

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: August 16, 2018

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 July 3, 2018 request by FPL for a Routine Storm Charge True-Up Adjustment effective September 1, 2018 billing cycle.

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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, 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 forty-second True-Up Adjustment Letter on July 3, 2018.

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 July 3, 2018, and its accompanying 25 pages of supporting schedules were reviewed by staff and no mathematical errors were found.

Note (F) in Attachment A-1 states "FPL utilized a blended federal and state tax rate of 38.575% to calculate this amount, which does not reflect the impacts of the Tax Cuts and Jobs Act of 2017. FPL will address in Docket No. 20180046-EI how the resulting excess deferred taxes will be turned around for the benefit of customers."

Attached is FPL's Forty-Second 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 \$1.48 to \$1.24 per 1,000 kWh. For the residential customer using 1,000 kWh, the residential bill will decrease from \$98.87 to \$98.63 (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 only takes into account one month overlap with the date the principal and interest payments are made (August 1, 2018) and the date the new rate becomes effective (September 1, 2018). Therefore, nothing has been transferred to FREC yet for the bond obligations due on February 1, 2019.
- (2) The forecasted over collection of prior remittance period is mainly due to forecasted kWh sales being lower than actual for the prior period.
- (3) The current period true-up amount represents what is expected to be billed and collected from September 2018 to January 2019 (five months), while the prior period true-up amount represents what was expected to be billed and collected from June 2018 to July 2018 (two months).

Art Graham, Chairman
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Per FPL's request in its True-Up Adjustment Letter dated July 3, 2018, 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 September 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

~~Forty-First~~ Second Revised Sheet No. 8.040
Cancels ~~Forty-First~~ Forty-First 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	0.1220 071	0.0260 053	0.1480 124
GS-1, GST-1	0.1020 059	0.0260 053	0.1280 112
GSD-1, GSDT-1, HLFT-1, SDTR (21-499 KW)	0.0680 039	0.0230 047	0.0910 086
GSLD-1, GSLDT-1, CS-1, CST-1, HLFT-2, SDTR (500- 1,999 KW)	0.0610 035	0.0220 045	0.0830 080
GSLD-2, GSLDT-2, CS-2, CST-2, HLFT-3, SDTR (2000+ KW)	0.0470 027	0.0080 016	0.0550 043
GSLD-3, GSLDT-3, CS-3, CST-3	0.0060 003	0.000	0.0060 003
OS-2	0.4150 241	0.1090 221	0.5240 462
MET	0.0680 039	0.0220 045	0.0900 084
CILC-1(G)	0.0550 032	0.0210 043	0.0760 075
CILC-1(D)	0.0470 027	0.0080 016	0.0550 043
CILC-1(T)	0.0060 003	0.000	0.0060 003
SL-1, SL-1M, PL-1, RL-1, LT-1	0.7150 415	0.1760 357	0.8910 772
OL-1	0.7350 427	0.1780 361	0.9130 788
SL-2, SL-2M, GSCU-1	0.0550 032	0.0100 020	0.0650 052
SST-1(T), ISST-1(T)	0.0140 008	0.000	0.0140 008
SST-1(D1), SST-1(D2) SST-1(D3), ISST-1(D)	0.1300 075	0.0330 067	0.1630 142

(Continued on Sheet No. 8.041)

