

State of Florida



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Public Service Commission

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COMMISSION
CLERK

-M-E-M-O-R-A-N-D-U-M-

DATE: October 22, 2009

TO: Matthew M. Carter II, Chairman
Lisa Polak Edgar, Commissioner
Nancy Argenziano, Commissioner
Nathan A. Skop, Commissioner

FROM: Timothy J. Devlin, Director, Division of Economic Regulation *TJD*

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, and the Financing Order by ensuring that the storm recovery charges will recover amounts sufficient to timely provide for 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 fifth True-Up Adjustment Letter on September 25, 2009.

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

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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 23 pages of supporting schedules were reviewed by staff. Based on this review, no mathematical errors were found.

Attached is FPL's Fifth Revised Sheet No. 8.040 in legislative format. This attachment shows the revised storm recovery charges, tax charges, and total storm charges for all rate classes. The sum of the storm recovery charge and tax charge for the residential class will increase from \$0.42 to \$2.59 per 1000 kWh. For the residential customer using 1000 kWh, the residential bill will increase from \$108.49 to \$110.72 (including gross receipts tax).

As the second attachment shows, the storm recovery charge has been somewhat volatile over the past three remittance periods. Part of the explanation for this volatility is due to the Company's use of an incorrect uncollectible rate in the determination of the storm charge that went into effect in November 2008. The primary reason for the adjustment to the storm charge for the next period is a decline in kWh sales from the previously projected level due to slower customer growth and lower customer usage.

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 November 1, 2009. Staff is preparing the required approval letter for the new tariff sheets.

cc: Mary A. Bane
Charles Hill
Ann Cole
Mary Anne Helton
Andrew L. Maurey
J.R. Kelly, Office of Public Counsel
Ken Hoffman, Florida Power and Light Company

Attachments

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, RST-1	0.048146	0.006113	0.042259
GS-1, GST-1, WIES-1	0.043131	0.005094	0.038225
GSD-1, GSDT-1, HLFT-1, SDTR (21-499 KW)	0.029089	0.004075	0.025164
GSLD-1, GSLDT-1, HLFT-2, SDTR (500-1,999 KW)	0.026079	0.003056	0.023135
CS-1, CST-1	0.029089	0.004075	0.025164
GSLD-2, GSLDT-2, HLFT-3, SDTR (2000+ KW)	0.021064	0.003056	0.018120
CS-2, CST-2	0.033101	0.004075	0.029176
GSLD-3, GSLDT-3, CS-3, CST-3	0.004012	0.001019	0.003031
OS-2	0.133406	0.016301	0.117707
MET	0.033101	0.004075	0.029176
CILC-1(G)	0.028085	0.004075	0.024160
CILC-1(D)	0.020061	0.003056	0.017117
CILC-1(T)	0.004012	0.001019	0.003031
SL-1, PL-1	0.3461056	0.043808	0.3031864
OL-1	0.3751145	0.046865	0.3292010
SL-2, GSCU-1	0.016049	0.002038	0.014087
SST-1(T), ISST-1(T)	0.004012	0.001019	0.003031
SST-1(D1), SST-1(D2) SST-1(D3), ISST-1(D)	0.086262	0.011207	0.075469

(Continued on Sheet No. 8.041)

