

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: March 26, 2008

TO: Matthew M. Carter II, Chairman
Lisa Polak Edgar, Commissioner
Katrina J. McMurrin, Commissioner
Nancy Argenziano, Commissioner
Nathan A. Skop, Commissioner

FROM: Timothy J. Devlin, Director, Division of Economic Regulation *TD*

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

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COMMISSIONER
CLERK

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, 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 second True-Up Adjustment Letter on March 3, 2008.

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

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correct. 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 the implementation of the true-up.

FPL's True-Up Adjustment Letter and its accompanying 25 pages of supporting schedules were reviewed by staff. Based on this review, no mathematical errors were found.

Attached is FPL's Second Revised Sheet No. 8.040 in legislative format. This attachment shows the revised storm recovery charges, tax charges, and total storm charges for all rate classes. The total storm charge for the residential class will increase from \$0.98 to \$1.11 per 1000 kWh. For the average residential customer using 1000 kWh, the residential bill will increase from \$102.49 to \$102.63 as a result of the proposed true-up adjustment. The primary reasons for the adjustment are a longer collection cycle for customer billings (from 21 days to 24 days) for the period and lower interest income on the collections than what was last forecasted.

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 May 1, 2008. Staff is preparing the required approval letter for the new tariff sheets.

cc: Mary A. Bane
Charles Hill
Michael Cooke
Ann Cole
J.R. Kelly, Office of Public Counsel
Ken Hoffman, Florida Power and Light Company

Attachment

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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.

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Cents/kWh			
Rate Schedule	STORM BOND REPAYMENT CHARGE	STORM BOND TAX CHARGE	TOTAL STORM CHARGE
RS-1, RST-1	0.087	0.024	0.111
GS-1, GST-1, WIES-1	0.077	0.021	0.098
GSD-1, GSDT-1, HLFT-1, SDTR (21-499 KW)	0.053	0.015	0.068
GSLD-1, GSLDT-1, HLFT-2, SDTR (500-1,999 KW)	0.047	0.013	0.060
CS-1, CST-1	0.053	0.015	0.068
GSLD-2, GSLDT-2, HLFT-3, SDTR (2000+ KW)	0.039	0.011	0.050
CS-2, CST-2	0.059	0.017	0.076
GSLD-3, GSLDT-3, CS-3, CST-3	0.007	0.002	0.009
OS-2	0.241	0.066	0.307
MET	0.060	0.017	0.077
CILC-1(G)	0.051	0.014	0.065
CILC-1(D)	0.037	0.010	0.047
CILC-1(T)	0.008	0.002	0.010
SL-1, PL-1	0.625	0.172	0.797
OL-1	0.677	0.186	0.863
SL-2, GSCU-1	0.029	0.008	0.037
SST-1(T), ISST-1(T)	0.007	0.002	0.009
SST-1(D1), SST-1(D2) SST-1(D3), ISST-1(D)	0.155	0.042	0.197

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(Continued on Sheet No. 8.041)

Issued by: S. E. Romig, Director, Rates and Tariffs
 Effective: