

State of Florida



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COMMISSION CLERK

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: September 29, 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 *TJD*

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, 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 third True-Up Adjustment Letter on September 2, 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 21 pages of supporting schedules were reviewed by staff. Based on this review, no mathematical errors were found.

Attached is FPL's Third 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 sum of the storm recovery charge and tax charge for the residential class will increase from \$1.11 to \$1.45 per 1000 kWh. For the residential customer using 1000 kWh, the residential bill will increase from \$110.77 to \$111.12 as a result of the proposed true-up adjustment. The primary reasons for the adjustment are lower interest income earned on the collections due to a lower interest rate than what was forecasted, lower kWh sales than previously projected due to slower customer growth than what was originally anticipated in 2008, and a scheduled principal payment in the prospective period that is greater than the principal payment in the prior period.

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

cc: Mary A. Bane
Charles Hill
Michael Cooke
Ann Cole
Andrew L. Maurey
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.

<u>Cents/kWh</u>			
<u>Rate Schedule</u>	<u>STORM BOND REPAYMENT CHARGE</u>	<u>STORM BOND TAX CHARGE</u>	<u>TOTAL STORM CHARGE</u>
RS-1, RST-1	0.099	0.046	0.145
GS-1, GST-1, WIES-1	0.088	0.040	0.128
GSD-1, GSDT-1, HLFT-1, SDTR (21-499 KW)	0.060	0.029	0.089
GSLD-1, GSLDT-1, HLFT-2, SDTR (500-1,999 KW)	0.054	0.025	0.079
CS-1, CST-1	0.060	0.029	0.089
GSLD-2, GSLDT-2, HLFT-3, SDTR (2000+ KW)	0.044	0.021	0.065
CS-2, CST-2	0.067	0.032	0.099
GSLD-3, GSLDT-3, CS-3, CST-3	0.008	0.004	0.012
OS-2	0.274	0.125	0.399
MET	0.068	0.032	0.100
CILC-1(G)	0.058	0.027	0.085
CILC-1(D)	0.042	0.019	0.061
CILC-1(T)	0.009	0.004	0.013
SL-1, PL-1	0.712	0.327	1.039
OL-1	0.771	0.353	1.124
SL-2, GSCU-1	0.033	0.015	0.048
SST-1(T), ISST-1(T)	0.008	0.004	0.012
SST-1(D1), SST-1(D2) SST-1(D3), ISST-1(D)	0.177	0.080	0.257

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(Continued on Sheet No. 8.041)

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