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July 28, 2014

-VIA ELECTRONIC FILING -

Ms. Carlotta S. Stauffer
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Re: Docket No. 130223-EI

Dear Ms. Stauffer:

I enclose for electronic filing in the above docket Florida Power & Light Company's ("FPL") rebuttal testimony of witness Robert A. Onsgard and rebuttal testimony of witness J. Terry Deason. This filing consists of two submittals:

- This letter, along with the rebuttal testimony of Robert Onsgard (document 1 of 2); and
- The rebuttal testimony of J. Terry Deason (document 2 of 2)

If there are any questions regarding this transmittal, please contact me at (561) 691-2512.

Sincerely,

s/ Kenneth M. Rubin
Kenneth M. Rubin

Enclosures

cc: Counsel for Parties of Record (w/encl.)
Marilynne Martin

1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **FLORIDA POWER & LIGHT COMPANY**

3 **REBUTTAL TESTIMONY OF ROBERT A. ONSGARD**

4 **DOCKET NO. 130223-EI**

5 **July 28, 2014**

6
7 **Q. Please state your name and business address.**

8 A. My name is Robert A. Onsgard. My business address is 9250 W. Flagler Street,
9 Miami, Florida, 33174.

10 **Q. Have you previously submitted testimony in this proceeding?**

11 A. Yes.

12 **Q. Are you sponsoring any rebuttal exhibits?**

13 A. No.

14 **Q. What is the purpose of your rebuttal testimony?**

15 A. The purpose of my testimony is to rebut the assertions of witness Marilynne
16 Martin regarding the underlying cost basis of Florida Power & Light's (FPL or
17 the Company) non-standard meter rider (NSMR) tariff. My testimony addresses a
18 number of the flaws and misconceptions contained in witness Martin's testimony.
19 First, I respond to witness Martin's unfounded criticism of the manner in which
20 FPL deployed smart meters and explain why her position on the timing of the
21 assessment of opt-out costs, and enrollment of opt-out customers, lacks logic or
22 factual support. I also address the appropriate costs to be recovered through the
23 NSMR tariff and refute witness Martin's allegations regarding cost savings

1 attributable to NSMR customers.

2
3 **I. TIMING TO ASSESS COSTS AND OFFER THE NSMR TARIFF**

4
5 **Q. Please comment on witness Martin’s contention that FPL should have waited**
6 **to activate all smart meters at the same time and that this would have**
7 **avoided the enrollment costs associated with the opt-out.**

8 A. Witness Martin claims that because FPL utilized a “phased implementation” to
9 deploy and activate smart meters by service area, as opposed to a “big bang”
10 approach where all meters are activated at once, cost savings were not fully
11 realized and the incremental costs of non-standard meter service could not be
12 determined. She also claims that this “phased implementation” essentially made
13 FPL the cost causer of enrollment costs. Her position appears to be premised
14 upon the mistaken belief that the Company could have avoided the costs of
15 enrolling customers in the NSMR program if this work had been undertaken
16 during deployment.

17 **Q. Could FPL have deployed and activated smart meters in the “big bang”**
18 **approach witness Martin suggests?**

19 A. No. It would not have even been physically possible for FPL to install and
20 activate 4.5 million smart meters all at once. FPL is very proud of its smart meter
21 deployment project which was among the fastest large-scale deployments of its
22 kind in the nation, with 4.5 million meters installed in only 40 months.

1 **Q. Could FPL have avoided the costs of maintaining a postpone list and simply**
2 **enrolled NSMR customers during deployment?**

3 A. No. In essence, witness Martin's position is that FPL should have: 1) anticipated
4 the need for an opt-out program before deployment began in August of 2009; 2)
5 estimated the costs of non-standard service notwithstanding the absence of
6 sufficient data to identify all cost components and to project the opt-out
7 population; 3) filed for and sought approval of an opt-out tariff before deployment
8 began; and 4) then enrolled customers during the meter deployment, incurring
9 arguably the same costs as waiting until the end of deployment. This approach
10 would not have resulted in lower costs for enrollment but at the same time would
11 have certainly created many other disparities.

