

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:** November 20, 2017

**TO:** Julie I. Brown, Chairman  
Art Graham, Commissioner  
Ronald A. Brisé, Commissioner  
Donald J. Polmann, Commissioner  
Gary F. Clark, Commissioner

**FROM:** Andrew L. Maurey, Director, Division of Accounting & Finance

**RE:** Docket No. 20060038-EI Petition for Issuance of a Storm Recovery Financing Order by FPL) Response to the November 2, 2017 request by FPL for a Routine Storm Charge True-Up Adjustment effective January 1, 2018 billing cycle.

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COMMISSION CLERK  
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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, 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-ninth True-Up Adjustment Letter on November 2, 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 November 2, 2017, and its accompanying 27 pages of supporting schedules were reviewed by staff and no mathematical errors were found.

Attached is FPL's Thirty-Ninth 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 decrease from \$1.26 to \$1.20 per 1,000 kWh. For the residential customer using 1,000 kWh, the residential bill will decrease from \$102.55 to \$102.49 (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 prior period true-up only takes into account a one month overlap with the date the principal and interest payments were made (August 1) and the date the new rate became effective (September 1). As a result, nothing was transferred to FREC for the bond obligations due on February 1, 2018. The current period true-up amount represents what was collected from August 1, 2017 through October 31, 2017.
- (2) The prior period true-up only takes into account a one month overlap with the date the principal and interest payments were made (August 1) and the date the new rate became effective (September 1). Therefore, the prior period true-up amount represents what was expected to be billed and collected from September 2017 through January 2018 (five months), while the current period true-up amount represents what is expected to be billed and collected for January 2018 (one month).
- (3) The current period true-up over collections of the August 1, 2017 remittance period requirements is mainly due to actual kWh sales being higher than forecasted sales.

Julie I. Brown, Chairman

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Per FPL's request in its True-Up Adjustment Letter dated November 2, 2017, and in accordance with the Financing Order, the proposed adjustments to the storm recovery charges and the tax charges will be effective beginning with the January 1, 2018 billing cycle. Staff is preparing the required approval letter for the new tariff sheets.

ALM/crr

Attachments

cc: Braulio Baez  
Keith Hetrick  
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-Eighth~~<sup>Ninth</sup> Revised Sheet No. 8.040  
 Cancels ~~Thirty-Seventh~~<sup>Eighth</sup> 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	0.0830.018	0.0430.102	0.1260.120
GS-1, GST-1	0.0700.015	0.0430.102	0.1130.117
GSD-1, GSDT-1, HLFT-1, SDTR (21-499 KW)	0.0450.010	0.0370.088	0.0820.098
GSLD-1, GSLDT-1, CS-1, CST-1, HLFT-2, SDTR (500- 1,999 KW)	0.0410.009	0.0360.086	0.0770.095
GSLD-2, GSLDT-2, CS-2, CST-2, HLFT-3, SDTR (2000+ KW)	0.0330.007	0.0130.031	0.0460.038
GSLD-3, GSLDT-3, CS-3, CST-3	0.0060.001	0.000	0.0060.001
OS-2	0.2860.061	0.1770.422	0.4630.483
MET	0.0480.010	0.0360.086	0.0840.096
CILC-1(G)	0.0390.008	0.0330.079	0.0720.087
CILC-1(D)	0.0320.007	0.0130.031	0.0450.038
CILC-1(T)	0.0060.001	0.000	0.0060.001
SL-1, SL-1M, PL-1, LT-1	0.4860.105	0.2860.682	0.7820.787
OL-1	0.5090.108	0.2890.689	0.7980.797
SL-2, SL-2M, GSCU-1	0.0380.008	0.0160.038	0.0540.046
SST-1(T), ISST-1(T)	0.0100.002	0.000	0.0100.002
SST-1(D1), SST-1(D2) SST-1(D3), ISST-1(D)	0.0910.019	0.0530.126	0.1440.145

(Continued on Sheet No. 8.041)

