



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: November 26, 2012

TO: Ronald A. Brisé, Chairman
Lisa Polak Edgar, Commissioner
Art Graham, Commissioner
Eduardo E. Balbis, Commissioner
Julie I. Brown, Commissioner

FROM: Marshall Willis, Director, Division of Accounting and Finance

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, (Statute) 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 seventeenth True-Up Adjustment Letter on November 1, 2012.

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

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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 18 pages of supporting schedules were reviewed by staff and no mathematical errors were found.

Attached is FPL's Seventeenth Revised Sheet No. 8.040 in legislative format. Attachment No. 1 shows the revised storm recovery charges, tax charges, and total storm recovery charges for all rate classes. The sum of the storm bond repayment charge and storm bond tax charge for the residential class will decrease from \$1.21 to \$0.39 per 1000 kWh. For the residential customer using 1000 kWh, the residential bill will decrease from \$94.75 to \$93.91 (including gross receipts tax).

The difference between the prior period true-up and current period true-up is:

(1) The prior period true-up only takes into account two months overlap with the date the principal and interest payments were made (August 1st) and the date the new rate became effective (October 1st) and as a result, nothing was transferred to FPL Recovery Funding LLC (FREC) for the next remittance on February 1, 2013. The current period true-up amount represents what was collected from August 1, 2012 – October 31, 2012.

(2) The prior period true-up only takes into account two months overlap with the date the principal and interest payments were made (August 1st) and the date the new rate became effective (October 1st). Therefore the prior period true-up amount represents what was expected to be billed and collected from October 2012 – January 2013 (4 months), while the current period true-up amount represents what is expected to be billed and collected under the revised rate for January 2013 (1 month).

It should be noted, the prior period and current period amounts for the storm bond repayment and tax charges are essentially the same amounts and are true-up on an ongoing basis. Variations in the amount charged to residential customers using 1000 kWh are a function of expected kWh sales versus actual kWh sales and the number of months being true-up. The 82 cents reduction in the current true-up period reflects the amounts collected and expected to be collected between August 1, 2012 and January 31, 2013 using the associated expected kWh sales.

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 January 1, 2013. Staff is preparing the required approval letter for the new tariff sheets.

Ronald A. Brisé, Chairman

November 26, 2012

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MW/MS:dr

cc: Braulio Baez
Charles Hill
Cheryl Bulecza-Banks
Mark Cicchetti
✓ Ann Cole
Curt Kiser
Clarence Prestwood
J.R. Kelly, Office of Public Counsel
Ken Hoffman, Florida Power and Light Company

FLORIDA POWER & LIGHT COMPANY

Sixteenth ~~Seventeenth~~ Revised Sheet No. 8.040
 Cancels Fifteenth ~~Sixteenth~~ 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, RSDPR-1	0.084027	0.033012	0.117039
GS-1, GST-1, WIES-1	0.077023	0.033012	0.110035
GSD-1, GSDT-1, HLFT-1, SDTR (21-499 KW)	0.054015	0.027010	0.081025
GSLD-1, GSLDT-1, HLFT-2, SDTR (500-1,999 KW)	0.047014	0.027010	0.074024
CS-1, CST-1	0.050018	0.027010	0.086028
GSLD-2, GSLDT-2, HLFT-3, SDTR (2000+ KW)	0.036011	0.043004	0.048015
CS-2, CST-2	0.074021	0.027010	0.098031
GSLD-3, GSLDT-3, CS-3, CST-3	0.006002	0.000	0.006002
OS-2	0.349026	0.130049	0.449075
MET	0.056017	0.027010	0.083027
CILC-1(G)	0.047014	0.027010	0.074024
CILC-1(D)	0.035011	0.042004	0.047015
CILC-1(T)	0.006002	0.000	0.006002
SL-1, PL-1	0.555168	0.224083	0.776251
OL-1	0.568171	0.221083	0.789254
SL-2, GSCU-1	0.034011	0.042004	0.050015
SST-1(T), ISST-1(T)	0.006002	0.000	0.006002
SST-1(D1), SST-1(D2) SST-1(D3), ISST-1(D)	0.146035	0.045017	0.161052

(Continued on Sheet No. 8.041)

Issued by: S. E. Romig, Director, Rates and Tariffs
 Effective: October 1, 2012

