

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 18, 2015

TO: Art Graham, Chairman
Lisa Polak Edgar, Commissioner
Ronald A. Brisé, Commissioner
Julie I. Brown, Commissioner
Jimmy T. 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) Acknowledgement of Notification by FPL for a possible modification to the timing of the 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, issued on May 22, 2007, (Storm Recovery Bonds) is required to file routine true-up adjustments to the storm recovery bond repayment charges and the storm recovery bond tax charges (collectively referred to as "storm recovery 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. On September 14, 2015, FPL filed a letter informing the Commission of a potential modification to FPL's timing of the true-up adjustments.

In a letter dated June 1, 2010, FPL advised the Commission it was implementing quarterly routine storm recovery charge true-ups to lessen the billing impacts of large fluctuations in the amount of the storm recovery charges. The quarterly true-up adjustments are consistent with existing provisions of the referenced statute and the Financing Order, and have worked well with the exception of the quarterly true-up adjustment filed on November 1 of each year, with an effective date of January 1. In this instance, there is only one month between when the storm recovery charges for the true-up adjustment submitted on November 1 go into effect on January 1 and the next bond payment date of February 1. Consequently, the storm recovery charges effective on January 1 can fluctuate dramatically in order to recover the over or under-collection true-up in just the one month of January. As shown on the graph in Attachment No. 1, the 1,000 kWh residential storm recovery charge in effect from September 1, 2014, to January 1, 2015, was \$1.16; whereas the charge implemented on January 2, 2015, was \$0.86. Because FPL continued collecting at the \$0.86 charge until the next quarterly true-up became effective on March 2, 2015, FPL needed to increase the charge to \$1.40 on March 2, 2015, in order to collect enough for the next Storm Recovery Bond payment on August 1. Had FPL not requested the

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true-up adjustment for the storm recovery charges effective on January 2, the storm recovery charges would have stayed at \$1.16 and then increased to \$1.27 on March 2, 2015.

As such, FPL intends to continue with the current filing schedule (January 1, April 1, July 1, and November 1). However, FPL proposes to skip the November 1 filing (storm recovery charges effective January 1) if the change is more than plus or minus 15 percent from the rate in effect at that time. This change in the filing schedule is in full compliance with, and is permissive under, the Servicing Agreement since FPL will continue to meet the requirement of filing on or before March 30 and September 30 of each year. By implementing this further refinement to the routine true-up filings, FPL believes that it will help smooth out the storm recovery charges in the future.

ALM/DRB:dr

cc: Braulio Baez
Lisa S. Harvey
Cheryl Bulecza-Banks
Mark Cicchetti
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