

State of Florida



Public Service Commission

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

-M-E-M-O-R-A-N-D-U-M-

DATE: February 13, 2018

TO: Art Graham, Chairman
Julie I. Brown, Commissioner
Donald J. Polmann, Commissioner
Gary F. Clark, Commissioner
Andrew Giles Fay, Commissioner

FROM: Andrew L. Maurey, Director, Division of Accounting & Finance

RE: Docket No. 20150171-EI (Petition for Issuance of Nuclear Asset-Recovery Financing Order by Duke Energy Florida) Response to December 28, 2017 and February 6, 2018 Request by Duke Energy Florida for a Routine Asset Securitization Charge True-Up Adjustment effective for the March 2018 billing cycle.

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COMMISSION CLERK
ALM

Pursuant to Order No. PSC-15-0537-FOF-EI (Financing Order) and Section 4.01(b)(i) of the Nuclear Asset-Recovery Property Servicing Agreement (Servicing Agreement), Duke Energy Florida, LLC (DEF) as Servicer of the Nuclear Asset-Recovery Bonds, Series A ("Bonds"), and on behalf of the New York Mellon Trust Company, National Association (the "Trustee") under the Indenture between Duke Energy Florida Project Finance, LLC, (the "Issuer") and the assignee of the Issuer, hereby requests an adjustment to the nuclear asset-recovery charges. This adjustment is intended to satisfy the requirements of Section 366.95 Florida Statutes (Statute) and the Financing Order by ensuring the Nuclear Asset Recovery Charges will recover amounts sufficient to timely provide all payments of debt service and other required amounts and charges in connections with the Bonds during the upcoming Remittance Period.

Paragraph 29 of the Financing Order states: "After issuance of nuclear asset-recovery bonds, the servicer will submit such true-up adjustment filings in the form attached as an exhibit to the Servicing Agreement (a "True-Up Adjustment Letter"). The nuclear asset-recovery bonds were issued on June 22, 2016. DEF filed its semi-annual True-Up Adjustment Letter on December 28, 2017 with an amended letter submitted on February 6, 2018.

Paragraph 29 of the Financing Order describes how such True-Up Adjustment Letters are to be handled:

Consistent with Section 366.95(2)(c)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 the

Art Graham, Chairman

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servicer of any mathematical errors in its calculation as expeditiously as possible but no later than 60 days following the servicer's true-up filing . . . If no action is taken within 60 days of the true-up filing, the true-up calculation shall be deemed approved. Upon administrative approval or the passage of 60 days without notification of a mathematical error, no further action of this Commission will be required prior to implementation of the true-up.

DEF's True-Up Adjustment Letter dated December 28, 2017, and its accompanying 28 pages of supporting schedules were reviewed by staff and no mathematical errors were found.

Attached is DEF's Eighty-First Revised Sheet No. 6.105 in legislative format submitted on February 6, 2018. The Asset Securitization Charge for the residential class will increase from \$2.26 to \$2.54 per 1,000 kWh. For the residential customer using 1,000 kWh, the residential bill will increase from \$123.88 to \$124.16 (including gross receipts tax).

At the February 6, 2018 Agenda Conference, the Commission approved the Amended Implementation Stipulations in Docket No. 20170217-EI, and DEF has accordingly withdrawn the tariff sheets submitted on December 28, 2017. In place of the withdrawn tariff sheets, DEF filed the enclosed revised single tariff sheet 6.105

Per DEF's request in its True-Up Adjustment Letters dated December 28, 2017 and February 6, 2018, and in accordance with the Financing Order and Servicing Agreement, the proposed adjustments to the Nuclear Asset-Recovery Charges will be effective for the March 2018 billing cycle. Staff is preparing the required approval letter for the new tariff sheets.

ALM/crr

cc: Braulio Baez
Keith Hetrick
Mark Futrell
Cheryl Bulecza-Banks
Mark Cicchetti
Carlotta Stauffer
Mary Anne Helton
Elisabeth Draper
J.R. Kelly, Office of Public Counsel
Dianne M. Triplett, Duke Energy Florida

Attachment



SECTION NO. VI
~~EIGHTH-EIGHTY-FIRST~~ REVISED SHEET NO. 6.105
~~CANCELS SEVENTY-NINETH-EIGHTIETH~~ REVISED SHEET NO.

