

State of Florida



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# Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

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CLERK

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**DATE:** February 8, 2011

**TO:** Art Graham, Chairman  
Lisa Polak Edgar, Commissioner  
Ronald A. Brisé, Commissioner  
Eduardo E. Balbis, Commissioner  
Julie I. Brown, 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

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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 provide for timely 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 tenth True-Up Adjustment Letter on January 3, 2011.

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 24 pages of supporting schedules were reviewed by staff and no mathematical errors were found.

Attached is FPL's Tenth 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 \$1.17 to \$1.15 per 1000 kWh. For the residential customer using 1000 kWh, the residential bill will decrease from \$96.46 to \$96.44 (including gross receipts tax).

The slightly lower total average retail storm charge per kWh was the result of (1) lower debt service payments (principal and interest) and other ongoing costs for August 1, 2011 versus February 1, 2011, and (2) over collections recognized in the prior period true-up. Contributing to the over collection from the prior period was actual kWh sales that were higher than the forecasted sales for that period.

As Attachment No. 2 shows, the storm charge has been somewhat volatile over past remittance periods. In order 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 March 1, 2011. 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 &amp; LIGHT COMPANY

Tenth Ninth Revised Sheet No. 8.040  
Cancels Ninth 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.

<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	0.089084	0.026036	0.115120
GS-1, GST-1, WIES-1	0.076069	0.026036	0.102105
GSD-1, GSDT-1, HLFT-1, SDTR (21-499 KW)	0.050046	0.021028	0.071074
GSLD-1, GSLDT-1, HLFT-2, SDTR (500-1,999 KW)	0.047043	0.021028	0.068071
CS-1, CST-1	0.060035	0.021028	0.081063
GSLD-2, GSLDT-2, HLFT-3, SDTR (2000+ KW)	0.037034	0.010014	0.047048
CS-2, CST-2	0.069063	0.021028	0.090091
GSLD-3, GSLDT-3, CS-3, CST-3	0.007006	0.000	0.007006
OS-2	0.318290	0.103444	0.421734
MET	0.056054	0.021028	0.077082
CILC-1(G)	0.047043	0.021028	0.068071
CILC-1(D)	0.035032	0.010014	0.045046
CILC-1(T)	0.007006	0.000	0.007006
SL-1, PL-1	0.556508	0.176240	0.732748
OL-1	0.568549	0.176240	0.744789
SI-2, GSCU-1	0.038035	0.010014	0.048049
SST-1(T), ISST-1(T)	0.007006	0.000	0.007006
SST-1(D1), SST-1(D2) SST-1(D3), ISST-1(D)	0.116406	0.036049	0.152455

(Continued on Sheet No. 8.041)

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