12 **Q. What do you mean by "other disparities"?**

13 A. The approach suggested by witness Martin would have significantly delayed
14 smart meter deployment, increasing costs to the general body of FPL's customers.
15 Witness Martin's approach would have also yielded an opt-out rate based on
16 significantly less accurate assumptions, as costs could not have been properly
17 determined and the opt-out population could not have been reasonably projected
18 at that time. Somewhat ironically, witness Martin's suggestions would have
19 resulted in many opt-out customers paying for up to four more years of non-
20 standard service, and at a rate that likely would not have reflected actual costs. It
21 is clear that allowing customers to postpone smart meter installation at no cost to
22 the customer while the Company completed deployment balanced the benefits of
23 an efficient smart meter deployment with the ability to accurately identify the

1 costs and to better project participation rates of an opt-out program for FPL's
2 customers.

3 **Q. Is FPL's smart meter deployment in "project mode" as alleged by witness**
4 **Martin?**

5 A. No. FPL completed activation of residential and small business smart meters in
6 all service areas on September 17, 2013, qualifying in witness Martin's terms as
7 "ready state." FPL does have approximately 175,000 commercial and industrial
8 smart meters currently being deployed which were not part of FPL's initial
9 deployment plan. However, these final smart meter customers are located in areas
10 where all other smart meters have already been activated.

11 **Q. Would it have been appropriate as witness Martin suggests to calculate opt-**
12 **out fees based on the number of customers that had simply requested free**
13 **postponement of smart meter installation rather than on the number of**
14 **customers actually willing to pay the costs of the service?**

15 A. No. There is no logic to this approach, which would only artificially lower the
16 NSMR charges for those who participate. FPL's methodology of projecting non-
17 standard meter service participation by extrapolating the participation rates from
18 the existing opt-out programs in other jurisdictions was the fact-based approach.
19 That data clearly showed that not all postponed customers would be willing to pay
20 the costs for non-standard service. This fact has been borne out by FPL's NSMR
21 participation rates to date. As described in witness Deason's testimony,
22 customers who are contemplating the option to choose a non-standard meter
23 should be fully informed and know the cost impacts of their decision.

1 Additionally, witness Martin incorrectly asserts that FPL did not exclude the
2 Sumter and Lakeland municipal utilities from the analysis and therefore skewed
3 this data to reach a lower projection of opt-out customers. In fact, FPL did
4 exclude Sumter and Lakeland, and only used similarly situated larger utilities in
5 the analysis. That said, to date actual participation has been significantly lower
6 than what FPL projected. Currently there are approximately 6,700 customers
7 enrolled in the smart meter opt-out program, substantially less than the projected
8 opt-out population of 12,000.

9 **Q. Did waiting until the end of smart meter deployment to implement the**
10 **NSMR tariff inflate the costs of providing a non-standard meter service?**

11 A. No, it did not. The incremental costs required to provide the non-standard meter
12 service are unique and specific to that service, and have not increased by waiting
13 until deployment was completed. In fact, as mentioned, waiting until the end of
14 deployment has saved opt-out customers up to four years of non-standard service
15 charges that would have been in effect if enrollment was undertaken during smart
16 meter deployment.

17 **Q. Were there actually benefits realized by waiting until the end of deployment**
18 **to implement the NSMR tariff?**

19 A. Yes. FPL's methodical approach ensured an efficient smart meter deployment,
20 allowed the Company to identify and quantify the non-standard meter costs,
21 allowed the Company to better project the number of customers who might
22 ultimately participate in the opt-out program, and allowed the postponed
23 customers to have non-standard meter service at no charge until deployment was

1 essentially complete.

2 **Q. How did FPL arrive at the \$105 Enrollment Fee originally requested?**

3 A. As supported by Exhibit B to FPL's Petition for Approval of Optional Non-
4 Standard Meter Rider (Petition), and as mentioned at the January 7, 2014 Agenda
5 Conference, FPL's total Up-Front and One-Time costs per NSMR customer was
6 estimated to be \$310, based on 12,000 participants. Although this would be the
7 logical amount to charge as an Enrollment Fee, FPL was mindful that it is simply
8 not practical to seek recovery of those costs in one lump sum up front payment.
9 At the same time, it is appropriate that the Enrollment Fee for participating in the
10 non-standard meter service should be substantial enough to ensure customers are
11 informed of the costs associated with their meter option decision, and to allow
12 FPL to recover a sufficient portion of the one-time costs. Considering all this,
13 FPL determined that the \$105 Enrollment Fee provided FPL with the opportunity
14 to begin recovery of its costs, and also provided customers with the proper price
15 signal. FPL thereafter agreed to Staff's recommended reduction of the
16 Enrollment Fee to \$95, primarily because it still served both of these purposes.

