

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:** April 11, 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 April 2, 2019 request by FPL for a Routine Storm Charge True-Up Adjustment effective June 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-fourth True-Up Adjustment Letter on April 2, 2019.

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 April 2, 2019, and its accompanying 23 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-Fourth 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 \$1.25 to \$1.34 per 1,000 kWh. For the residential customer using 1,000 kWh, the residential bill will increase from \$101.18 to \$101.27 (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 forecasted over collection of prior remittance period is mainly due to forecasted kWh sales being lower than actuals for the prior period.
- (2) The current period true-up amount represents what is expected to be billed and collected for April and May 2019 (two months), and collected in June 2019 for amounts billed in May 2019. The prior period true-up amount represents what was expected to be billed and collected for February 2019 (one month), and collected in March 2019 for amounts billed in February 2019.
- (3) The prior period true-up amount represents what was expected to be billed and collected under the revised rate effective March 2019, while the current period true-up amount represents what is expected to be billed and collected under the revised rate for June and July 2019 (two months).
- (4) The current period true-up amount represents what was billed and collected for the months of February 2019 and March 2019, while the prior period true-up did not include amounts billed and collected for the current remittance period.
- (5) The prior period true-up only took into account one month of overlap with the date the principal and interest payments were made (February 1, 2019) and the date the new rates became effective (March 1, 2019). Therefore, the prior period true-up amount represents forecasted kWh sales from March 2019 through July 2019 (five months), while the current period true-up amount represents forecasted kWh sales from June 2019 through July 2019 (two months).

Art Graham, Chairman

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Per FPL's request in its True-Up Adjustment Letter dated April 2, 2019, 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 June 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  
William P. Cox, Florida Power and Light Company

**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	0.0850.089	0.0400.045	0.1250.134
GS-1, GST-1	0.0740.074	0.0400.045	0.1140.119
GSD-1, GSDT-1, HLFT-1, SDTR (21-499 KW)	0.0470.049	0.0350.039	0.0820.088
GSLD-1, GSLDT-1, CS-1, CST-1, HLFT-2, SDTR (500-1,999 KW)	0.0420.044	0.0340.038	0.0760.082
GSLD-2, GSLDT-2, CS-2, CST-2, HLFT-3, SDTR (2000+ KW)	0.0320.034	0.0120.013	0.0440.047
GSLD-3, GSLDT-3, CS-3, CST-3	0.004	0.000	0.004
OS-2	0.2890.303	0.1660.185	0.4550.488
MET	0.0470.049	0.0340.038	0.0810.087
CILC-1(G)	0.0380.040	0.0320.036	0.0700.076
CILC-1(D)	0.0320.034	0.0120.013	0.0440.047
CILC-1(T)	0.004	0.000	0.004
SL-1, SL-1M, PL-1, RL-1, LT-1	0.4970.521	0.2690.299	0.7660.820
OL-1	0.8120.536	0.2720.303	0.7840.839
SL-2, SL-2M, GSCU-1	0.0380.040	0.0150.017	0.0530.057
SST-1(T), JSST-1(T)	0.010	0.000	0.010
SST-1(D1), SST-1(D2) SST-1(D3), JSST-1(D)	0.0990.094	0.0500.056	0.1490.150

(Continued on Sheet No. 8.041)

