

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for authority to issue and sell securities during calendar year 2009 pursuant to Section 366.04, F.S., and Chapter 25-8, F.A.C., by Florida Power & Light Company.

DOCKET NO. 080621-EI  
ORDER NO. PSC-08-0801-FOF-EI  
ISSUED: December 3, 2008

The following Commissioners participated in the disposition of this matter:

MATTHEW M. CARTER II, Chairman  
LISA POLAK EDGAR  
KATRINA J. McMURRIAN  
NANCY ARGENZIANO  
NATHAN A. SKOP

FINAL ORDER GRANTING APPROVAL FOR  
AUTHORITY TO ISSUE AND SELL SECURITIES

BY THE COMMISSION:

Florida Power & Light Company (FPL) filed an application on October 1, 2008, 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 31, 2008.

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 the 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 \$6.1 billion during calendar year 2009. In addition, FPL seeks permission to issue and sell short-term securities during calendar years 2009 and 2010 in an amount or amounts such that the aggregate principal amount of short-term securities outstanding at the time of and including any such sale shall not exceed \$3.0 billion.

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 subordinated or unsubordinated, secured or unsecured, including renewals and extensions thereof, with maturities ranging from one to one hundred years. FPL may issue long-term debt securities by extending the maturity of short-term securities. FPL may enter into warrants, options, rights, interest rate swaps or other derivative instruments. FPL may also enter into debt purchase contracts, obligating holders to purchase from FPL, and obligating FPL to sell, debt securities at a future date or dates.

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In addition, FPL may enter into forward refunding or forward swap contracts during calendar year 2009. In conjunction with these forward contracts, FPL may issue and sell long-term debt through December 31, 2009, which FPL would commit to deliver under these forward contracts. Moreover, FPL may enter into installment purchase and security agreements, loan agreements, or other arrangements with political subdivisions of the States of Florida, Georgia, or New Hampshire, or other states, if any, where FPL becomes qualified to do business, 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 FPL's credit facilities and other loan agreements, as those may be entered into and amended from time to time. On April 3, 2007, FPL entered into a 5-year revolving credit and letter of credit facility with banks and other lenders. The revolving credit facility provides for, in addition to direct borrowings thereunder, the issuance of letters of credit for general corporate purposes. The aggregate principal amount of loans and letters of credit at any one time outstanding under the revolving credit facility will not exceed \$2.5 billion. Effective April 3, 2008, lenders with commitments aggregating \$2.483 billion consented to the extension of their commitment for an additional year to 2013. The remaining commitment of \$17 million expires in 2012. Borrowings under this facility are available for general corporate purposes, including support of FPL's commercial paper program and to provide additional liquidity in the event of a property loss, including a transmission and distribution property loss. Also, on May 10, 2006, FPL entered into a separate \$250 million five-year resetting term loan facility expiring in May 2011. Prior to May 10, 2010, FPL may borrow, repay and reborrow for general corporate purposes up to an aggregate of \$250 million at any time outstanding, and each borrowing will have a maturity of not less than one year; provided that such borrowings may be prepaid at any time and from time to time.

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 purchase contracts obligating holders to purchase 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 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, statutory trust or other entity. FPL, or a wholly-owned subsidiary of FPL, would act as or appoint the general partner, managing member, sponsor, or other members of the entity. The entity would offer preferred securities to the public and use the proceeds to acquire debt securities from FPL. FPL would issue debt securities to the entity equal to the aggregate of its equity investment and the amount of preferred securities sold to the public. FPL may also guarantee, among other things, the distributions to be paid by the affiliated entity to the preferred

securities holders. Payments by FPL on the debt securities sold to the entity would be used by that entity to make payments on the preferred securities as well as on FPL's equity investment. Consequently, in the event of such a financing, to avoid double counting, FPL would only count the total amount of debt securities issued to the entity, and would not count the preferred securities or related guarantees against the total amount of proposed long-term debt and equity securities.

In connection with the issuance of long-term or short-term debt securities or preferred stock or preferred securities financings, in which FPL, or the affiliated entity issuing preferred securities, is permitted by the terms of such securities to defer principal, interest or other distributions for certain payment periods, FPL may agree to sell additional equity securities and/or long-term or short-term debt securities and to use the proceeds from the sale of those other securities to make principal, interest or other distributions on such securities. In addition, in connection with the issuance of long-term or short-term debt securities or preferred stock or preferred securities financings, FPL may covenant, pledge or make other commitments in favor of holders of such securities, providing that the securities will not be redeemable in certain circumstances unless the securities are redeemed with the proceeds from the issuance of a security or securities satisfying the provisions set forth in such covenant, pledge or other commitment.

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, subordinated or unsubordinated. FPL may enter into warrants, options, rights, interest rate swaps or other derivative instruments relating to, as well as contracts for the purchase or sale of, short-term securities. Consistent with Securities and Exchange Commission "no-action" letters, 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.

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 and whether the debt is secured or unsecured and subordinated or unsubordinated, as well as market conditions. On September 29, 2008, it is estimated a new issue of 30-year first mortgage bonds of FPL would have carried a yield to maturity of about 7.00%. The dividend rate for preferred or preference stock is similarly affected by the terms of the offering. On September 29, 2008, it is

estimated a new issue of preferred stock of FPL would have carried a dividend yield of about 8.25%.