17 **Q. Does the \$95 Enrollment Fee represent FPL's one-time cost per meter?**

18 A. No. To be clear, as described above, the \$95 Enrollment Fee represents a
19 reasonable approach to recovering a portion of the one-time costs through the
20 Enrollment Fee, spreading the balance over time. It is not simply the one-time
21 cost per meter to FPL.

1 **Q. Please comment on witness Martin’s assumption that non-standard meter**
2 **service imposes de minimis costs and that any special surcharge should be**
3 **waived and those costs should be “shared by all ratepayers.”**

4 A. FPL works very hard to continue to deliver reliable electric service to its
5 customers at the lowest cost in Florida. FPL does not view more than \$3 million
6 in up-front and one-time costs, as well as over \$1 million in annual costs, as de
7 minimis.

8 **Q. Please respond to witness Martin’s contention that Staff’s recommendation**
9 **to reduce enrollment workload requirements should have been more**
10 **aggressive, reducing enrollment positions in 3-4 months rather than the two**
11 **years recommended by Staff.**

12 A. Witness Martin’s position is premised on an incorrect assumption. FPL’s
13 methodology of projecting incremental enrollment costs was based on an
14 estimated cost per call multiplied by the projected call volumes that would be
15 expected for the enrollment process. As illustrated on Page 6 of Exhibit B to
16 FPL’s Petition, FPL projected these incremental costs as one-time enrollment
17 costs per non-standard meter customer that would be recovered over three years.
18 However, in accordance with Staff’s recommendation, FPL will now recover
19 these one-time costs in the NSMR Monthly Surcharge over five years. Staff’s
20 recommended adjustment assumed these costs were based on fixed staffing levels
21 instead of cost-per-call projections, and recommended that FPL lower its costs
22 based on lower staffing during the last three years of the program. Although this
23 was not consistent with the methodology FPL used in projecting the costs of the

1 program, the Company agreed to lower the Enrollment Fee in accordance with
2 Staff's recommendation. Witness Martin's rationale that these one-time costs
3 could now be further reduced by assuming a 3-4 month enrollment period is
4 incorrect and unsupportable.

5 **Q. How does witness Martin support her assumption that the one-time fee for**
6 **establishment of meter routes is not appropriate?**

7 A. Witness Martin states that the costs to establish routes were incurred upon smart
8 meter activation some years ago and should be absorbed through project costs.

9 **Q. Is this a correct statement of how and when meter routes were established?**

10 A. No. Meter reading routes had to continually be adjusted as smart meter activation
11 occurred during deployment. The non-standard meter routes also changed as the
12 postponed and unable-to-complete (UTC) populations made their meter choice
13 during the recent enrollment period. The location and density of the non-standard
14 meters in the routes are changing again as enrolled customers reconsider their
15 choices during the 45-day grace period afforded by FPL. Additionally, the
16 number of non-standard meters in the routes will continue to change during the
17 life of the program.

18 **Q. Please address each incorrect assumption underlying witness Martin's**
19 **challenge to FPL's use of an average of one field meter visit per opt out**
20 **customer.**

21 A. First, witness Martin incorrectly states that FPL included the one field meter visit
22 cost as a component of the up-front \$95 Enrollment Fee. On the contrary, most of
23 the one-time meter costs, such as this site visit cost, are recovered over five years

1 through the Monthly Surcharge.

2

3 Next, witness Martin suggests that a separate fee should be established for each
4 field visit and that FPL should charge the individual customer when that visit
5 takes place. In essence, she is suggesting a separate, unique and additional
6 service charge along with the charge for the non-standard meter service. This
7 approach completely ignores the fact that the costs to provide the non-standard
8 meter option have been spread across the entire group of customers receiving
9 service through a non-standard meter. Establishing a separate fee as suggested by
10 witness Martin would require FPL to make changes to its customer information
11 system that would result in additional costs to be borne by the NSMR population.
12 This approach would also require Commission approval of a separate tariffed
13 charge. A separate fee for each field meter-site visit – or for other aspects of the
14 program – is not logical, and would not reduce the cost incurred by NSMR
15 customers as the customers would still have to pay the site visit charge all at once
16 instead of over the five years as approved by the Commission. At the same time,
17 customers that need more than one field meter visit would obviously pay
18 significantly more than the charges associated with the single site visit.

