

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: September 25, 2019

TO: Art Graham, Chairman
Julie I. Brown, Commissioner
Donald J. Polmann, Commissioner
Gary F. Clark, Commissioner
Andrew Giles Fay, 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 August 30, 2019, request by FPL to credit over-collection of charges to customers as one-time credit.

RECEIVED-FPSC
2019 SEP 25 PM 3:43
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, 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.

On August 1, 2019, in compliance with the Financing Order and Servicing Agreement, FPL made its final payment on the Bonds to The Bank of New York. On August 27, 2019, the Bank of New York issued a Satisfaction and Discharge of Indenture, discharging the Bonds.

FPL's collection of charges for the period February 1, 2019, through July 31, 2019, up to the final discharge of the bonds, has resulted in an over-collection of storm recovery charges in the amount of \$6,278,065 and tax charges in the amount of \$5,605,641. The Financing Order, Paragraph 113, provides:

Upon the maturity of the storm-recovery bonds and upon discharge of all obligations in respect thereof, remaining amounts in the Collection Account will be released to the SPE and will be available for distribution by the SPE to FPL. Equivalent amounts, less the amount of the Capital Subaccount and earnings thereon, will be credited by FPL to current customers' bills in the same manner that the charges were collected, or through a credit to the [Storm] Reserve or the

Art Graham, Chairman

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capacity cost recovery clause if the Commission determines at the time of retirement that a direct credit to customers' bills is not cost-effective. FPL shall similarly credit customers an aggregate amount equal to any Storm Bond Repayment Charges subsequently received by the SPE or its successor in interest to the Bondable Storm Recovery Property. Storm Bond Tax Charges in excess of amounts required to pay or reimburse FPL for all Taxes or other items of financing costs described in Section 366.8260(1)(e)4., 5., and 6., Florida Statutes, shall be credited to the [Storm] Reserve.

FPL proposes to credit the over-collection of storm recovery charges to customers as a one-time credit through a routine true-up in the same manner that the charges were collected. The one-time credit will be effective as of November 1, 2019, the first day of the billing cycle and will cease on November 30, 2019. As provided by the Financing Order, FPL proposes to credit the over-collection of tax charges to FPL's Storm Reserve.

Attached is FPL's Forty-Sixth Revised Sheet No. 8.040 in legislative format. The amount of the one-time credit will be \$0.90 per 1,000 kWh. For the residential customer using 1,000 kWh, the residential bill for November 2019 will decrease from \$99.90 to \$98.97 (including gross receipts tax).

FPL also proposes that any difference between the storm recovery charges over collection of \$6,278,065 and the actual amount refunded in the one-time credit to customers in the month of November 2019 be applied to FPL's Storm Reserve pursuant to the Financing Order. This difference will be calculated after the one-time credit is complete and provided to the Commission.

Pursuant to Section 8.11 of the Servicing Agreement, the Servicing Agreement terminates upon retirement, redemption, or legal defeasance in full accordance with the Indenture. After the bonds have terminated, the Servicer is still required to submit certain annual reports required under Article Three of the Servicing Agreement for the 2019 calendar year, and will do so prior to March 30, 2020.

ALM/crr
Attachment

cc: Braulio Baez
Keith Hetrick
Mark Futrell
Cheryl Bulecza-Banks
Mark Cicchetti
✓ Adam Teitzman
Mary Anne Helton
J.R. Kelly, Office of Public Counsel
Kenneth M. Rubin, Florida Power and Light

Forty-FifthSixth Revised Sheet No. 8.040
 Cancels Forty-FourthFifth Revised Sheet No. 8.040

FLORIDA POWER & LIGHT

STORM CHARGE

RESERVED FOR FUTURE USE

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	STORM BOND REPAYMENT CHARGE	STORM BOND TAX CHARGE	TOTAL STORM CHARGE
RS-1, RTR-1	-0.090	0.000	-0.090
GS-1, GST-1	-0.075	0.000	-0.075
GSD-1, GSDT-1, HLET-1, SDTR (21,499 KW)	-0.049	0.000	-0.049
GSLD-1, GSLDT-1, CS-1, CST-1, HLET-2, SDTR (500-1,999 KW)	-0.044	0.000	-0.044
GSLD-2, GSLDT-2, CS-2, CST-2, HLET-3, SDTR (2000+ KW)	-0.034	0.000	-0.034
GSLD-3, GSLDT-3, CS-3, CST-3	-0.004	0.000	-0.004
OS-2	-0.306	0.000	-0.306
MET	-0.049	0.000	-0.049
CILC-1(G)	-0.040	0.000	-0.040
CILC-1(D)	-0.034	0.000	-0.034
CILC-1(C)	-0.004	0.000	-0.004
SL-1, SL-1M, PL-1, RL-1, LT-1	-0.526	0.000	-0.526
OL-1	-0.541	0.000	-0.541
SL-2, SL-2M, GSCU-1	-0.040	0.000	-0.040
SST-1(C), ISST-1(C)	-0.010	0.000	-0.010
SST-1(D1), SST-1(D2) SST-1(D3), ISST-1(D)	-0.095	0.000	-0.095

Issued by: Tiffany Cohen, Director, Rates and Tariffs
 Effective: August 1, 2019