

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: January 25, 2018

TO: Art Graham, Chairman
Julie I. Brown, Commissioner
Donald J. Polmann, Commissioner
Gary F. Clark, 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 December 29, 2017 request by FPL for a Routine Storm Charge True-Up Adjustment effective March 1, 2018 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, 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 fortieth True-Up Adjustment Letter on December 29, 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 December 29, 2017, and its accompanying 25 pages of supporting schedules were reviewed by staff and no mathematical errors were found.

Attached is FPL's Fortieth 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 increase from \$1.20 to \$1.38 per 1,000 kWh. For the residential customer using 1,000 kWh, the residential bill will increase from \$102.72 to \$102.90 (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 prior period true-up amount represents what was expected to be billed and collected under the revised rate for September 2017, while the current period true-up amount represents what is expected to be billed and collected under the revised rate from March 1, 2018 through July 31, 2018 (five months).
- (2) The prior period true-up amount only includes the administration fee versus the current period true-up amount, which includes the administration fee plus other on-going costs (i.e. annual rating agency surveillance fees, audit fee, and investment advisor fee).
- (3) The current period true-up amount represents what is expected to be billed and collected for February 2018 (one month), and collected in March 2018 for amounts billed in February 2018. The prior period true-up amount represents what was expected to be billed and collected for August 1, 2017 through December 31, 2017 (five months), and collected in January 2018 for amounts billed in December 2017.

Art Graham, Chairman
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Per FPL's request in its True-Up Adjustment Letter dated December 29, 2017, and in accordance with the Financing Order, the proposed adjustments to the storm recovery charges and the tax charges will be effective beginning with the March 1, 2018 billing cycle. Staff is preparing the required approval letter for the new tariff sheets.

ALM/crr
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-Ninth Revised Sheet No. 8.040~~
 Cancells ~~Thirty-Eighth Revised Sheet No. 8.040~~ **Fortieth 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	0.0180.114	0.1020.024	0.1200.138
GS-1, GST-1	0.0150.095	0.1020.024	0.1170.119
GSD-1, GSDT-1, HLFT-1, SDTR (21-499 KW)	0.0400.063	0.0880.021	0.0980.084
GSLD-1, GSLDT-1, CS-1, CST-1, HLFT-2, SDTR (500- 1,999 KW)	0.0090.057	0.0860.020	0.0950.077
GSLD-2, GSLDT-2, CS-2, CST-2, HLFT-3, SDTR (2000+ KW)	0.0070.044	0.0340.007	0.0380.051
GSLD-3, GSLDT-3, CS-3, CST-3	0.0040.006	0.000	0.0040.006
OS-2	0.0640.387	0.4220.099	0.4830.486
MET	0.0100.063	0.0860.020	0.0960.083
CILC-1(G)	0.0080.051	0.0790.019	0.0870.070
CILC-1(D)	0.0070.044	0.0340.007	0.0380.051
CILC-1(T)	0.0040.006	0.000	0.0040.006
SL-1, SL-1M, PL-1, RL-1, LT-1	0.1050.666	0.6820.160	0.7870.826
OL-1	0.1080.685	0.6890.162	0.7970.847
SL-2, SL-2M, GSCU-1	0.0080.051	0.0380.009	0.0460.060
SST-1(T), ISST-1(T)	0.0020.013	0.000	0.0020.013
SST-1(D1), SST-1(D2) SST-1(D3), ISST-1(D)	0.0190.121	0.1260.030	0.1450.151

(Continued on Sheet No. 8.041)