19

20 Witness Martin also assumes that the inclusion of one field meter visit on average
21 in the fee is designed to discourage customers from enrolling, and has a “chilling
22 effect” for low-income and fixed income customers. For the reasons described
23 above, the truth is just the opposite. The NSMR tariff structure helps stabilize

1 costs. As described below, the inclusion of costs associated with only one field-
2 meter visit in the NSMR tariff charge is conservative.

3 **Q. Please explain the basis of FPL's inclusion of one average field meter-site**
4 **visit per customer.**

5 A. Site visits included in this component of the tariff charge are for non-standard
6 meter installation, required meter sampling for testing, outage restoration and
7 monitoring for current diversion. Not included in the average one field meter site
8 visit per NSMR customer are site visits for NSMR customer relocation or site
9 visits for NSMR customer collection activities (connect/disconnect). FPL's data
10 and analyses support the assumption that the Company will be required to make at
11 least one field meter visit per NSMR customer every three years, which is further
12 substantiated by the fact that:

- 13 • FPL has made more than 4,800 site visits to customers on the postponed
14 list to set non-standard meters since the postponement list began. Now
15 that the initial 90-day enrollment period (from March through May 2014)
16 is over, FPL can also report that for the approximately 7,000 customers
17 who had enrolled as of July 1, 2014, FPL has already made 1,650 field
18 meter site visits to these premises to install non-standard meters. Now that
19 the postpone and UTC lists have been resolved, future enrollments over
20 the next five years will almost certainly require a site visit to install a non-
21 standard meter.
- 22 • Due to the large number of different non-standard meter types remaining
23 in the field for NSMR customers (approximately 100 different meter

1 types), the required sample sizes will result in most non-standard meters
2 requiring removal for testing or replacement over the next five years. The
3 specific Florida Administrative Code requirements for meter sampling are
4 addressed later in my testimony.

- 5 • Finally, notwithstanding witness Martin’s unfounded assertion to the
6 contrary, FPL will need to make additional site visits to NSMR customers
7 due to the inability to “ping” NSMR meters before leaving outage restored
8 areas to ensure they are connected.

9 **Q. How do you respond to witness Martin’s assumptions regarding the one-time**
10 **fee for meter sampling and testing?**

11 A. Witness Martin incorrectly claims that the meter-sampling and testing
12 requirement is not appropriate because FPL’s sample sizes are illogical and the
13 Company has provided no evidence that all of these meters require testing within
14 the next three years. On the contrary, FPL must sample all meter types and test for
15 accuracy in accordance with FPL’s In-Service Random Meter Sampling Plan
16 approved by the Commission and required by Rule 25-6.052, Florida
17 Administrative Code. Due to the large number of different non-standard meter
18 types left in the field for NSMR customers, the required sample sizes will result in
19 most non-standard meters requiring removal for testing or replacement over the
20 next five years.

21

22 Witness Martin also contends that meter-sampling costs were already included in
23 the most recent rate case test year and should be absorbed. As testified by FPL

1 witness Deason, the proposal to absorb such costs in base rates is without merit.
2 Sampling and testing of non-standard meters is incremental and would not be
3 incurred but for customers choosing the non-standard meter option.

4 **Q. Please respond to witness Martin’s position that FPL should allow self-reads
5 or estimated bills for non-standard meter reading.**

6 A. Accurate and timely meter reading is a fundamental responsibility for all utilities
7 to properly bill customers. FPL does not believe either self-read or estimated bills
8 are appropriate methods for the primary controls over reading meters and billing
9 customers.

10

11 The Commission’s rules also disfavor self-read and estimated bills. Rule 25-
12 6.099, Florida Administrative Code, provides that “meters *shall* be read at
13 monthly intervals on the approximate corresponding day of each meter-reading
14 period” unless special circumstances warrant. Also, Rule 25-6.100(1) directs that
15 “bills shall be rendered monthly and as promptly as possible following the reading
16 of meters,” which expresses the Commission’s preference that bills be based on
17 actual meter readings. More to the point, Rule 25-6.100(3) states that “estimated
18 bills may be submitted” only “when there is sufficient cause.”

