

State of Florida



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: July 22, 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

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 twenty-first True-Up Adjustment Letter on July 1, 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

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 Twenty-First 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 \$1.57 to \$1.07 per 1,000 kWh. For the residential customer using 1,000 kWh, the residential bill will decrease from \$95.46 to \$94.94 (including gross receipts tax).

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

- (1) The current period true-up only takes into account one month overlap with the date the principal and interest payments are made (August 1st) and the date the new rate becomes effective (September 1st). Therefore, nothing has been transferred to FPL Recovery Funding LLC (FREC) yet for the bond obligations due on February 1, 2014.
- (2) The forecasted under collection of prior remittance period is mainly due to forecasted kWh sales being higher than actuals for the prior period.
- (3) The current period true-up only takes into account one month overlap with the date the principal and interest payments are made (August 1st) and the date the new rate becomes effective (September 1st). Therefore, the current period true-up amount represents what is expected to be billed and collected from September 2013 - January 2014 (5 months), while the prior period true-up amount represents what was expected to be billed and collected from June 2013 - July 2013 (2 months).
- (4) The prior period true-up includes estimated audit fees of \$50,000, which are normally paid in May. In addition, the prior period true-up includes annual rating agency surveillance fees and investment advisor fees of approximately \$25,000, which were paid in April and May.

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 September 1, 2013. Staff is preparing the required approval letter for the new tariff sheets.

Ronald A. Brisé, Chairman
July 22, 2013
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MW/MS:dr

cc: Braulio Baez
Charles Hill
Lisa S. Harvey
Cheryl Bulecza-Banks
Mark Cicchetti
✓ Ann Cole
Curt Kiser
Clarence Prestwood
J.R. Kelly, Office of Public Counsel
Ken Hoffman, Florida Power and Light Company

FLORIDA POWER & LIGHT COMPANY

Twenty-Second Revised Sheet No. 8.040
 Cancels Twenty-First 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, RTR-1	0.075	0.032	0.107
GS-1, GST-1	0.064	0.032	0.096
GSD-1, GSDT-1, HLFT-1, SDTR (21-499 KW)	0.042	0.027	0.069
GSLD-1, GSLDT-1, CS-1, CST-1, HLFT-2, SDTR (500- 1,999 KW)	0.039	0.027	0.066
GSLD-2, GSLDT-2, CS-2, CST-2, HLFT-3, SDTR (2000+ KW)	0.031	0.010	0.041
GSLD-3, GSLDT-3, CS-3, CST-3	0.005	0.000	0.005
OS-2	0.264	0.130	0.394
MET	0.047	0.027	0.074
CILC-1(G)	0.039	0.027	0.066
CILC-1(D)	0.031	0.010	0.041
CILC-1(T)	0.005	0.000	0.005
SL-1, PL-1	0.465	0.217	0.682
OL-1	0.473	0.217	0.690
SL-2, GSCU-1	0.031	0.010	0.041
SST-1(T), ISST-1(T)	0.005	0.000	0.005
SST-1(D1), SST-1(D2) SST-1(D3), ISST-1(D)	0.100	0.047	0.147

(Continued on Sheet No. 8.041)

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

