

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for authority
to issue and sell securities
during calendar year 2002,
pursuant to Section 366.04,
F.S., and Chapter 25-8, F.A.C.,
by Florida Power & Light
Company.

DOCKET NO. 011340-EI
ORDER NO. PSC-01-2310-FOF-EI
ISSUED: November 26, 2001

The following Commissioners participated in the disposition of
this matter:

E. LEON JACOBS, JR., Chairman
J. TERRY DEASON
LILA A. JABER
BRAULIO L. BAEZ
MICHAEL A. PALECKI

FINAL ORDER GRANTING APPROVAL FOR AUTHORITY
TO ISSUE AND SELL SECURITIES

BY THE COMMISSION:

Florida Power & Light Company (FPL) filed an application on
October 5, 2001, seeking authority pursuant to Section 366.04,
Florida Statutes, and Chapter 25-8, Florida Administrative Code, to
issue and sell securities. Notice of FPL's application was given in
the Florida Administrative Weekly on October 26, 2001.

Proposed Transactions

FPL is a Florida corporation and was incorporated in 1925.
FPL seeks authority to issue and sell and/or exchange any
combination of long-term debt and equity securities and/or to
assume liabilities or obligations as guarantor, endorser or surety
in an aggregate amount not to exceed \$3.3 billion during calendar
year 2002. FPL's application also requests authority to enter into
forward refunding or forward swap contracts during calendar year
2002, and in conjunction with these forward contracts, FPL seeks
authority to issue and sell up to \$5.4 million of securities

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through December 31, 2002, which FPL states it would commit to deliver under these forward contracts. In addition, FPL seeks authority to issue and sell short-term securities during calendar years 2002 and 2003 in an amount or amounts such that the aggregate principal amount of short-term securities outstanding at the time of any such sale will not exceed 25% of FPL's gross revenues during the preceding twelve months of operation.

According to FPL, 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 amended and as they may be amended from time to time.

FPL advises that the long-term debt securities may include first mortgage bonds, medium-term notes, extendible commercial notes, debentures, convertible or exchangeable debentures, notes, convertible or exchangeable notes, or other straight debt or hybrid debt securities, whether secured or unsecured, including renewals and extensions thereof, with maturities ranging from one to one-hundred years. FPL may enter into options, rights, interest rate swaps or other derivative instruments. FPL may also enter into installment purchase and security agreements, loan agreements, or other arrangements with political subdivisions of the States of Florida or Georgia or pledge debt securities or issue guarantees in connection with such political subdivisions' issuance, for the ultimate benefit of FPL, of pollution control revenue bonds, solid waste disposal revenue bonds, industrial development revenue bonds, variable rate demand notes or other "private activity bonds" with maturities ranging from one to forty years, bond anticipation notes or commercial paper. Such obligations may or may not bear interest exempt from federal tax.

Contemplated to be included as long-term or short-term debt securities, as appropriate are borrowings from banks and other lenders under the Company's credit facilities, as those may be entered into and amended from time to time. FPL is currently negotiating a new 3-year revolving credit facility and a new 364-day revolving credit facility with banks and other lenders. The

aggregate principal amount at any one time outstanding under each facility will not exceed \$500 million. Borrowings under both facilities will be available for general corporate purposes, including support of FPL's commercial paper program and to provide support for FPL's self-insurance program covering its transmission and distribution facilities. The 364-day revolving credit facility will be renewable annually at the discretion of the lenders and will permit FPL, under certain conditions, to repay any balance outstanding under such facility one year following the expiration of such 364-day period (or any renewal).

FPL also states that it may also enter into preferred securities financings, whereby FPL would establish and make an equity investment in a special purpose limited partnership, limited liability company, or other entity. FPL, or a wholly-owned subsidiary of FPL, would act as the general partner or managing member of the entity. The entity would offer preferred securities to the public and lend the proceeds to FPL. FPL would issue debt securities to the entity equal to the aggregate of its equity investment and the amount of preferred securities borrowed. FPL may also guarantee, among other things, the distributions to be paid by the affiliated entity to the preferred securities holders.