19 **Q. How do you respond to witness Martin’s assumption regarding billing and
20 support costs?**

21 A. Witness Martin again erroneously claims that the costs associated with this
22 activity are not appropriate, and states that FPL should absorb the costs to set up
23 initial billings. This is not accurate, nor would it be proper. FPL has incurred and

1 continues to incur incremental costs for NSMR related customer communications,
2 system testing of enhancements, billing reviews, manual meter change order
3 controls and required reconciliations. These costs should not be absorbed by the
4 Company.

5
6 Witness Martin further alleges that there must be offsets or some savings to
7 compensate for these incremental costs. As examples, she states that there will be
8 savings in not manually activating the smart meters and savings in not having to
9 enroll NSMR customers in other smart meter services. There are no such manual
10 activations of smart meters, nor are there any such smart meter services that
11 require customer enrollment.

12
13 During smart meter deployment, geographical areas were referred to FPL's Meter
14 Reading department in groups of approximately 75,000 to 100,000 smart meters
15 after the deployment and optimization teams had completed their work. The
16 Meter Reading department then activated smart meters at the route level after
17 removing exception meters individually and placing them into a non-activated
18 route. NSMR customers are actually a cost driver in this activation process since
19 they are the ones that need to be re-routed to non-activated routes. The estimates
20 for billing support are reasonable and, as with all NSMR costs, subject to annual
21 review by the Commission.

1 **Q. Please respond to witness Martin’s assertion regarding collection costs that it**
2 **is “unfair to further penalize the good paying customers in this pool with**
3 **additional costs.”**

4 A. Smart-metered premises with enabled Remote Connect Service no longer require
5 site visits for collections; however NSMR customers will still require site visits
6 for collections. Including the incremental costs of collections does not penalize
7 NSMR customers. In the absence of NSMR historical payment history data, FPL
8 took the system-wide rate for field collection visits and applied it to the NSMR
9 population. This assumed that the population of NSMR customers that did not pay
10 their FPL bills would be consistent with FPL’s system-wide population. NSMR
11 customers will continue to pay the standard collection service charges, along with
12 the incremental costs included in the NSMR fee.

13 **Q. Witness Martin suggests additional financial requirements for customers**
14 **choosing the NSMR option. What is your response?**

15 A. FPL already has guidelines based on creditworthiness and payment history that
16 comply with the Florida Administrative Code and are consistent with FPL’s tariff.
17 In proposing this tariff, FPL did not want to unduly limit those customers who
18 could take the non-standard service and therefore rejects witness Martin’s
19 suggestion regarding a requirement for special NSMR deposits or limiting NSMR
20 eligibility based on payment history.

21 **Q. Please respond to witness Martin’s assertions regarding charges for physical**
22 **investigation of outages.**

23 A. Witness Martin claims that FPL’s projection of “truck rolls” that could have been

1 prevented if the customer had a smart meter is speculative. She further states that
2 FPL should do as the telephone company does and charge customers separately
3 for each truck roll if the FPL representative finds that the outage cause lies within
4 the customer's facilities. As FPL has pointed out before, establishing a separate
5 fee would require a new tariff, new system changes that would drive additional
6 cost to the NSMR population, as well as a potential significant fee to the NSMR
7 customers that would be charged all at once, and perhaps more than once, instead
8 of spread over time.

9 **Q. Does the opt-out program require the equivalent of a full-time project**
10 **manager, the costs of which should be included in the opt-out charge?**

11 A. Yes. Witness Martin states that the cost of a full-time project manager is
12 excessive and that the cost should be absorbed. This position lacks both factual
13 and logical support. The administration of this project is complex and the
14 accounting oversight critical to the proper billing and reporting of the project.
15 Two things are important to note regarding the project management cost. First,
16 FPL has included one equivalent full-time position in the cost structure; however,
17 during the initial phase of this project, as FPL expected, substantially more than
18 one full-time position has been necessary. Second, while the level of the project
19 management activities is greater in the early stages of the program, these costs are
20 being spread out over five years.