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 guarantees, 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 guarantees 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 (if there are any net proceeds from an exchange) of the 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 finance the acquisition or construction of additional electric facilities and equipment, as well as capital improvements to and maintenance of existing 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 guarantees or under the nuclear fuel leases; to repay all or a portion of short-term bank borrowings, commercial paper and other short-term debt outstanding at the time of such transactions; and/or for other corporate purposes. Excess proceeds, if any, may be temporarily invested in short-term instruments pending their application to the foregoing purposes. During the period 2009-2010, \$305 million of FPL's long-term debt will mature. As discussed below, FPL has provided an unconditional payment guarantee of the commercial paper issued by a non-affiliated (but consolidated for financial statement purposes) company (the Fuel Company) that leases nuclear fuel to FPL.

FPL maintains a continuous construction program, principally for electric generation, transmission, and distribution facilities. FPL estimates that construction expenditures under its 2009-2010 construction program will approximate \$6.16 billion, including Allowance for Funds Used During Construction (AFUDC). Construction expenditures in the 2009-2010 period include four projects that required a determination of need. The first project, West County Energy Center Units 1 and 2, consists of two 1,219 megawatt (summer) natural gas-fired generating units. A more detailed description of this project can be found in the Ten Year Site Plan filed with the Commission. The estimated construction cost is \$1.321 billion for West

County Energy Center Units 1 and 2 including AFUDC and transmission interconnection costs. Construction expenditures for West County Energy Center Units 1 and 2 began in early 2007. As of June 30, 2008, development, design and construction costs including AFUDC and transmission interconnection costs expended on West County Energy Center Units 1 and 2 was \$736 million. The three remaining projects which received a determination of need on September 4, 2008 are West County Energy Center Unit 3, a 1,219 megawatt (summer) natural gas-fired generating unit, Cape Canaveral Energy Center, a 1,219 megawatt (summer) natural gas-fired generating unit, and Riviera Beach Energy Center, a 1,207 megawatt (summer) natural gas-fired generating unit. The estimated construction costs of these three projects are \$865 million, \$1.12 billion and \$1.28 billion for West County Energy Center Unit 3, Cape Canaveral Energy Center and Riviera Beach Energy Center, respectively, including AFUDC and transmission interconnection costs. As of June 30, 2008 development, design and construction costs including AFUDC and transmission interconnection costs expended on these three units were \$19 million, \$2 million and \$3 million for West County Energy Center Unit 3, Cape Canaveral Energy Center and Riviera Beach Energy Center, respectively.

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. This reduction would be beneficial to FPL's customers and, with proper regulatory treatment, would not be detrimental to FPL's common shareholder. Other important considerations in making such a decision would include an assessment of anticipated future interest and dividend rates and FPL's ability to raise enough new capital to finance its construction program while concurrently pursuing any refinancing opportunities. FPL might also consider reacquiring a portion or all of certain of its long-term debt securities or equity securities for reasons other than interest or dividend expense reduction.

The forward refunding contracts would be for the purpose of refunding long-term debt (including refunding pollution control revenue bonds, solid waste disposal revenue bonds and industrial development revenue bonds) which may be issued on FPL's behalf and which can be callable. Under federal tax law, pollution control revenue bonds, solid waste disposal revenue bonds and industrial development 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, solid waste disposal revenue bonds and industrial development revenue bonds which would be issued 90 days prior to a call date of the outstanding issue. Alternatively, FPL could enter into a forward swap contract, to become effective on a call date of the outstanding issue, to lock-in prevailing tax-exempt fixed rates. Under future market conditions, it may be economical to enter into forward refunding or forward swap contracts, and any anticipated savings generated by such forward transactions would be spread over the combined life of the outstanding bonds and the refunding bonds starting with the execution of the forward contract.

FPL's nuclear fuel leases obligate FPL to purchase portions of the nuclear fuel from 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, 2008, the net investment value of the nuclear fuel outstanding under both nuclear fuel leases was approximately \$317 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 \$344 million.

FPL also directly guarantees the obligations of the Fuel Company under the Fuel Company's commercial paper program. The guaranteed obligations duplicate FPL's obligations under the nuclear fuel leases, such that FPL's satisfaction of its obligations under the nuclear fuel leases will discharge the guaranteed indebtedness, and conversely, direct payment on the guarantees reduces the amounts due under the nuclear fuel leases. As of June 30, 2008, the Fuel Company had approximately \$323 million of commercial paper outstanding.

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 guarantees 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 2009-2010 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 or equity securities.

In connection with this application, FPL confirms that the capital raised pursuant to the application will be used in connection with the activities of FPL and not the unregulated activities of its affiliates.

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 is 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 to assume liabilities or obligations as guarantor, endorser, or surety in an aggregate amount not to exceed \$6.1 billion during calendar year 2009 is granted. It is further

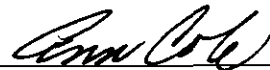
ORDERED that Florida Power & Light Company's request for authority to issue and sell short-term securities during calendar years 2009 and 2010 in an amount or amounts such that the aggregate principal amount of short-term securities outstanding at the time of and including any such sale shall not exceed \$3.0 billion. 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 2009, as set forth in the body of this Order, is granted. It is further

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 shall remain open to monitor the issuance and/or sale of securities until Florida Power & Light Company submits and we have reviewed the Consummation Report, at which time it shall be closed administratively.

By ORDER of the Florida Public Service Commission this 3rd day of December, 2008.



ANN COLE  
Commission Clerk

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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 Office of Commission Clerk, 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 Office of Commission Clerk, 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.