

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:** April 28, 2015

**TO:** Art Graham, Chairman  
Lisa Polak Edgar, Commissioner  
Ronald A. Brisé, Commissioner  
Julie I. Brown, 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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 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 twenty-ninth True-Up Adjustment Letter on April 1, 2015.

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 and its accompanying 25 pages of supporting schedules were reviewed by staff and no mathematical errors were found.

Attached is FPL's Twenty-Ninth 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 \$1.40 to \$1.50 per 1,000 kWh. For the residential customer using 1,000 kWh, the residential bill will increase from \$97.11 to \$97.21 (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 FREC for the months of February 2015 and March 2015. The prior period true-up only took into account one month of overlap with the date the principal and interest payments were made (February 2) and the date the new rates became effective (March 2). Since the storm charge true-up was filed January 2, 2015, nothing had been transferred to FREC for the bond obligations due on August 3, 2015.
- (2) The difference between prior period true-up and current year 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 2) and the date the new rates became effective (March 2). Therefore, the prior period true-up amount represents forecasted kWh sales from March 2015 - July 2015 (5 months), while the current period true-up amount represents forecasted kWh sales from June 2015 - July 2015 (2 months).
- (4) The current period true-up amount represents what is expected to be billed and collected for April and May 2015 (2 months), and collected in June 2015 for amounts billed in May 2015. The prior period true-up amount represents what was expected to be billed and collected for February 2015 (1 month), and collected in March 2015 for amounts billed in February 2015.

Art Graham, Chairman

April 28, 2015

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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 June 1, 2015. Staff is preparing the required approval letter for the new tariff sheets.

ALM/DRB:dr

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

FLORIDA POWER & LIGHT COMPANY

Twenty-Eighth Revised Sheet No. 8.040  
 Cancels Twenty-Seventh 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	0.0980.105	0.0420.045	0.1400.150
GS-1, GST-1	0.0830.089	0.0420.045	0.1250.134
GSD-1, GSDT-1, HLFT-1, SDTR (21-499 KW)	0.0540.058	0.0350.038	0.0890.096
GSLD-1, GSLDT-1, CS-1, CST-1, HLFT-2, SDTR (500- 1,999 KW)	0.0500.054	0.0350.038	0.0850.092
GSLD-2, GSLDT-2, CS-2, CST-2, HLFT-3, SDTR (2000+ KW)	0.038 0.041	0.013 0.014	0.0510.055
GSLD-3, GSLDT-3, CS-3, CST-3	0.0080.009	0.000	0.0080.009
OS-2	0.3440.365	0.1670.181	0.5080.546
MET	0.0590.063	0.0350.038	0.0940.101
CILC-1(G)	0.0500.054	0.0350.038	0.0850.092
CILC-1(D)	0.0380.041	0.0130.014	0.0510.055
CILC-1(T)	0.0080.009	0.000	0.0080.009
SL-1, PL-1	0.6000.643	0.2760.299	0.8760.942
OL-1	0.6140.655	0.2760.299	0.8870.954
SL-2, GSCU-1	0.0380.041	0.0130.014	0.0510.055
SST-1(T), ISST-1(T)	0.0080.009	0.000	0.0080.009
SST-1(D1), SST-1(D2) SST-1(D3), ISST-1(D)	0.1300.139	0.0600.065	0.1900.204

(Continued on Sheet No. 8.041)

