

State of Florida



Public Service Commission

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COMMISSION
CLERK

ALM

DATE: May 5, 2014

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

FROM: Andrew L. Maurey, 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

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-fifth True-Up Adjustment Letter on April 1, 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 22 pages of supporting schedules were reviewed by staff and no mathematical errors were found.

Attached is FPL's Twenty-Fifth 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 \$1.36 to \$1.38 per 1,000 kWh. For the residential customer using 1,000 kWh, the residential bill will increase from \$101.71 to \$101.73 (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 current period true-up amount represents what was transferred to FPL Recovery Funding, LLC (FREC) for the months of February 2014 and March 2014. The prior period true-up only took into account one month of overlap with the date the principal and interest payments were made (February 1, 2014) and the date the new rates became effective (March 1, 2014). Since the storm charge true-up was filed January 1, 2014, nothing had been transferred to FREC for the bond obligations due on August 1, 2014.
- (2) The difference between prior period true-up and current period true-up is mainly due to forecasted kWh sales being higher than accruals for the prior period.
- (3) The prior period true-up only took into account one month of overlap with the date the principal and interest payments were made (February 1, 2014) and the date the new rates became effective (March 1, 2014). Therefore, the prior period true-up amount represents forecasted kWh sales from March 2014 through July 2014 (5 months), while the current period true-up amount represents forecasted kWh sales from June 2014 through July 2014 (2 months).
- (4) The current period true-up amount represents what is expected to be billed and collected for April and May 2014 (2 months), and collected in June 2014 for amounts billed in May 2014. The prior period true-up amount represents what was expected to be billed and collected for February 2014 (1 month), and collected in March 2014 for amounts billed in February 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 June 2, 2014. Staff is preparing the required approval letter for the new tariff sheets.

ALM/DRB:dr

cc: Braulio Baez
Lisa S. Harvey
Cheryl Bulecza-Banks
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-FourthFifth Revised Sheet No. 8.040
 Cancels Twenty-Fourth 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.

Cents/kWh			
Rate Schedule	<u>STORM BOND REPAYMENT CHARGE</u>	<u>STORM BOND TAX CHARGE</u>	<u>TOTAL STORM CHARGE</u>
RS-1, RTR-1	0.0080,099	0.0280,039	0.4360,138
GS-1, GST-1	0.0070,083	0.0280,039	0.4240,123
GSD-1, GSD1-1, HFTT-1, SDTR (21-199 KW)	0.055	0.0320,033	0.0870,088
GSD1-1, GSD1T-1, CS-1, CST-1, HFTT-2, SDTR (500-1,999 KW)	0.051	0.0520,033	0.0830,084
GSD1-2, GSD1T-2, CS-2, CST-2, HFTT-3, SDTR (2000+ KW)	0.030	0.012	0.052
GSD1-3, GSD1T-3, CS-3, CST-3	0.007	0.000	0.007
OS-2	0.2450,348	0.4560,160	0.2010,508
MET	0.061	0.0320,033	0.0930,094
CHC-1(G)	0.051	0.0320,033	0.0830,084
CHC-1(D)	0.030	0.012	0.052
CHC-1(T)	0.007	0.000	0.007
SI-1, PI-1	0.0020,011	0.2590,265	0.8660,876
OI-1	0.0130,022	0.2590,265	0.8760,887
SL-2, GSCU-1	0.030	0.012	0.052
SST-1(D), ISS1-1(T)	0.007	0.000	0.007
SST-1(D1), SST-1(D2), SST-1(D3), ISS1-1(D)	0.4340,132	0.0560,057	0.4870,189

(Continued on Sheet No. 8.011)