The exchange of FPL's securities may be by way of an exchange of a security of FPL for another security or securities of FPL or of one of its subsidiaries or affiliates, or the exchange of a security of FPL or of one of its subsidiaries or affiliates for the security or securities of another entity.

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.

FPL also states that the short-term securities will have maturities of not more than twelve months and may be secured or unsecured. 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% of FPL's gross revenues during the preceding twelve months of operation. For the twelve months ended June 30, 2001, 25% of FPL's gross revenues was \$1.8 billion.

The interest rate that FPL could pay on debt securities will vary depending on the type of debt instruments and the terms thereof, including specifically the length of maturity as well as market conditions. On October 2, 2001, a new issue of 30-year first mortgage bonds of FPL would have carried a yield to maturity of about 7.10%. The dividend rate for preferred or preference stock is similarly affected by the terms of the offering. On October 2, 2001, a new issue of tax deductible preferred stock of FPL would have carried a dividend yield of about 7.90%.

In addition, FPL states that it may from time to time enter into nuclear fuel leases, issue instruments of guaranty, collateralize debt and other obligations, issue other securities, and arrange for the issuance of letters of credit and guaranties, in any such case to be issued (i) by FPL or by one or more of its subsidiaries or affiliates for the benefit of FPL's utility operations, (ii) by non-affiliates (including employees) in connection with FPL's utility operations, (iii) by FPL or by or on behalf of one or more of its subsidiaries or affiliates in connection with FPL customers' installations of energy efficiency measures, and/or (iv) in connection with other financings by FPL or on its behalf. To the extent that FPL enters into nuclear fuel leases, issues instruments of guaranty, collateralizes debt or other obligations, issues other securities or arranges for the issuance of letters of credit or guaranties by FPL or by or on behalf of one or more of its subsidiaries, affiliates or non-affiliates to benefit its utility operations, FPL will clearly demonstrate such benefits.

Purposes

According to FPL, the net proceeds to be received from the issuance and sale and/or exchange of additional long-term debt and equity securities (with the exception of the proceeds of the issuance and sale of any pollution control revenue bonds, solid waste disposal revenue bonds, industrial development revenue 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 satisfy FPL's obligations under the nuclear fuel leases; 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. Excess proceeds, if any, will be temporarily invested in short-term instruments pending their application to the foregoing purposes. During the period 2002-2003, \$170 million of FPL's long-term debt will mature.

FPL maintains a continuous construction program, principally for electric generation, transmission and distribution facilities. FPL estimates that construction expenditures under its 2002-2003 construction program will approximate \$2.1 billion. There is no Allowance for Funds Used During Construction (AFUDC) assumed in the construction expenditures forecast for the 2002-2003 period.

Under future market conditions, the interest rate on new issue long-term debt or the dividend rate on new issue preferred or preference stock of FPL may be such that it becomes economically attractive to reacquire a portion or all of certain of its long-term debt securities or equity securities, providing an opportunity for FPL to reduce interest or dividend expense even after accounting for such other considerations as the (i) reacquisition premium, (ii) other associated reacquisition expenses and (iii) related income tax effects.

The forward refunding contracts would be for the purpose of refunding up to \$5.4 million of pollution control revenue bonds which were issued on FPL's behalf and which become callable in May 2002. These 6.7% pollution control revenue bonds due May 2027 are collateralized by FPL first mortgage bonds. Under federal tax law, pollution control revenue bonds cannot be refunded with tax-exempt bonds issued more than 90 days prior to the redemption or retirement of the outstanding issue. However, through a forward refunding contract, FPL could lock-in prevailing tax-exempt fixed rates for refunding pollution control revenue bonds which would be issued 90 days prior to the first call date of the outstanding

issue. Alternatively, FPL could enter into a forward swap contract, to become effective on the first call date of the outstanding issue, to lock-in prevailing tax-exempt fixed rates.

