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COMMISSION
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August 5, 2011

Mr. Thomas Saporito
Post Office Box 8413
Jupiter, FL 33468-8413

RE: In Complaint against Florida Power & Light Company Docket No. 110236-EI

Dear Mr. Saporito:

I am writing in response to the request for an explanation of FPL's residential customer charge that you filed in a formal complaint with the Florida Public Service Commission.

In general, the residential customer charge recovers the cost of all customer-related equipment and expenses required to serve a utility's residential class of customers. As our website explains, the customer charge "is a set amount per month, regardless of how much electricity is used, to cover the costs of your service and meter, including installation and the administrative costs related to servicing your account." These costs include those related to meter reading, billing, meter maintenance, customer records and collections, and other essential customer service costs.

The customer charge is part of the base rate that customers pay for their electric service, and FPL's base rate has included a standard customer charge for many decades. In the past thirty years, it has ranged from \$5.15 to \$5.90.

The current customer charge was calculated during FPL's last rate case by taking the total residential customer-related costs divided by the number of residential customer bills in the year to determine the charge per customer per month. As such, the customer charge is the average for the entire rate class, and is not calculated on an individual customer basis. This cost allocation approach is consistent with Commission guidance. In the most recent base rate case, FPL's compliance cost of service filing showed the per unit customer-related costs for the residential customer rate class of \$5.893103/month (see *Compliance Cost of Service, page 52, line 23, column 2, enclosed*). This supports the Commission-approved customer charge of \$5.90 for the RS-1 rate.

Thank you for your interest in this matter.

Sincerely,

S. E. Romig
Director, Rates and Tariffs

Enclosure

CC: Pauline Robertson, FPSC Staff
Ann Cole / Docket No. 110236-EI

Florida Power & Light Company
700 Universe Boulevard, Juno Beach, FL 33408

DOCUMENT NUMBER-DATE
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FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA POWER & LIGHT
 COMPANY AND SUBSIDIARIES
 DOCKET NO.: 080677-EI

EXPLANATION: For each cost of service study filed by the company, calculate the unit costs for demand, energy and customer for each rate schedule at proposed rates, based on the revenue requirements from sales of electricity only, excluding other operating revenues. The demand unit costs must be separated into production, transmission and distribution. Unit costs under proposed rates must be calculated at the system rate of return. Unit costs must be provided separately for each existing rate class, except for the lighting classes. If the company is proposing to combine two or more classes, it must also provide unit costs for the classes combined. Customer unit costs for the lighting classes must include only customer-related costs, excluding costs for fixtures and poles. The lighting fixtures and poles must be shown on a separate line.

Type of Data Shown:
 Projected Test Year Ended 12/31/10
 Prior Year Ended / /
 Historical Test Year Ended / /
 Witness: Joseph A. Ender

(\$000 WHERE APPLICABLE)									
Line No.	(1)	(2) RS1	(3) SDTR-1	(4) SDTR-2	(5) SDTR-3	(6) SL-1	(7) SL-2	(8) SST-DST	(9) SST-TST
1									
2	PROPOSED REVENUE REQUIREMENT								
3	CUSTOMER COMPONENT								
4	Total Customer-	283,372	338	116	21	187	19	14	212
5	Transmission Costs	-	-	-	-	-	-	-	180
6	Distribution Services	92,744	29	4	0	-	-	-	-
7	Distribution Meters	58,997	155	50	12	-	-	6	21
8	Other Distribution	-	6	16	5	-	-	5	-
9	Meter Reading	38,438	118	41	4	-	-	3	10
10	Misc Serv Revs - Late Payment Charge	(59,032)	(19)	(3)	(0)	(121)	(12)	(0)	(0)
11	Misc Serv Revs - Initial Connection	(641)	(0)	(0)	(0)	(1)	(0)	(0)	(0)
12	Misc Serv Revs - Reconnection	(6,118)	(2)	(0)	(0)	(13)	(1)	(0)	(0)
13	Misc Serv Revs - Connection of Existing Acct	(13,702)	(4)	(1)	(0)	(28)	(3)	(0)	(0)
14	Misc Serv Revs - Returned Check Charges	(4,304)	(1)	(0)	(0)	(9)	(1)	(0)	(0)
15	Misc Serv Revs - Current Diversion	(592)	(0)	(0)	(0)	(1)	(0)	(0)	(0)
16	Miscellaneous Customer Accounts	177,561	56	9	0	360	36	0	1
17									
18	BILLING UNITS (Annual):								
19	# of Bills for Metered Classes	48,085,366	15,280	2,359	108			48	158
20	KWH for Lighting Classes					518,553,006	30,496,002		
21									
22	UNIT COSTS: (\$/BILL or \$/KWH)								
23	Total Customer-	5.893103	22.091886	49.144936	194.733451	0.000360	0.000619	283.454821	1,356.819991
24	Transmission Costs	-	-	-	-	-	-	-	1,155.785325
25	Distribution Services	1.928735	1.904127	1.775411	1.002144	-	-	-	-
26	Distribution Meters	1.226929	10.146074	21.343045	107.960749	-	-	117.505131	132.429831
27	Other Distribution	-	0.376973	6.690266	46.619623	-	-	99.809770	-
28	Meter Reading	0.799375	7.748182	17.420702	37.236708	-	-	84.225438	66.540220
29	Misc Serv Revs - Late Payment Charge	(1.227643)	(1.213926)	(1.213926)	(1.213878)	(0.000234)	(0.000402)	(1.213843)	(1.213955)
30	Misc Serv Revs - Initial Connection	(0.013322)	(0.013173)	(0.013172)	(0.013139)	(0.000003)	(0.000004)	(0.013067)	(0.013183)
31	Misc Serv Revs - Reconnection	(0.127233)	(0.125812)	(0.125813)	(0.125818)	(0.000024)	(0.000042)	(0.125795)	(0.125811)
32	Misc Serv Revs - Connection of Existing Acct	(0.284960)	(0.281776)	(0.281778)	(0.281738)	(0.000054)	(0.000093)	(0.281808)	(0.281760)
33	Misc Serv Revs - Returned Check Charges	(0.089498)	(0.088498)	(0.088498)	(0.088493)	(0.000017)	(0.000026)	(0.088517)	(0.088500)
34	Misc Serv Revs - Current Diversion	(0.012312)	(0.012174)	(0.012174)	(0.012187)	(0.000002)	(0.000004)	(0.012210)	(0.012194)
35	Miscellaneous Customer Accounts	3.693033	3.651889	3.650870	3.649477	0.000695	0.001194	3.649724	3.800018
36									
37	Note: Totals may not add due to rounding.								
38									
39									
40									
41									
42									