

State of Florida



RECEIVED-FPSC

10 FEB 25 PM 2:22

COMMISSION
CLERK


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: February 24, 2010

TO: Nancy Argenziano, Chairman
Lisa Polak Edgar, Commissioner
Nathan A. Skop, Commissioner
David E. Klement, Commissioner
Ben A. "Steve" Stevens III, Commissioner

FROM: Marshall Willis, Acting Director, Division of Economic Regulation 

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 sixth True-Up Adjustment Letter on January 29, 2010.

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

DOCUMENT NUMBER-DATE

01277 FEB 25 09

FPSC-COMMISSION CLERK

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.

In addition to making routine filings not less often than every six months, FPL may also file requests for non-routine storm charge true-up adjustments. As required by Section 4.01(c)(A) of the Servicing Agreement, FPL has revised its tariff sheets to reflect the decision in Docket No. 080677-EI regarding the allocation by customer class. FPL has requested this true-up adjustment take effect on March 1, 2010 when FPL's base rates are re-set. FPL's True-Up Adjustment Letter and its accompanying 27 pages of supporting schedules were reviewed by staff. Based on this review, no mathematical errors were found.

Attached is FPL's Sixth Revised Sheet No. 8.040 in legislative format. Attachment 1 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 \$2.59 to \$0.62 per 1000 kWh. However, because of the base rate increase approved in Docket No. 080677-EI of \$1.01 per 1000 kWh that will go into effect on March 1, 2010, the net effect is a reduction of \$0.99 per 1000 kWh. For the residential customer using 1000 kWh, the residential bill will decrease from \$95.43 to \$94.44 (including gross receipts tax).

As the second attachment shows, the storm recovery charge has been somewhat volatile over the past four remittance periods. Part of the explanation for this volatility is due to the Company's use of an incorrect uncollectible rate in the determination of the storm charge that went into effect in November 2008. The primary reason for the adjustment to the storm charge for the upcoming period is an increase in forecasted kWh sales during the prospective period compared to the prior period. Also contributing to the decrease in the factor is a scheduled principal and interest payment in the prospective period that is less than the principal and interest payment in the prior period.

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 March 1, 2010. Staff is preparing the required approval letter for the new tariff sheets.

cc: Timothy J. Devlin
Charles Hill
Ann Cole
Curt Kiser
Andrew L. Maurey
J.R. Kelly, Office of Public Counsel
Ken Hoffman, Florida Power and Light Company

Attachments

FLORIDA POWER & LIGHT COMPANY

Fifth-Sixth Revised Sheet No. 8.040
Cancels Fourth-Fifth 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, RST-1 | 0.146065 | 0.113(0.003) | 0.259062 |
| GS-1, GST-1, WIES-1 | 0.134056 | 0.094(0.003) | 0.228053 |
| GSD-1, GSDT-1, HLFT-1, SDTR (21-499 KW) | 0.089037 | 0.075(0.002) | 0.164035 |
| GSLD-1, GSLDT-1, HLFT-2, SDTR (500-1,999 KW) | 0.079034 | 0.056(0.002) | 0.135032 |
| CS-1, CST-1 | 0.089044 | 0.075(0.002) | 0.164042 |
| GSLD-2, GSLDT-2, HLFT-3, SDTR (2000+ KW) | 0.064027 | 0.056(0.001) | 0.120026 |
| CS-2, CST-2 | 0.104051 | 0.075(0.002) | 0.179049 |
| GSLD-3, GSLDT-3, CS-3, CST-3 | 0.012005 | 0.0190.000 | 0.031005 |
| OS-2 | 0.406233 | 0.304(0.011) | 0.709222 |
| MET | 0.104041 | 0.075(0.002) | 0.179039 |
| CILC-1(G) | 0.085034 | 0.075(0.002) | 0.160032 |
| CILC-1(D) | 0.064026 | 0.056(0.001) | 0.117025 |
| CILC-1(T) | 0.012005 | 0.0190.000 | 0.031005 |
| SL-1, PL-1 | 1.0560.407 | 0.808(0.019) | 1.8640.388 |
| OL-1 | 1.1450.416 | 0.865(0.019) | 2.0100.397 |
| SL-2, GSCU-1 | 0.049028 | 0.038(0.001) | 0.087027 |
| SST-1(T), ISST-1(T) | 0.012003 | 0.0190.000 | 0.031003 |
| SST-1(D1), SST-1(D2) SST-1(D3), ISST-1(D) | 0.262118 | 0.207(0.006) | 0.469112 |

(Continued on Sheet No. 8.041)

Issued by: S. E. Romig, Director, Rates and Tariffs
Effective: November 1, 2009

