifer Crawford
Office of the General Counsel
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

**RE: *Docket No. 100358-EI: Investigation into the design of Commercial
Tine-of-Use rates by Florida Power & Light, pursuant to Order No.
PSC-10-0153-FOF-EI***

Dear Ms. Crawford:

FPL submits this response to the letter submitted and filed in the above described docket today by Patrick K. Wiggins for AFFIRM ("AFFIRM's letter"). AFFIRM's letter is for the most part a restatement of AFFIRM's positions that have already been stated in numerous filings before the Commission in this and other dockets. AFFIRM does not provide new information in this letter. FPL has already, through testimony and reports to the Commission in this and other dockets, responded to the positions stated in AFFIRM's letter, indicating why AFFIRM is incorrect in their conclusions.

AFFIRM's letter raises seven points under the title "Basic Perspective." FPL notes the following in response to those seven points:

1. As has been previously addressed in FPL's August 2, 2010, and September 28, 2010, reports filed in this docket, FPL allocates costs to customer classes based on contribution to the system peak, in accordance with good utility practices and Commission requirements. AFFIRM has provided no data to indicate that FPL's rate structure skews the allocation of demand costs.
2. As discussed by FPL in FPL's reports filed in this docket, for cost allocation purposes the customer class' contribution to system peak is appropriately measured at the time of system peak.

3. As discussed by FPL in FPL's reports filed in this docket, AFFIRM's load is not significantly different than the class under which AFFIRM customers currently take service, the General Service Demand Class (GSD(T)), therefore costs are properly allocated to AFFIRM customers.

4. As discussed in the rebuttal testimony of FPL witness Renae Deaton in Docket No. 080677-EI, Florida law and Commission rules prohibit aggregation of customer loads for billing purposes.

5. As discussed in FPL's August 2, 2010 report to the Commission, the Commission, in Docket No. 070022-EU, found that "Florida is already in substantial compliance with PURPA standard 14 under existing rules and regulations and no further action is necessary to meet the intent of the standard. Further, adoption of the broad standard as written could result in service requirements that are not cost-effective for the general body of ratepayers."

6. As discussed in FPL's September 28, 2010, report at least three of five QSR's analyzed by FPL in this proceeding would benefit from one of the three time-of-use rates currently available, thus obviating the need for a new rate.

7. As concluded in FPL's August 2, 2010 report, the current time-of-use periods are reflective of FPL's system load and are therefore appropriate.

AFFIRM's letter goes on to address five other points under the title "Key Points." FPL notes the following in response to those five points:

1. As discussed in FPL's August 2, 2010 report, base rates are based on embedded costs per Commission guidance, and there is no differentiation between summer and winter embedded costs. As discussed in FPL's data responses to Commission Staff on December 8, 2010, FPL is willing to investigate summer and winter differentiation for fuel prices. FPL has shown that it is not cost effective to create a third pricing tier.

2-3. As discussed in FPL's September 28, 2010 report, the peak period must capture the peak as well as the near peak periods, and setting a narrowly defined peak period will result in peak chasing, will require redefinition of peak periods, and is simply not practical.

4. As demonstrated in FPL's August 2, 2010 report, the winter peak has been set during the months of December through March. Additionally, based on the load shapes and 12 CP cost allocations, April and October are appropriately designated as a summer months and November is appropriately designated as a winter month.

5. AFFIRM's position that the on and off peak time periods for base rates should be different than the on and off peak time periods for fuel factors is not reasonable, practical, or administratively feasible.

FPL concludes that its current GSD(T) rate class is appropriately designed, and the data provided shows that AFFIRM's members appropriately fit in that class. There is no need or justification to make the revisions to FPL's rate structure proposed by AFFIRM.

Sincerely,

/s/Scott A. Goorland

Scott A. Goorland

cc: All parties of record