

## BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of FLORIDA POWER & )	DOCKET NO. 891104-EI
LIGHT COMPANY for authority to issue )	ORDER NO. 22323
and sell securities )	ISSUED: 12-20-89
)	

The following Commissioners participated in the disposition of this matter:

MICHAEL McK. WILSON, Chairman  
 THOMAS M. BEARD  
 BETTY EASLEY  
 GERALD L. GUNTER  
 JOHN T. HERNDON

ORDER APPROVING FPL'S APPLICATION

BY THE COMMISSION:

Florida Power & Light Company (FPL or the Company) seeks authority to issue and sell and/or exchange any combination of the long-term debt and equity securities described below and/or to assume liabilities or obligations as guarantor, endorser or surety in an aggregate amount not to exceed \$800 million during calendar year 1990. In addition, FPL seeks permission to issue and sell short-term securities during the calendar years 1990 and 1991.

The long-term debt securities the Company seeks authority to issue may include first mortgage bonds, medium-term notes, debentures, convertible or exchangeable debentures, notes, convertible or exchangeable notes, or other straight debt or hybrid debt securities with maturities ranging from one to 40 years. FPL also seeks authority to enter into installment purchase and security agreements or other arrangements with political subdivisions of the State of Florida or issue guarantees in connection with such political subdivisions' issuance, for the ultimate benefit of FPL, of pollution control revenue bonds, industrial development revenue bonds, industrial development bonds, variable rate demand notes or other "private activity bonds", or tax exempt commercial paper, with maturities ranging from one to 40 years. In addition, in order

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to facilitate the obtaining of funds or to obtain a more favorable cost of money with respect to those funds, FPL seeks authority to issue instruments of guaranty or collateralization of debt obligations or other securities to be issued (i) by one or more of its subsidiaries or affiliates for the benefit of FPL's utility operations and/or (ii) in connection with other financings by FPL or on its behalf. To the extent that FPL issues instruments for the guaranty or collateralization of debt obligations or other securities by one or more of its subsidiaries or affiliates, we find that FPL should be required to clearly demonstrate a benefit and the appropriateness to its utility operations pursuant to Commission Order No. 20340.

The equity securities may include common stock, preferred stock, preference stock, convertible preferred or preference stock, or warrants, options or rights to acquire such securities, or other equity securities, with such par values, terms and conditions and relative rights and preferences as deemed appropriate by FPL and as are permitted by its Restated Articles of Incorporation, as they may be amended and restated from time to time.

The exchange of its securities may be by way of an exchange of one security of FPL for another security of FPL or one of its subsidiaries or affiliates or the exchange of a security of FPL or one of its subsidiaries or affiliates for the securities of another entity. The issuance and/or sale of equity securities and long-term debt may be through either negotiated underwritten public offering, public offering at competitive bidding, direct public or private sale, sale through agents, or distributions to security holders of the company or affiliated companies. The manner of issuance and sale and/or exchange of securities will be dependent upon the type of security being offered, the type of transaction in which the securities are being issued and sold and/or exchanged and market conditions at the time of the issuance and sale and/or exchange.

With regard to short-term financing, FPL seeks Commission approval of a renewal of the authority granted by Order No. 20284, issued November 7, 1988, which permitted the Company to issue and sell short-term securities in an amount or amounts such that the aggregate principal amount outstanding did not exceed twenty-five percent (25%) of FPL's gross revenues during the preceding 12 months of operation. The prior authority granted FPL expires December 31, 1989. The currently requested

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authorization is for a period of 24 months from the date of the order granting such authorization.

The short-term securities will have maturities of not more than 12 months and may be secured or unsecured. The short-term securities will be issued and sold as required at any time by FPL for its business and operations, whether issued and sold publicly or directly to one or more banks, banking institutions, trust companies, lending institutions, brokers or dealers in commercial paper, financing agencies or other lenders, or indirectly through FPL's guarantees of bond anticipation notes issued by political subdivisions, in an amount or amounts such that the aggregate principal amount of short-term securities outstanding at the time of the sale shall not exceed 25 percent (25%) of FPL's gross revenues during the preceding 12 months of operation. The Securities and Exchange Commission has heretofore indicated through a no action letter that FPL may issue and sell commercial paper without compliance with the registration requirements of the Securities Act of 1933, as amended, subject to certain conditions including that FPL may have commercial paper borrowings outstanding up to an amount not to exceed 25 percent (25%) of FPL's gross revenues during the preceding 12 months of operation. For the 12 months ending June 30, 1989, 25 percent (25%) of FPL's gross revenues was \$1.192 billion.

