

State of Florida



Public Service Commission


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COMMISSION
CLERK

DATE: October 8, 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 

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 ninth True-Up Adjustment Letter on September 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 18 pages of supporting schedules were reviewed by staff. Based on this review, no material mathematical errors were found.

Attached is FPL's Ninth 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 decrease from \$1.23 to \$ 1.17 per 1000 kWh. For the residential customer using 1000 kWh, the residential bill will decrease from \$95.07 to \$95.01 (including gross receipts tax).

The primary reason for the adjustment to the storm charge for the upcoming period is the prior period true-up did not reflect the overlap between the date the principal and interest payments were made and the date the new rate became effective, both on August 1, 2010. Also contributing to the decrease in the factor was an over collection in the prior remittance period mainly from actual kWh sales that were higher than the forecasted sales for the period.

As Attachment No. 2 shows, the storm charge has been somewhat volatile over past remittance periods. 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. 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 November 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
Mark Cicchetti
J.R. Kelly, Office of Public Counsel
Ken Hoffman, Florida Power and Light Company

Attachments

FLORIDA POWER & LIGHT COMPANY

Eighth-Ninth Revised Sheet No. 8.040
Cancels Seventh-Eighth 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	0.087081	0.036	0.123117
GS-1, GST-1, WIES-1	0.075069	0.036	0.111105
GSD-1, GSDT-1, HLFT-1, SDTR (21-499 KW)	0.050046	0.028	0.078074
GSLD-1, GSLDT-1, HLFT-2, SDTR (500-1,999 KW)	0.046043	0.028	0.074071
CS-1, CST-1	0.059055	0.028	0.087083
GSLD-2, GSLDT-2, HLFT-3, SDTR (2000+ KW)	0.037034	0.014	0.051048
CS-2, CST-2	0.068063	0.028	0.096091
GSLD-3, GSLDT-3, CS-3, CST-3	0.007006	0.000	0.007006
OS-2	0.313290	0.142141	0.455431
MET	0.055051	0.028	0.083079
CILC-1(G)	0.046043	0.028	0.074071
CILC-1(D)	0.035032	0.014	0.049046
CILC-1(T)	0.007006	0.000	0.007006
SL-1, PL-1	0.548308	0.242240	0.790748
OL-1	0.560519	0.242240	0.802759
SL-2, GSCU-1	0.038035	0.014	0.052049
SST-1(T), ISST-1(T)	0.007006	0.000	0.007006
SST-1(D1), SST-1(D2) SST-1(D3), ISST-1(D)	0.144106	0.050049	0.194155

(Continued on Sheet No. 8.041)

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

