



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: June 19, 2012

TO: Ronald A. Brisé, Chairman
Lisa Polak Edgar, Commissioner
Art Graham, 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

COMMISSION
CLERK

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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 fifteenth True-Up Adjustment Letter on May 1, 2012.

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

Attached is FPL's Fifteenth 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 bond repayment charge and storm bond tax charge for the residential class will decrease from \$1.53 to \$1.18 per 1000 kWh. For the residential customer using 1000 kWh, the residential bill will decrease from \$95.08 to \$94.72 (including gross receipts tax).

The difference between the prior period true-up and current period true-up is:

(1) The prior period true-up amount represents what was transferred to FPL Recovery Funding LLC (FREC) for the month of February 2012 (1 month) versus the current period true-up amount, which represents what was transferred to FREC for the months of February 2012 – April 2012 (3 months);

(2) The prior period true-up amount represents what was expected to be billed and collected under the revised rate for May 2012 – July 2012 (3 months), while the current period true-up amount represents what is expected to be billed and collected under the revised rate for July 2012 (1 month).

As Attachment No. 2 shows, the storm charge has been volatile over past remittance periods. In order to smooth out the charges for customers, FPL is filing requests for storm charge true-up adjustments on a quarterly basis. Filing quarterly adjustments to the storm charge is consistent with the 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 July 1, 2012. Staff is preparing the required approval letter for the new tariff sheets.

MW/MS:dr

Attachments

cc: Charles Hill
Cheryl Bulecza-Banks
Ann Cole
Curt Kiser
Andrew Maurey
Mark Cicchetti
J.R. Kelly, Office of Public Counsel
Ken Hoffman, Florida Power and Light Company

FLORIDA POWER & LIGHT COMPANY

~~Fourteenth-Fifteenth~~ Revised Sheet No. 8.040
 Cancels ~~Thirteenth-Fourteenth~~ 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, RSDPR-1	0.444081	0.042034	0.486115
GS-1, GST-1, WIES-1	0.006073	0.042034	0.438107
GSD-1, GSDT-1, HLFT-1, SDTR (21-499 KW)	0.063048	0.025028	0.088076
GSLD-1, GSLDT-1, HLFT-2, SDTR (500-1,999 KW)	0.029045	0.025028	0.054073
CS-1, CST-1	0.074056	0.025028	0.099084
GSLD-2, GSLDT-2, HLFT-3, SDTR (2000+ KW)	0.035034	0.046013	0.081047
CS-2, CST-2	0.038067	0.025028	0.063095
GSLD-3, GSLDT-3, CS-3, CST-3	0.008006	0.000	0.008006
OS-2	0.400003	0.168115	0.568118
MET	0.070053	0.025028	0.095081
CILC-1(G)	0.039045	0.035028	0.074073
CILC-1(D)	0.044023	0.046013	0.090036
CILC-1(T)	0.008006	0.000	0.008006
SL-1, PL-1	0.097527	0.287230	0.384757
OL-1	0.413519	0.397230	1.000749
SL-2, GSCU-1	0.047036	0.046013	0.093049
SST-1(T), ISST-1(T)	0.008006	0.000	0.008006
SST-1(D1), SST-1(D2) SST-1(D3), ISST-1(D)	0.445110	0.058017	0.503127

(Continued on Sheet No. 8.041)

Issued by: S. E. Romig, Director, Rates and Tariffs
 Effective: May 1, 2012