1 **Q. How do you respond to witness Martin’s suggestion that “special**
2 **consideration” be given to those customers with multiple meters in the same**
3 **location?**

4 A. Witness Martin incorrectly suggests that the costs for field visits and meter
5 readings are inflated because they assume separate truck rolls that will not occur
6 for locations with multiple meters such as apartment complexes. Rates are based
7 on averages, with all customers treated consistently within the group. It would
8 not be appropriate for there to be “special” (i.e., lower) rates for customers who
9 might, at any given time, have multiple meters at the same location, just as it
10 would not be appropriate to have higher rates for a geographically isolated opt-out
11 customer.

12

13 **III. NSMR PROGRAM DOES NOT GENERATE COST SAVINGS**

14

15 **Q. Could the cost of the smart meter have been avoided for non-standard meter**
16 **customers, as witness Martin states?**

17 A. No. All utilities are required to be ready to provide standard service to all
18 customers in their service territory. This requires having standard smart meters in
19 stock and ready to install should a smart meter need to be replaced or a non-
20 standard meter customer change their mind and elect standard service. It would
21 not be appropriate or practical to then order a smart meter, and charge an
22 incremental cost for that standard service.

1 **Q. Does having a full inventory of smart meters provide a benefit to the general**
2 **body of customers?**

3 A. Yes. FPL's inventory balance cost is borne by, and provides benefits to, our
4 general body of customers, including NSMR customers. FPL maintains
5 inventories of smart meters to provide required standard service within our
6 service territory. The fact that NSMR customers have elected to take non-
7 standard service does not relieve FPL from the obligation to provide standard
8 service to all customers should they so elect at any time.

9 **Q. Witness Martin alludes to an ongoing FPL study (Docket 130160-EI) and**
10 **claims that the general body of FPL customers enjoys a financial benefit by**
11 **virtue of FPL having smart meters in stock. Do you agree?**

12 A. For the reasons stated in my prior responses, all FPL customers – those taking
13 service with a smart meter and NSMR customers alike – benefit by FPL having
14 smart meters on hand to deploy as needed.

15 **Q. Do you agree with witness Martin's assertion that NSMR customers should**
16 **receive an offset for the cost of a smart meter?**

17 A. No. As previously stated, the fact that NSMR customers have elected to take
18 non-standard service does not relieve FPL from the obligation to provide standard
19 service to all customers should they so elect in the future. Therefore, an offset is
20 not appropriate.

1 **Q. Do you agree with Witness Martin’s testimony that “The request for the**
2 **upfront capital costs for opt out customer should not have been allowed and**
3 **creates a windfall for FPL at the expense of these customers”?**

4 A. No. The costs included in the upfront capital costs were incurred by the Company
5 in order to serve the customers that chose not to have smart meters installed.
6 These costs are incremental and solely related to the non-standard service, and
7 therefore there is no such “windfall” to the Company as described by witness
8 Martin.

9 **Q. Do you agree with Witness Martin’s testimony that the Company could avoid**
10 **the legacy meter “write off” for NSMR customers?**

11 A. No. The amortization witness Martin describes was accounted for, as directed by
12 the Commission, prior to the last rate case.

13 **Q. Regardless of the manner in which the amortization of legacy meters was**
14 **accounted for, is it true that NSMR customers should have “saved” FPL**
15 **from reducing their meter book value for legacy meters?**

16 A. No. Utilities do not account for mass property, like meters, on a customer
17 specific basis; nor is this how regulatory accounting treatment is structured. It
18 would not be appropriate, nor currently possible, for FPL’s accounting systems to
19 try to track mass property on a customer specific basis.

20 **Q. What were the purported ongoing cost savings associated with serving**
21 **NSMR customers that witness Martin identifies in her testimony?**

22 A. Witness Martin cites the following areas where she feels FPL did not properly
23 consider ongoing cost savings:

- 1 • Big Data storage and software licensing;
- 2 • Energy Dashboard savings from reduced calls to the care center from non-
- 3 standard service customers;
- 4 • Reduced workload because non-standard meter customers would not require
- 5 customer service representatives to activate their smart meter or enroll non-
- 6 standard meter customers in other smart meter services;
- 7 • Depreciation savings from longer useful lives of non-communicating meters;
- 8 and
- 9 • Meter communication repairs that would not be required on non-standard
- 10 meters.

