

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 9, 2017

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

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

RE: Docket No. 20060038-EI (Petition for Issuance of a Storm Recovery Financing Order by FPL) Response to the July 3, 2017 Request by FPL for a Routine Storm Charge True-Up Adjustment effective September 1, 2017 billing cycle.

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COMMISSION
CLERK
ALM

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-eighth True-Up Adjustment Letter on July 3, 2017.

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

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 3, 2017, and its accompanying 24 pages of supporting schedules were reviewed by staff and no mathematical errors were found.

Attached is FPL's Thirty-Eighth Revised Sheet No. 8.040 in legislative format. The sum of the storm bond repayment charge and storm bond tax charge for the residential class will decrease from \$1.32 to \$1.26 per 1,000 kWh. For the residential customer using 1,000 kWh, the residential bill will decrease from \$102.62 to \$102.55 (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 been transferred to FPL Recovery Funding LLC yet for the bond obligations due on February 1, 2018.
- (2) The forecasted over collection of prior remittance period is mainly due to forecasted kWh sales being lower than the actual kWh sales for the prior period.
- (3) 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, the current period true-up amount represents what is expected to be billed and collected from September 2017 through January 2018 (five months), while the prior period true-up amount represents what was expected to be billed and collected from June 2017 through July 2017 (two months).

Julie I. Brown, Chairman
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Per FPL's request in its True-Up Adjustment Letter dated July 3, 2017, and in accordance with the Financing Order, the proposed adjustments to the storm recovery charges and the tax charges will be effective September 1, 2017 billing cycle. Staff is preparing the required approval letter for the new tariff sheets.

ALM/err
Attachments

cc: Braulio Baez
Keith Hetrick
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-Seventh~~ Eight Revised Sheet No. 8.040
 Cancels ~~Thirty-Sixth~~ Seventh 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	0.0920.083	0.0400.043	0.1320.126
GS-1, GST-1	0.0770.070	0.0400.043	0.1170.113
GSD-1, GSDT-1, HLFT-1, SDTR (21-499 KW)	0.0500.045	0.0340.037	0.0840.082
GSLD-1, GSLDT-1, CS-1, CST-1, HLFT-2, SDTR (500- 1,999 KW)	0.0450.041	0.0330.036	0.0780.077
GSLD-2, GSLDT-2, CS-2, CST-2, HLFT-3, SDTR (2000+ KW)	0.0360.033	0.0120.013	0.0480.046
GSLD-3, GSLDT-3, CS-3, CST-3	0.0070.006	0.000	0.0070.006
OS-2	0.3160.286	0.1640.177	0.4800.463
MET	0.0530.048	0.0330.036	0.0860.084
CILC-1(G)	0.0430.039	0.0310.033	0.0740.072
CILC-1(D)	0.0350.032	0.0120.013	0.0470.045
CILC-1(T)	0.0070.006	0.000	0.0070.006
SL-1, SL-1M, PL-1, LT-1	0.5480.496	0.2660.286	0.8140.782
OL-1	0.5620.509	0.2680.289	0.8300.798
SL-2, SL-2M, GSCU-1	0.0420.038	0.0150.016	0.0570.054
SST-1(T), ISST-1(T)	0.0110.010	0.000	0.0110.010
SST-1(D1), SST-1(D2) SST-1(D3), ISST-1(D)	0.1010.091	0.0490.053	0.1500.144

(Continued on Sheet No. 8.041)

