

State of Florida



Public Service Commission
CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

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DATE: July 21, 2010

TO: Nancy Argenziano, Chairman
Lisa Polak Edgar, Commissioner
Nathan A. Skop, Commissioner
Art Graham, Commissioner
Ronald A. Brisé, Commissioner

FROM: Marshall Willis, Director, Division of Economic Regulation *MW*

RE: Docket No. 060038-EI (Petition for Issuance of a Storm Recovery Financing Order by FPL) Response to Request by FPL for a Storm Charge True-Up Adjustment

Pursuant to Order Nos. PSC-06-0464-FOF-EI issued May 30, 2006 and PSC-06-0626-FOF-EI issued July 21, 2006, collectively known as the Financing Order, Florida Power and Light Company (FPL) as Servicer of the Senior Secured Bonds, Series A (Storm Recovery Bonds) has filed a request for an adjustment to the storm recovery bond repayment charges (storm recovery charges) and the storm recovery bond tax charges (tax charges). This adjustment is intended to satisfy the requirements of Section 366.8260(2)(b), Florida Statutes, (Statute) and the Financing Order by ensuring that the storm recovery charges will recover amounts sufficient to timely provide for payments of debt service and other required amounts in connection with the Storm Recovery Bonds. The proposed adjustment to the tax charges will ensure recovery of the associated tax liability for the related storm recovery charges.

Paragraph 78 of the Financing Order states: "After issuance of storm-recovery bonds, FPL will submit not less often than every six months a petition or a letter for our staff's review, as described in Section 366.8260(2)(b)4., Florida Statutes, and in the form attached as an exhibit to the Servicing Agreement (a 'True-Up Adjustment Letter')." The Storm Recovery Bonds were issued on May 22, 2007. FPL filed its eighth True-Up Adjustment Letter on June 1, 2010.

Paragraph 78 of the Financing Order describes how such True-Up Adjustment Letters are to be handled.

Consistent with Section 366.8260(2)(b)4., Florida Statutes, our staff, upon the filing of a True-Up Adjustment Letter made pursuant to this Order, will either administratively approve the requested true-up calculation in writing or inform FPL of any mathematical errors in its calculation as expeditiously as possible but no later than 60 days following FPL's true-up filing. . . . If no action is taken within 60 days of the true-up filing, the true-up calculation shall be deemed correct. Upon administrative approval or the passage of 60 days without

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notification of a mathematical error, no further action of this Commission will be required prior to the implementation of the true-up.

FPL's True-Up Adjustment Letter and its accompanying 21 pages of supporting schedules were reviewed by staff. Based on this review, no mathematical errors were found.

Attached is FPL's Eighth Revised Sheet No. 8.040 in legislative format. Attachment No. 1 shows the revised storm recovery charges, tax charges, and total storm recovery charges for all rate classes. The sum of the storm recovery charge and tax charge (storm charge) for the residential class will increase from \$0.54 to \$1.23 per 1000 kWh. For the residential customer using 1000 kWh, the residential bill will increase from \$94.36 to \$95.07 (including gross receipts tax).

The primary reason for the adjustment to the storm charge is that the amount forecasted to be billed and collected during the prospective period is greater than the amount from the prior period. Also contributing to the increase in the storm charge is a scheduled principal payment in the prospective period that is greater than the principal payment in the prior period.

As Attachment No. 2 shows, the storm charge has been somewhat volatile over past remittance periods. In its filing, FPL states that in order to attempt to smooth out the charges for customers, FPL will be filing requests for storm charge true-up adjustments on a quarterly basis. FPL believes adjusting the storm charge on a quarterly basis would spread the billing impacts of charge fluctuations over more periods thus decreasing the magnitude of the fluctuations between periods. Filing for quarterly adjustments to the storm charge is consistent with existing provisions of the Statute and the Financing Order.

Per FPL's request in its True-Up Adjustment Letter and in accordance with the Financing Order, the proposed adjustments to the storm recovery charges and the tax charges will be effective on August 1, 2010. Staff is preparing the required approval letter for the new tariff sheets.

cc: Timothy J. Devlin
Charles Hill
Cheryl Bulecza-Banks
Ann Cole
Curt Kiser
Andrew L. Maurey
J.R. Kelly, Office of Public Counsel
Ken Hoffman, Florida Power and Light Company

Attachments

FLORIDA POWER & LIGHT COMPANY

Seventh-Eighth Revised Sheet No. 8.040
Cancels Sixth-Seventh Revised Sheet No. 8.040

STORM CHARGE

The following charges are applied to the Monthly Rate of each rate schedule as indicated and are calculated in accordance with the formula approved by the Public Service Commission.

Cents/kWh			
Rate Schedule	STORM BOND REPAYMENT CHARGE	STORM BOND TAX CHARGE	TOTAL STORM CHARGE
RS-1, RST-1	0.059087	(0.005)0.036	0.054123
GS-1, GST-1, WIES-1	0.051075	(0.005)0.036	0.046111
GSD-1, GSDT-1, HLFT-1, SDTR (21-499 KW)	0.034050	(0.004)0.028	0.030078
GSLD-1, GSLDT-1, HLFT-2, SDTR (500-1,999 KW)	0.031046	(0.004)0.028	0.027074
CS-1, CST-1	0.040059	(0.004)0.028	0.036087
GSLD-2, GSLDT-2, HLFT-3, SDTR (2000+ KW)	0.025037	(0.002)0.014	0.023051
CS-2, CST-2	0.046068	(0.004)0.028	0.043096
GSLD-3, GSLDT-3, CS-3, CST-3	0.005007	0.000	0.005007
OS-2	0.312313	(0.020)0.142	0.192455
MET	0.037055	(0.004)0.028	0.033083
CILC-1(G)	0.031046	(0.004)0.028	0.027074
CILC-1(D)	0.024035	(0.002)0.014	0.022049
CILC-1(T)	0.005007	0.000	0.005007
SL-1, PL-1	0.371548	(0.034)0.242	0.337790
OL-1	0.379560	(0.034)0.242	0.345802
SL-2, GSCU-1	0.026038	(0.002)0.014	0.024052
SST-1(T), ISST-1(T)	0.005007	0.000	0.005007
SST-1(D1), SST-1(D2) SST-1(D3), ISST-1(D)	0.077114	(0.007)0.050	0.070164

(Continued on Sheet No. 8.041)

Issued by: S. E. Romig, Director, Rates and Tariffs
Effective: May-1, 2010

