

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 16, 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, 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

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 COMMISSION CLERK

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 seventh True-Up Adjustment Letter on March 1, 2010.

Paragraph 78 of the Financing Order describes how such True-Up Adjustment Letters are to be handled.

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 - CLK K. Perri
- 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

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

Attached is FPL's Seventh 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 \$0.62 to \$0.54 per 1000 kWh. For the residential customer using 1000 kWh, the residential bill will decrease from \$94.44 to \$94.36 (including gross receipts tax).

As the second attachment shows, the storm recovery charge has been somewhat volatile over past remittance periods. In its filing, FPL stated that it is in the process of researching options to better levelize the storm recovery charges and tax charges in the future. However, because the Commission approved FPL's request for a non-routine storm charge true-up adjustment that took effect on March 1, 2010, to coincide with the change in FPL's base rates, the incremental change in the storm charge in the instant case is not significant.

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, 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

Sixth ~~Seventh~~ Revised Sheet No. 8.040
Cancels Fifth ~~Sixth~~ 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	0.065059	(0.003005)	0.062054
GS-1, GST-1, WIES-1	0.056051	(0.003005)	0.053046
GSD-1, GSDT-1, HLFT-1, SDTR (21-499 KW)	0.037034	(0.002004)	0.035030
GSLD-1, GSLDT-1, HLFT-2, SDTR (500-1,999 KW)	0.034031	(0.002004)	0.032027
CS-1, CST-1	0.044040	(0.002004)	0.042036
GSLD-2, GSLDT-2, HLFT-3, SDTR (2000+ KW)	0.027025	(0.001002)	0.026023
CS-2, CST-2	0.051046	(0.002004)	0.049042
GSLD-3, GSLDT-3, CS-3, CST-3	0.005	0.000	0.005
OS-2	0.232212	(0.011020)	0.221192
MET	0.041037	(0.002004)	0.039033
CILC-1(G)	0.034031	(0.002004)	0.032027
CILC-1(D)	0.026024	(0.001002)	0.025022
CILC-1(T)	0.005	0.000	0.005
SL-1, PL-1	0.407371	(0.019034)	0.388337
OL-1	0.416379	(0.019034)	0.397345
SL-2, GSCU-1	0.027026	(0.001002)	0.026024
SST-1(T), ISST-1(T)	0.005	0.000	0.005
SST-1(D1), SST-1(D2) SST-1(D3), ISST-1(D)	0.085077	(0.004007)	0.081070

(Continued on Sheet No. 8.041)

Issued by: S. E. Romig, Director, Rates and Tariffs
Effective: ~~March 1, 2010~~

