



# Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

**-M-E-M-O-R-A-N-D-U-M-**

**DATE:** January 13, 2014

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

**FROM:** Marshall W. Willis, Director, Division of Accounting & 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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14 JAN 15 AM 10:40  
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-fourth True-Up Adjustment Letter on January 2, 2014.

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

Attached is FPL's Twenty-fourth 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 \$0.84 to \$1.36 per 1,000 kWh. For the residential customer using 1,000 kWh, the residential bill will increase from \$99.95 to \$100.48 (including gross receipts tax).

FPL's explanation for the variance between the prior period true-up and current period true-up is as follows:

- (1) The prior period true-up amount represents what was actually billed and collected for the months of August 2013 through October 2013 (3 months) versus the current period true-up amount, for which FPL has not yet billed or collected any amounts for the next remittance period (August 1, 2014).
- (2) The prior period true-up represents what was expected to be billed and collected under the revised rate for January 2014 (1 month), while the current period true-up amount represents what is expected to be billed and collected under the revised rate for March 2014 through July 2014 (5 months).
- (3) The prior period true-up amount only includes the administration fee versus the current period true-up amount, which includes the administration fee plus other on-going costs (i.e., annual rating agency; surveillance fees, audit fee, and investment advisor fee).
- (4) The current period true-up amount represents what is expected to be billed and collected for February 2014 (1 month), and collected in March 2014 for amounts billed in February 2014. The prior period true-up amount represents what was expected to be billed and collected for November 2013 and December 2013 (2 months), and collected in January 2014 for amounts billed in December 2013.

Art Graham, Chairman

January 13, 2014

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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 3, 2014. Staff is preparing the required approval letter for the new tariff sheets.

MW/DRB:dr

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

FLORIDA POWER & LIGHT COMPANY

Twenty-~~Third~~Fourth Revised Sheet No. 8.040  
 Cancel: Twenty-~~Second~~Third 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.

Rate Schedule	STORM BOND REPAYMENT CHARGE	STORM BOND TAX CHARGE	TOTAL STORM CHARGE
RS-1, RTR-1	0.059-0.098	0.035-0.038	0.094-0.136
GS-1, GST-1	0.050-0.088	0.035-0.038	0.085-0.121
GSD-1, GSDT-1, HLFT-1, SDTR (21-499 KW)	0.033-0.055	0.031-0.032	0.064-0.087
GSLD-1, GSLDT-1, CS-1, CST-1, HLFT-2, SDTR (500-1,999 KW)	0.031-0.051	0.031-0.032	0.062-0.083
GSLD-2, GSLDT-2, CS-2, CST-2, HLFT-3, SDTR (2000- KW)	0.024 0.040	0.008 0.012	0.032-0.052
GSLD-3, GSLDT-3, CS-3, CST-3	0.004-0.007	0.000	0.004-0.007
OS-2	0.208-0.345	0.102-0.156	0.310-0.501
MET	0.037-0.061	0.031-0.032	0.068-0.093
CILC-1(G)	0.031-0.051	0.031-0.032	0.062-0.083
CILC-1(D)	0.024-0.040	0.008-0.012	0.032-0.052
CILC-1(T)	0.004-0.007	0.000	0.004-0.007
SL-1, PL-1	0.366-0.607	0.170-0.259	0.536-0.866
OL-1	0.372-0.617	0.170-0.259	0.542-0.876
SL-2, GSCU-1	0.031-0.040	0.008-0.012	0.032-0.052
SST-1(T), ISST-1(T)	0.004-0.007	0.000	0.004-0.007
SST-1(D1), SST-1(D2) SST-1(D3), ISST-1(D)	0.078-0.131	0.037-0.056	0.114-0.187

(Continued on Sheet No. 8.041)