6.105

**RATE SCHEDULE BA-1
 BILLING ADJUSTMENTS**

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Applicable:

To the Rate Per Month provision in each of the Company's filed rate schedules which reference the billing adjustments set forth below.

COST RECOVERY FACTORS									
Rate Schedule/Metering Level	Fuel Cost Recovery ⁽¹⁾			ECCR ⁽²⁾		CCR ⁽³⁾		ECRC ⁽⁴⁾	ASC ⁽⁵⁾
	Levelized ¢/ kWh	On-Peak ¢/ kWh	Off-Peak ¢/ kWh	¢/ kWh	\$/ kW	¢/ kWh	\$/ kW	¢/ kWh	¢/ kWh
RS-1, RST-1, RSL-1, RSL-2, RSS-1 (Sec.) < 1000 > 1000	3.838 4.838	5.107	3.677	0.328	-	1.433	-	0.157	0.226254
GS-1, GST-1									
Secondary	4.132	5.107	3.677	0.270	-	1.117	-	0.154	0.445197
Primary	4.021	5.056	3.641	0.287	-	1.106	-	0.152	0.452195
Transmission	4.049	5.005	3.604	0.265	-	1.095	-	0.151	0.461193
GS-2 (Sec.)	4.132	-	-	0.211	-	0.782	-	0.150	0.429140
GSD-1, GSDT-1, SS-1*									
Secondary	4.132	5.107	3.677	-	1.01	-	4.06	0.152	0.445179
Primary	4.021	5.056	3.641	-	1.00	-	4.02	0.150	0.467177
Transmission	4.049	5.005	3.604	-	0.99	-	3.98	0.149	0.466175
CS-1, CST-1, CS-2, CST-2, CS-3, CST-3, SS-3*									
Secondary	4.132	5.107	3.677	-	0.68	-	2.66	0.151	0.407108
Primary	4.021	5.056	3.641	-	0.67	-	2.63	0.149	0.406107
Transmission	4.049	5.005	3.604	-	0.67	-	2.61	0.148	0.405108
IS-1, IST-1, IS-2, IST-2, SS-2*									
Secondary	4.132	5.107	3.677	-	0.83	-	3.09	0.147	0.432133
Primary	4.021	5.056	3.641	-	0.82	-	3.06	0.146	0.431132
Transmission	4.049	5.005	3.604	-	0.81	-	3.03	0.144	0.429130
LS-1 (Sec.)	3.945	-	-	0.108	-	0.227	-	0.146	0.627039
*SS-1, SS-2, SS-3									
Monthly									
Secondary	-	-	-	-	0.029	-	0.393	-	-
Primary	-	-	-	-	0.028	-	0.389	-	-
Transmission	-	-	-	-	0.027	-	0.385	-	-
Daily									
Secondary	-	-	-	-	0.047	-	0.187	-	-
Primary	-	-	-	-	0.047	-	0.185	-	-
Transmission	-	-	-	-	0.046	-	0.183	-	-
GSLM-1, GSLM-2	See appropriate General Service rate schedule								

(1) Fuel Cost Recovery Factor:

The Fuel Cost Recovery Factors applicable to the Fuel Charge under the Company's various rate schedules are normally determined annually by the Florida Public Service Commission for the billing months of January through December. These factors are designed to recover the costs of fuel and purchased power (other than capacity payments) incurred by the Company to provide electric service to its customers and are adjusted to reflect changes in these costs from one period to the next. Revisions to the Fuel Cost Recovery Factors within the described period may be determined in the event of a significant change in costs.

(2) Energy Conservation Cost Recovery Factor:

The Energy Conservation Cost Recovery (ECCR) Factor applicable to the Energy Charge under the Company's various rate schedules is normally determined annually by the Florida Public Service Commission for twelve-month periods beginning with the billing month of January. This factor is designed to recover the costs incurred by the Company under its approved Energy Conservation Programs and is adjusted to reflect changes in these costs from one period to the next. For time of use demand rates the ECCR charge will be included in the base demand only.

(Continued on Page No. 2)

ISSUED BY: Javier J. Portuondo, Managing Director Rates & Regulatory Strategy – FL

EFFECTIVE: January-March 1, 2018