



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: February 1, 2013

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 Accounting and Finance

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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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 nineteenth True-Up Adjustment Letter on January 2, 2013.

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

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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 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 and no mathematical errors were found.

Attached is FPL's Nineteenth 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 increase from \$0.39 to \$1.57 per 1,000 kWh. For the residential customer using 1,000 kWh, the residential bill will increase from \$94.25 to \$95.46 (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 months August 2012 through October 2012 (3 months) versus the current period true-up amount, which has not yet transferred any amounts to FREC for the next remittance on August 1, 2013.
- (2) The prior period true-up amount represents what was expected to be billed and collected from January 2013 (1 month), while the current period true-up amount represents what is expected to be billed and collected under the revised rate for March 2013 - July 2013 (5 months).

It should be noted, the prior period and current period amounts for the storm bond repayment and tax charges are essentially the same amounts and are trued-up on an ongoing basis. Variations in the amount charged to residential customers using 1,000 kWh are a function of expected kWh sales versus actual kWh sales and the number of months being trued-up.

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, 2013. Staff is preparing the required approval letter for the new tariff sheets.

Ronald A. Brisé, Chairman

February 1, 2013

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MW/MS:dr

cc: Braulio Baez
Charles Hill
Cheryl Bulecza-Banks
Mark Cicchetti
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Curt Kiser
Clarence Prestwood
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Ken Hoffman, Florida Power and Light Company

FLORIDA POWER & LIGHT COMPANY

~~Eighteenth~~Nineteenth Revised Sheet No. 8.040
 Cancels ~~Seventeenth~~~~Eighteenth~~ 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	0.0270.114	0.0120.043	0.0390.157
GS-1, GST-1, WIRS-1	0.0230.092	0.0120.013	0.0350.100
GSD-1, GSDT-1, HLFT-1, SDTR (21-499 KW)	0.0130.064	0.0100.036	0.0230.100
GSLD-1, GS LDT-1, CS-1, CST-1, HLFT-2, SDTR (500- 1,999 KW)	0.0140.059	0.0100.036	0.0240.095
GSLO-2, GS LDT-2, CS-2, CST-2, HLFT-3, SDTR (2000+ KW)	0.0110.047	0.0040.014	0.0150.061
GSLD-3, GS LDT-3, CS-3, CST-3	0.0020.008	0.000	0.0020.008
OS-2	0.0950.302	0.0490.175	0.1440.577
MET	0.0470.072	0.0100.036	0.0270.108
CILC-1(G)	0.0140.059	0.0100.036	0.0240.095
CILC-1(D)	0.0110.047	0.0040.014	0.0150.061
CILC-1(T)	0.0020.008	0.000	0.0020.008
SL-1, PL-1	0.1670.707	0.0820.292	0.2490.999
OL-1	0.1700.720	0.0820.292	0.2521.012
SL-2, GSCU-1	0.0110.047	0.0040.014	0.0150.061
SST-1(T), ISST-1(T)	0.0020.008	0.000	0.0020.008
SST-1(D1), SST-1(D2) SST-1(D3), ISST-1(D)	0.0360.152	0.0180.064	0.0540.216

(Continued on Sheet No. 8.041)

