

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: April 12, 2017

TO: Julie I. Brown, Chairman
Art Graham, Commissioner
Ronald A. Brisé, Commissioner
Jimmy Patronis, Commissioner
Donald J. Polmann, 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 March 31, 2017 Request by FPL for a Routine Storm Charge True-Up Adjustment effective June 1, 2017.

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2017 APR 13 PM 1:00
COMMISSION
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-seventh True-Up Adjustment Letter on March 31, 2017.

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 March 31, 2017, and its accompanying 27 pages of supporting schedules were reviewed by staff and no mathematical errors were found.

Attached is FPL's Thirty-Seventh Revised Sheet No. 8.040 in legislative format. The sum of the storm bond repayment charge and storm bond tax charge for the residential class will increase from \$1.25 to \$1.32 per 1,000 kWh. For the residential customer using 1,000 kWh, the residential bill will increase from \$102.54 to \$102.62 (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 billed and collected for the months of February 2017 and March 2017, while the prior period true-up did not include amounts billed and collected for the current remittance period.
- (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 (Feb 2017) and the date the new rates became effective (Mar 2017). Therefore, the prior period true-up amount represents forecasted kWh sales from March 2017 – July 2017 (5 months), while the current period true-up amount represents forecasted kWh sales from June 2017 – July 2017 (2 months).
- (4) The current period true-up amount represents what is expected to be billed and collected for April and May 2017 (2 months), and collected in June 2017 for amounts billed in May 2017. The prior period true-up amount represents what was expected to be billed and collected for February 2017 (1 month), and collected in March 2017 for amounts billed in February.

Per FPL's request in its True-Up Adjustment Letter dated March 31, 2017, 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, 2017. Staff is preparing the required approval letter for the new tariff sheets.

ALM/crr

Julie I. Brown, Chairman

Page 3 of 5

April 12, 2017

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

FLORIDA POWER & LIGHT COMPANY

~~Thirty-Sixth~~ Seventh Revised Sheet No. 8.040
 Cancel: ~~Thirty-Fifth~~ Sixth 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	0.0860.092	0.0390.040	0.1250.132
GS-1, GST-1	0.0720.077	0.0390.040	0.1110.117
GSD-1, GSDT-1, HLFT-1, SDTR (21-499 KW)	0.0470.050	0.0320.034	0.0890.084
GSLD-1, GSLDT-1, CS-1, CST-1, HLFT-2, SDTR (500- 1,999 KW)	0.0420.045	0.0320.033	0.0740.078
GSLD-2, GSLDT-2, CS-2, CST-2, HLFT-3, SDTR (2000+ KW)	0.0340.036	0.012	0.0460.048
GSLD-3, GSLDT-3, CS-3, CST-3	0.007	0.000	0.007
OS-2	0.2960.316	0.1580.164	0.4540.480
MET	0.0590.053	0.0320.033	0.0920.086
CILC-1(G)	0.0490.043	0.0390.031	0.0790.074
CILC-1(D)	0.0330.035	0.012	0.0450.047
CILC-1(T)	0.007	0.000	0.007
SL-1, SL-1M, PL-1, LT-1	0.5140.548	0.2560.266	0.7700.814
OL-1	0.5270.562	0.2580.268	0.7850.830
SL-2, SL-2M, GSCU-1	0.0390.042	0.0140.015	0.0530.057
SST-1(T), ISST-1(T)	0.0190.011	0.000	0.0190.011
SST-1(D1), SST-1(D2) SST-1(D3), ISST-1(D)	0.0950.101	0.0420.049	0.1420.150

(Continued on Sheet No. 8.041)

