

State of Florida



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Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: March 27, 2009

TO: Matthew M. Carter II, Chairman
Lisa Polak Edgar, Commissioner
Katrina J. McMurrin, Commissioner
Nancy Argenziano, Commissioner
Nathan A. Skop, Commissioner

FROM: Timothy J. Devlin, Director, Division of Economic Regulation *TJD*

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

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 timely provide for 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 fourth True-Up Adjustment Letter on March 2, 2009.

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

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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 18 pages of supporting schedules were reviewed by staff. Based on this review, no mathematical errors were found.

Attached is FPL's Fourth Revised Sheet No. 8.040 in legislative format. This attachment shows the revised storm recovery charges, tax charges, and total storm charges for all rate classes. The sum of the storm recovery charge and tax charge for the residential class will decrease from \$1.45 to \$0.42 per 1000 kWh. For the residential customer using 1000 kWh, the residential bill will decrease from \$109.55 to \$108.49 as a result of the proposed true-up adjustment. The primary reason for the adjustment is to correct for an over collection in the prior remittance period. The total storm charge billed in the prior period was determined using an incorrect uncollectible rate. For this reason, the amount billed and collected in the prior period exceeded the amount required. The proposed total storm charge is lower than it would have been otherwise to address the overcharge billed and collected in the prior period. Also contributing to the decrease in the factor is a scheduled principal payment in the prospective period that is less than the principal payment in the prior period. These two factors are slightly offset by lower interest income earned on the collections due to a lower interest rate than what was forecasted and lower kWh sales for the current true-up period versus the prior true-up period due to seasonality.

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 May 1, 2009. Staff is preparing the required approval letter for the new tariff sheets.

cc: Mary A. Bane
Charles Hill
Booter Imhof
Ann Cole
Andrew L. Maurey
J.R. Kelly, Office of Public Counsel
Ken Hoffman, Florida Power and Light Company

Attachment

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, RST-1	0.099048	0.046006	0.145042
GS-1, GST-1, WIES-1	0.088043	0.040005	0.128038
GSD-1, GSDT-1, HLFT-1, SDTR (21-499 KW)	0.066029	0.029004	0.089025
GSLD-1, GSLDT-1, HLFT-2, SDTR (500-1,999 KW)	0.054026	0.025003	0.079023
CS-1, CST-1	0.066029	0.029004	0.089025
GSLD-2, GSLDT-2, HLFT-3, SDTR (2000+ KW)	0.044021	0.021003	0.065018
CS-2, CST-2	0.067033	0.032004	0.099029
GSLD-3, GSLDT-3, CS-3, CST-3	0.008004	0.004001	0.012003
OS-2	0.274133	0.125016	0.399117
MET	0.068033	0.032004	0.100029
CILC-1(G)	0.058028	0.027004	0.085024
CILC-1(D)	0.042020	0.019003	0.061017
CILC-1(T)	0.009004	0.004001	0.013003
SL-1, PL-1	0.712346	0.327043	1.0390303
OL-1	0.771375	0.353046	1.1240329
SL-2, GSCU-1	0.033016	0.015002	0.048014
SST-1(T), ISST-1(T)	0.008004	0.004001	0.012003
SST-1(D1), SST-1(D2) SST-1(D3), ISST-1(D)	0.177086	0.080011	0.257075

(Continued on Sheet No. 8.041)