The actual dividend rates for the equity securities and the interest rates for the debt securities will be determined at the time of the issuance and/or sale of the securities. Current dividend and interest rates:

A-rated Public Utility Bond Rate	9.55% (1)
AA-rated Public Utility Bond Rate	9.22% (1)
A-rated Preferred Stock Yield	9.26% (1)
AA-rated Preferred Stock Yield	8.78% (1)
90-Day Commercial Paper Rate	8.45% (2)
Prime Rate	10.50% (2)

- (1) Moody's Bond Survey, October 30, 1989  
 (2) Wall Street Journal, October 31, 1989

The net proceeds to be received from the issuance and sale and/or exchange of the additional long-term debt and equity securities (with the exception of the proceeds of the issuance

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and sale of any pollution control revenue bonds, industrial development revenue bonds, industrial development bonds, variable rate demand notes or other "private activity bonds" or similar securities which will be used for specific purposes) will be added to FPL's general funds and will be used to provide additional electric facilities; to reacquire, by redemption, purchase, exchange or otherwise, any of its outstanding debt securities or equity securities; to repay all or a portion of any maturing long-term debt obligations; to repay all or a portion of short-term bank borrowings and commercial paper outstanding at the time of such transactions; and/or for other corporate purposes. Based on the Sources and Uses of Funds forecast developed by the Company, external long-term financings for 1990 are estimated to total \$200 million (\$125 million of long-term and \$75 million of preferred stock). In addition, the request for authority to issue up to \$800 million in long-term securities during 1990 contemplates the possible reduction in estimated short-term debt levels of up to \$150 million and up to \$450 million to cover possible refundings (if economically attractive) and contingencies, which may include additional long-term external financing to replace common equity contributions from FPL Group, Inc. in the event of deterioration of the equity markets. Excess proceeds, if any, will be temporarily invested in short-term instruments pending their application to the foregoing purposes. In addition, the Company indicates it is seeking authority to issue securities for the guaranty or collateralization of debt obligations or other securities by one or more of its subsidiaries or affiliates.

FPL maintains a continuous construction program, principally for electric generation, transmission and distribution facilities. FPL estimates that construction expenditures under its 1990-1991 construction program will approximate \$2.0 billion, including net nuclear fuel additions and Allowance for Funds Used During Construction (AFUDC). Projected expenditures in connection with FPL's construction program during the 12 months ending December 31, 1990 will approximate \$930 million in the following categories:

\$298 million for production facilities,  
\$87 million for transmission facilities,  
\$335 million for distribution facilities,  
\$84 million for nuclear fuel purchases, and  
\$125 million for general and other purposes.

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All of the estimated construction expenditures are subject to continuing review and adjustment and actual construction expenditures may vary from these estimates due to factors such as changes in customers, energy sales, business and economic conditions, construction and design requirements, fuel supply and costs, availability of labor, supplies and materials, regulatory treatment, environmental and conservation requirements, and existing and proposed legislation. FPL is keeping its construction program as flexible as possible with the intention of accommodating those factors that may develop or change. Commission approval of the proposed issuance of securities by Florida Power & Light Company, however, does not indicate specific approval of any rates, terms or conditions associated with the issuance. Such matters are properly reserved for review by the Commission within the context of a permanent rate proceeding. We find that the subject financing of the Company's projected construction program should be approved subject to the Commission's retention of the right to disallow any of the construction costs incurred for rate making purposes. Further, absent a clear demonstration of the benefits and appropriateness to utility operations, we find that the Company should be restricted from issuing instruments of guaranty or collateralization in connection with debt obligations or other securities to be issued by one or more of its subsidiaries or affiliates.

In consideration of the foregoing, it is

ORDERED that Florida Power & Light Company's request for authority to issue and sell up to \$800 million in long-term debt and/or equity securities during the 12 months ending 12/31/90, and to issue and sell short-term securities during the calendar years 1990 and 1991 in an amount or amounts such that the aggregate principal amount outstanding shall not exceed 25 percent of FPL's gross revenues during the last preceding 12 months of operation is granted. Our approval of the Company's application relates only to the issuance of securities for utility purposes. It is further

ORDERED that this docket shall be closed after the time has run in which to file a petition for reconsideration or notice of appeal if such action is not taken.

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By ORDER of the Florida Public Service Commission  
this 20th day of DECEMBER, 1989.

  
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STEVE TRIBBLE, Director  
Division of Records and Reporting

( S E A L )

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: 1) reconsideration within 10 days pursuant to Rule 25-22.038(2), Florida Administrative Code, if issued by a Prehearing Officer; 2) reconsideration within 15 days pursuant to Rule 25-22.060, Florida Administrative Code, if issued by the Commission; or 3) judicial review by the Florida Supreme Court, in the case of an electric, gas or telephone utility, or the First District Court of Appeal, in the case of a water or sewer utility. A motion for reconsideration shall be filed with the Director, Division of Records and Reporting, in the form prescribed by Rule 25-22.060, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.