

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: January 30, 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 December 31, 2018 request by FPL for a Routine Storm Charge True-Up Adjustment effective March 1, 2019 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-third True-Up Adjustment Letter on December 31, 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 December 31, 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-Third 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 increase from \$1.24 to \$1.25 per 1,000 kWh. For the residential customer using 1,000 kWh, the residential bill will increase from \$100.73 to \$100.74 (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 prior period true-up amount only includes the administration fee versus the current period true-up amount, which includes the administration fee plus other on-going costs (i.e. annual rating agency surveillance fees, audit fee, and investment advisor fee).
- (2) The prior period true-up amount represents what was expected to be billed and collected under the revised rate for September 2018, while the current period true-up amount represents what is expected to be billed and collected under the revised rate for March 2019 through July 2019 (five months).
- (3) The current period true-up amount represents what is expected to be billed and collected for February 2019 (one month), and collected in March 2019 for amounts billed in February 2019. The prior period true-up amount represents what was expected to be billed and collected for August 2018 through December 2018 (five months), and collected in January 2019 for amounts billed in December 2018.

Art Graham, Chairman
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Per FPL's request in its True-Up Adjustment Letter dated December 31, 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 March 1, 2019 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
✓ Adam Teitzman
Mary Anne Helton
J.R. Kelly, Office of Public Counsel
Scott A. Goorland, Florida Power and Light Company

FLORIDA POWER & LIGHT COMPANY ~~Forty-Second~~^{Third} Revised Sheet No. 8.040
 Cancels ~~Forty-First~~^{Second} 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	0.0710.085	0.0530.040	0.1240.125
GS-1, GST-1	0.0590.071	0.0530.040	0.1120.111
GSD-1, GSDT-1, HLFT-1, SDTR (21-499 KW)	0.0390.047	0.0470.035	0.0860.082
GSLD-1, GSLDT-1, CS-1, CST-1, HLFT-2, SDTR (500-1,999 KW)	0.0350.042	0.0450.034	0.0800.076
GSLD-2, GSLDT-2, CS-2, CST-2, HLFT-3, SDTR (2000+ KW)	0.0270.032	0.0160.012	0.0430.044
GSLD-3, GSLDT-3, CS-3, CST-3	0.0030.004	0.000	0.0030.004
OS-2	0.2410.289	0.2210.166	0.4620.455
MET	0.0390.047	0.0450.034	0.0840.081
CILC-1(G)	0.0320.038	0.0430.032	0.0750.070
CILC-1(D)	0.0270.032	0.0160.012	0.0430.044
CILC-1(T)	0.0030.004	0.000	0.0030.004
SL-1, SL-1M, PL-1, RL-1, LT-1	0.4150.497	0.3570.269	0.7720.766
OL-1	0.4270.512	0.3610.272	0.7880.784
SL-2, SL-2M, GSCU-1	0.0320.038	0.0200.015	0.0520.053
SST-1(T), ISST-1(T)	0.0080.010	0.000	0.0080.010
SST-1(D1), SST-1(D2) SST-1(D3), ISST-1(D)	0.0750.090	0.0670.050	0.1420.140

(Continued on Sheet No. 8.041)

