

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: August 3, 2016

TO: Julie I. Brown, Chairman
Lisa Polak Edgar, Commissioner
Art Graham, Commissioner
Ronald A. Brisé, Commissioner
Jimmy Patronis, Commissioner

FROM: Andrew L. Maurey, Director, Division of Accounting & Finance

RE: Docket No. 060038-EI (Petition for Issuance of a Storm Recovery Financing Order by FPL) Response to July 1, 2016 Request by FPL for a Storm Charge True-Up Adjustment effective September 1, 2016.

RECEIVED-FPSC
2016 AUG -3 PM 3:26
COMMISSION CLERK
AGM

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 thirty-third True-Up Adjustment Letter on July 1, 2016.

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

Julie I. Brown, Chairman
Page 2 of 4
August 3, 2016

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 July 1, 2016, and its accompanying 25 pages of supporting schedules were reviewed by staff and no mathematical errors were found.

Attached is FPL's Thirty-Third 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 \$1.44 to \$1.17 per 1,000 kWh. For the residential customer using 1,000 kWh, the residential bill will decrease from \$91.84 to \$91.56 (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 current period true-up only takes into account one month overlap with the date the principal and interest payments are made (August 1) and the date the new rate becomes effective (September 1). Therefore, nothing has yet been transferred to FPL Recovery Funding LLC (FREC) for the bond obligations due on February 1, 2017.
- (2) The forecasted over collection of the prior remittance period is mainly due to forecasted kWh sales being lower than actuals for the prior period.
- (3) The current period true-up amount represents what is expected to be billed and collected from September 2016 through January 2017 (5 months), while the prior period true-up amount represents what was expected to be billed and collected from June 2016 through July 2016 (2 months).

Per FPL's request in its True-Up Adjustment Letter dated July 1, 2016, and in accordance with the Financing Order, the proposed adjustments to the storm recovery charges and the tax charges will be effective on September 1, 2016. Staff is preparing the required approval letter for the new tariff sheets.

ALM/DRB:dr

cc: Braulio Baez
Mark Futrell
Cheryl Bulecza-Banks
Mark Cicchetti
✓ Carlotta Stauffer
Mary Anne Helton
J.R. Kelly, Office of Public Counsel
Ken Hoffman, Florida Power and Light Company

FLORIDA POWER & LIGHT COMPANY

~~Thirty-Second~~Third Revised Sheet No. 8.040
 Cancels ~~Thirty-First~~Second 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. RTR-1	0.0070.079	0.0470.038	0.1440.117
GS-1. GST-1	0.0820.066	0.0470.038	0.1290.104
GSD-1. GSDT-1. HLFT-1. SDTR (21-499 KW)	0.0530.043	0.0390.032	0.0920.075
GSLD-1. GSLDT-1. CS-1. CST-1. HLFT-2. SDTR (500- 1.999 KW)	0.0490.040	0.0390.032	0.0880.072
GSLD-2. GSLDT-2. CS-2. CST-2. HLFT-3. SDTR (2000+ KW)	0.0380.031	0.0150.012	0.0530.043
GSLD-3. GSLDT-3. CS-3. CST-3	0.0080.006	0.000	0.0080.006
OS-2	0.3380.274	0.1880.154	0.5260.428
MET	0.0580.047	0.0390.032	0.0970.079
CILC-1(G)	0.0490.040	0.0390.032	0.0880.072
CILC-1(D)	0.0380.031	0.0150.012	0.0530.043
CILC-1(T)	0.0080.006	0.000	0.0080.006
SL-1. PL-1	0.5950.482	0.3100.253	0.9050.735
OL-1	0.6050.490	0.3100.253	0.9150.743
SL-2. GSCU-1	0.0380.031	0.0150.012	0.0530.043
SST-1(T). ISST-1(T)	0.0080.006	0.000	0.0080.006
SST-1(D1). SST-1(D2) SST-1(D3). ISST-1(D)	0.1280.104	0.0670.055	0.1950.159

(Continued on Sheet No. 8.041)

