

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-**

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**DATE:** May 2, 2016

**TO:** Julie I. Brown, Chairman  
Lisa Polak Edgar, Commissioner  
Art Graham, Commissioner  
Ronald A. Brisé, Commissioner  
Jimmy Patronis, 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

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2016 MAY -3 AM 9:26  
COMMISSIONER  
CLERK  
ALM

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 thirty-second True-Up Adjustment Letter on April 1, 2016.

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 dated April 1, 2016, and its accompanying 26 pages of supporting schedules were reviewed by staff and no mathematical errors were found.

Attached is FPL's Thirty-Second 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 \$1.34 to \$1.44 per 1,000 kWh. For the residential customer using 1,000 kWh, the residential bill will increase from \$91.73 to \$91.84. (including gross receipts tax).

The 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 2016 and March 2016. 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) and the date the new rates became effective (March 2). Since the storm charge true-up was filed January 2, 2016, nothing had been transferred to FREC for the bond obligations due on August 1, 2016.
- (2) The difference between prior period true-up and current period true-up is mainly due to forecasted kWh sales being lower than actuals 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) and the date the new rates became effective (March 2). Therefore, the prior period true-up amount represents forecasted kWh sales from March 2016 through July 2016 (5 months), while the current period true-up amount represents forecasted kWh sales from June 2016 through July 2016 (2 months).
- (4) The current period true-up amount represents what is expected to be billed and collected for April and May 2016 (2 months), and collected in June 2016 for amounts billed in May 2016. The prior period true-up amount represents what was expected to be billed and collected for February 2016 (1 month), and collected in March 2016 for amounts billed in February 2016.

Julie I. Brown, Chairman

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Per FPL's request in its True-Up Adjustment Letter dated April 1, 2016, and in accordance with the Financing Order, the proposed adjustments to the storm recovery charges and the tax charges will be effective on June 1, 2016. Staff is preparing the required approval letter for the new tariff sheets.

ALM/DRB:dr

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

FLORIDA POWER & LIGHT COMPANY

~~Thirty-First~~ Thirty-Second Revised Sheet No. 8.040  
 Cancels ~~Thirty-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 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	0.0030 097	0.0140 047	0.1340 144
GS-1. GST-1	0.0790 081	0.0440 047	0.1230 129
GSD-1. GSDT-1. HLFT-1. SDTR (21-499 KW)	0.0510 033	0.0340 039	0.0850 092
GSLD-1. GSLDT-1. CS-1. CST-1. HLFT-2. SDTR (500- 1,999 KW)	0.0470 049	0.0340 039	0.0810 088
GSLD-2. GSLDT-2. CS-2. CST-2. HLFT-3. SDTR (2000- KW)	0.0370 038	0.0130 015	0.0500 053
GSLD-3. GSLDT-3. CS-3. CST-3	0.008	0.000	0.008
OS-2	0.3250 338	0.1640 188	0.4890 526
MET	0.0560 038	0.0340 039	0.0900 097
CILC-1(G)	0.0470 049	0.0340 039	0.0810 088
CILC-1(D)	0.0370 038	0.0130 015	0.0500 053
CILC-1(T)	0.008	0.000	0.008
SL-1. PL-1	0.5720 595	0.2710 310	0.8430 905
OL-1	0.5820 605	0.2710 310	0.8530 915
SL-2. GSCU-1	0.0370 038	0.0130 015	0.0500 053
SST-1(T). ISST-1(T)	0.008	0.000	0.008
SST-1(D1). SST-1(D2)	0.1230 128	0.0590 067	0.1820 195
SST-1(D3). ISST-1(D)			

(Continued on Sheet No. 8.041)