11

12 While she does not specify a dollar amount for these alleged savings, witness

13 Martin states that FPL should have conducted proper analysis of these variable

14 costs to determine if there were offsetting reductions in workloads or other costs

15 savings.

16 **Q. Did FPL analyze these potential areas for savings?**

17 A. Yes. FPL completed its comprehensive analysis of non-standard meter costs and

18 savings, and in the following areas determined there were no cost savings related

19 to providing non-standard service:

- 20 1. “Big Data” storage and software licensing: FPL incurs these costs on an
- 21 enterprise-wide basis. As stated for smart meter inventory, the fact that
- 22 NSMR customers have elected to take non-standard service today does not
- 23 relieve FPL from the obligation to be ready to provide standard service to all

1 customers should they so elect at any time. Additionally, FPL is not able to
2 adjust this enterprise-wide, vendor-supplied storage capacity or software
3 licensing on an ad-hoc basis for the small population of non-standard
4 customers.

5 2. Energy Dashboard savings from reduced calls to the care center from non-
6 standard service customers because they do not have access to the dashboard:
7 FPL performed a review to determine if the Company actually received
8 reduced calls to the care center due to NSMR customers not calling about the
9 energy dashboard. There are no savings; having a smart meter vs. not having
10 a smart meter did not change the care center call rate between the two
11 populations. The number of calls received asking general questions about the
12 energy dashboard or calls inquiring about high bills from both populations
13 were nearly identical.

14 3. Reduced workload because non-standard meter customers would not require
15 customer service representatives to activate their smart meter or enroll non-
16 standard meter customers in other smart meter services: There are no non-
17 standard meter customer cost savings related to these items. Customer service
18 representatives do not spend any time activating smart meters and there are no
19 other smart meter services that require enrollment. NSMR customers are
20 actually a cost driver in the activation process since they must be re-routed to
21 non-activated routes.

22 4. Depreciation savings from longer useful lives of non-communicating meters:
23 There are no depreciation savings from the NSMR program. In fact, non-

1 standard meter customers actually require FPL to maintain inventories of non-
2 standard meters for repairs, as well as smart meters in case the non-standard
3 service customer moves or requests standard smart meter service.

4
5 However, FPL has identified costs associated with smart meter communication
6 failures that were not reflected in our incremental cost study. While both smart
7 meters and non-standard meters require costs to maintain, FPL determined that
8 the Company spends approximately \$0.07 more per month per meter for smart
9 meter communication repairs.

10 **Q. Has FPL identified additional costs that were not included in the NSMR**
11 **tariff?**

12 A. Yes. An example of incremental costs not initially identified, and therefore
13 omitted from the NSMR tariff filing, is the work done by FPL's Customer
14 Advocacy group which:

- 15 • Handles all elevated calls from the Care Center regarding the opt-out program,
16 ensuring that customers receive accurate, customer-focused, thorough
17 communications about the NSMR program and fees;
- 18 • Ensures that elevated NSMR questions/issues have proper processes, policies
19 and consistent messaging for resolution;
- 20 • Handles all calls, including calls regarding 45-day grace period cancelations
21 and assures that these requests are worked accurately and in a timely manner;

- 1 • Developed processes to address manual “exception” handling, ensuring that
2 the NSMR customer status is correct in the system and that meter change
3 orders are processed accurately; and
- 4 • Manually reviewed all first-cycle billings for NSMR customers to further
5 ensure that all charges were appropriate.

6

7 The incremental costs associated with these activities far outweigh the \$.07 per
8 month associated with the smart meter communication failures.

9 **Q. Are there any issues raised by witness Martin in testimony that justify a**
10 **reduction to the approved NSMR tariff?**

11 A. No. In fact, while FPL continues to support the tariff approved by the
12 Commission in this proceeding, there is compelling evidence that the NSMR tariff
13 rates are understated based on costs that were not included in the tariff
14 calculations and a participation rate significantly lower than what was projected
15 by FPL.

16 **Q. Does this conclude your testimony?**

17 A. Yes, it does.

**CERTIFICATE OF SERVICE
DOCKET NO. 130223-EI**

I HEREBY CERTIFY that a copy of the foregoing has been furnished by electronic mail on this 28th day of July 2014, to the following:

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