

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: February 10, 2017

TO: Julie I. Brown, Chairman
Art Graham, Commissioner
Ronald A. Brisé, Commissioner
Jimmy Patronis, Commissioner
Donald J. Polmann, Commissioner

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

RE: Docket No. 150171-EI (Petition for Issuance of Nuclear Asset-Recovery Financing Order by Duke Energy Florida) Response to December 21, 2016 Request by Duke Energy Florida for a Routine Asset Securitization Charge True-Up Adjustment Effective March 1, 2017.

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COMMISSION CLERK

ALM

Pursuant to Order No. PSC-15-0537-FOF-EI (Financing Order) and Section 4.01(b)(i) of the Nuclear Asset-Recovery Property Servicing Agreement (Servicing Agreement), Duke Energy Florida, LLC (DEF) as Servicer of the Nuclear Asset-Recovery Bonds, Series A ("Bonds"), and on behalf of the New York Mellon Trust Company, National Association (the "Trustee") under the Indenture between Duke Energy Florida Project Finance, LLC, (the "Issuer") and the assignee of the Issuer, hereby requests an adjustment to the nuclear asset-recovery charges. This adjustment is intended to satisfy the requirements of Section 366.95 Florida Statutes (Statute) and the Financing Order by ensuring the Nuclear Asset Recovery Charges will recover amounts sufficient to timely provide all payments of debt service and other required amounts and charges in connections with the Bonds during the upcoming Remittance Period. The proposed adjustment to the tax charges will ensure recovery of the associated tax liability or the related asset recovery charges.

Paragraph 29 of the Financing Order states: "After issuance of nuclear asset-recovery bonds, the servicer will submit such true-up adjustment filings in the form attached as an exhibit to the Servicing Agreement (a "True-Up Adjustment Letter"). The nuclear asset-recovery bonds were issued on June 22, 2016. DEF filed its semi-annual True-Up Adjustment Letter on December 21, 2016.

Paragraph 29 of the Financing Order describes how such True-Up Adjustment Letters are to be handled:

Consistent with Section 366.95(2)(c)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 the

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servicer of any mathematical errors in its calculation as expeditiously as possible but no later than 60 days following the servicer's true-up filing . . . If no action is taken within 60 days of the true-up filing, the true-up calculation shall be deemed approved. 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 implementation of the true-up.

DEF's True-Up Adjustment Letter dated December 21, 2016, and its accompanying 21 pages of supporting schedules were reviewed by staff and no mathematical errors were found.

Attached is DEF's Seventy-Seventh Revised Sheet No. 6.105 in legislative format. The sum of the Asset Securitization Charge for the residential class will decrease from \$2.87 to \$2.45 per 1,000 kWh. For the residential customer using 1,000 kWh, the residential bill will decrease from \$115.65 to \$115.22 (including gross receipts tax).

Per DEF's request in its True-Up Adjustment Letter dated December 21, 2016, and in accordance with the Financing Order and Servicing Agreement, the proposed adjustments to the Nuclear Asset-Recovery Charges will be effective March 1, 2017. Staff is preparing the required approval letter for the new tariff sheets.

ALM/CRR:dr

cc: Braulio Baez
Mark Futrell
Cheryl Bulecza-Banks
Mark Cicchetti
Dale Buys
✓ Carlotta Stauffer
Mary Anne Helton
J.R. Kelly, Office of Public Counsel
Dianne M. Triplett, Duke Energy Florida



SECTION NO. VI
 SEVENTY-SIXTH REVISED SHEET NO. 6.105
 CANCELS SEVENTY-FIFTH SIXTH REVISED SHEET NO. 6.105

RATE SCHEDULE BA-1
 BILLING ADJUSTMENTS

Applicable

To the Rate Per Month provision in each of the Company's Rate schedules which reference the billing adjustments set forth below

COST RECOVERY FACTORS									
Rate Schedule/Metering Level	Fuel Cost Recovery ⁽¹⁾			ECCR ⁽²⁾		CCR ⁽³⁾		ECRC ⁽⁴⁾	ASC ⁽⁵⁾
	Levelized \$/kWh	On-Peak \$/kWh	Off-Peak \$/kWh	\$/kWh	\$/kW	\$/kWh	\$/kW	\$/kWh	\$/kWh
RS 1, RST 1, RSL 1 RSL 2, RSS 1 (Sec 1) - NDD - NDD	3.377 4.377	4.573	3.245	0.317		1.754		0.151	0.211
GS 1, CST 1 Secondary	3.667	4.573	3.245	0.361		1.006		0.147	0.180
Primary	3.630	4.527	3.213	0.258		0.026		0.148	0.173
Transmission	3.594	4.492	3.181	0.226		0.066		0.144	0.165
GS 2 (Sec 1)	3.667	-	-	0.714	-	0.750	-	0.130	0.153
GSL 1, GSL 1, SS 1 ⁽⁶⁾ Secondary	3.667	4.573	3.245	-	0.98	-	3.67	0.144	0.173
Primary	3.630	4.527	3.213	-	0.97	-	3.63	0.143	0.171
Transmission	3.594	4.492	3.181	-	0.96	-	3.60	0.141	0.169
CS 1, CST 1, CS 2 CST 2, CS 3, CST 3, SS 3 ⁽⁶⁾ Secondary	3.667	4.573	3.245	-	0.80	-	2.89	0.158	0.195
Primary	3.630	4.527	3.213	-	0.79	-	2.86	0.158	0.194
Transmission	3.594	4.492	3.181	-	0.78	-	2.83	0.156	0.193
IS 1, IST 1, IS 2, IST 2, SS 2 ⁽⁶⁾ Secondary	3.667	4.573	3.245	-	0.82	-	2.83	0.157	0.194
Primary	3.630	4.527	3.213	-	0.81	-	2.80	0.156	0.193
Transmission	3.594	4.492	3.181	-	0.80	-	2.77	0.154	0.192
LS 1 (Sec 1)	3.494	-	-	0.105	-	0.203	-	0.144	0.017
SS 1, SS 2, SS 3 Monthly	-	-	-	-	-	-	-	-	-
Secondary	-	-	-	-	0.095	-	0.305	-	-
Primary	-	-	-	-	0.095	-	0.302	-	-
Transmission	-	-	-	-	0.094	-	0.349	-	-
Daily	-	-	-	-	-	-	-	-	-
Secondary	-	-	-	-	0.045	-	0.170	-	-
Primary	-	-	-	-	0.045	-	0.168	-	-
Transmission	-	-	-	-	0.045	-	0.167	-	-
GSL M-1, GSL M-2	See appropriate General Service rate schedule								

- (1) Fuel Cost Recovery Factor:
 The Fuel Cost Recovery Factors applicable to the Fuel Charge under the Company's various rate schedules are normally determined annually by the Florida Public Service Commission for the billing months of January through December. These factors are designed to recover the costs of fuel and purchased power (other than capacity payments) incurred by the Company to provide electric service to its customers and are adjusted to reflect changes in those costs from one period to the next. Revisions to the Fuel Cost Recovery Factors within the described period may be determined in the event of a significant change in costs.
- (2) Energy Conservation Cost Recovery Factor:
 The Energy Conservation Cost Recovery (ECCR) Factor applicable to the Energy Charge under the Company's various rate schedules is normally determined annually by the Florida Public Service Commission for twelve-month periods beginning with the billing month of January. This factor is designed to recover the costs incurred by the Company under its approved Energy Conservation Programs and is adjusted to reflect changes in those costs from one period to the next. For time of use demand rates the ECCR charge will be included in the base demand only.