FPL's nuclear fuel leases obligate FPL to purchase portions of the nuclear fuel from the non-affiliated lessor company (the Fuel Company) at the net investment value of such fuel, if required to enable the Fuel Company to pay maturing notes or other borrowings. Also, upon the occurrence of certain events which constitute a default by FPL under such nuclear fuel leases or give rise to termination of such fuel leases, FPL may be required to purchase all of the Fuel Company's interest in such leased nuclear fuel at a purchase price equal to (i) the net investment value of such fuel, plus (ii) such additional amounts as are sufficient to enable the Fuel Company to retire all of its debt obligations and any other charges or fees under the appropriate financing agreements which correspond to such fuel leases and to which the Fuel Company is a party. As of June 30, 2001, the net investment value of the nuclear fuel outstanding under both nuclear fuel leases was approximately \$136 million, and FPL estimates that if it had been required to repurchase all of the outstanding nuclear fuel on such date, the cumulative lease termination payment would have been approximately \$118 million.

FPL presently has an affiliate which promotes the installation of energy efficiency measures by contracting with customers to guarantee the anticipated energy savings. To facilitate FPL's customers' installations of energy efficiency measures, FPL may issue instruments of guaranty, collateralize debt or other obligations, issue other securities, or arrange for the issuance of letters of credit or guaranties to promote energy efficiency savings contracted for by FPL or FPL subsidiaries or affiliates with FPL customers.

The short-term securities are to provide funds to temporarily finance portions of FPL's construction program and capital commitments and for other corporate purposes. Significant parts of FPL's construction program may temporarily be financed through the sale of short-term securities from time to time. Also, during the 2002-2003 period, FPL may need short-term financing capabilities for seasonal fuel requirements, for contingency financing such as fuel adjustment underrecoveries or storm restoration costs, and for

the temporary funding of maturing or called long-term debt securities.

Having reviewed the application, it is the finding of this Commission that the transactions described in the application will not impair the ability of FPL to perform the services of a public utility. These transactions are for such lawful purposes within FPL's corporate powers and, as such, the application is granted.

Our approval of the proposed issuance of securities by FPL 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 rate proceeding.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the application of Florida Power & Light Company to issue and sell securities be approved. It is further

ORDERED that Florida Power & Light Company's request to issue and sell and/or exchange any combination of long-term debt and equity securities and/or assume liabilities or obligations as guarantor, endorser, or surety in an aggregate amount not to exceed \$3.3 billion during calendar year 2002 is granted. It is further

ORDERED that Florida Power & Light Company's request for authority to issue and sell short-term securities during calendar year 2002 and 2003, in an amount or amounts such that the aggregate principal amount of short-term securities outstanding at the time of any such sale does not exceed 25% of FPL's gross revenues for the preceding 12 months of operation is granted. It is further

ORDERED that Florida Power & Light Company's request for authority to enter into forward refunding or forward swap contracts during calendar year 2002, and in conjunction with these forward contracts, to issue and sell up to \$5.4 million of securities through December 31, 2002, which FPL shall commit to deliver under the forward refunding contracts or forward swap contracts, is granted. It is further

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ORDERED that Florida Power & Light Company shall file a consummation report in compliance with Rule 25-8.009, Florida Administrative Code, within 90 days of the end of any fiscal year in which it issues any securities authorized by this Order. It is further

ORDERED that this docket remain open pending the submission of the consummation report by Florida Power & Light Company.

By ORDER of the Florida Public Service Commission this 26th day of November, 2001.

BLANCA S. BAYÓ, Director
Division of the Commission Clerk
and Administrative Services

By: Kay Flynn
Kay Flynn, Chief
Bureau of Records and Hearing
Services

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), 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 the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) 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 and/or wastewater utility by filing a notice of appeal with the Director, Division of the Commission Clerk and Administrative Services and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.