

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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| In Re: Application of Florida |) | DOCKET NO. 900736-EI |
| Power & Light Co. to Issue and |) | ORDER NO. 23783 |
| Sell Securities During 1991 |) | ISSUED: 11-19-90 |
| pursuant to Section 366.04, |) | |
| Florida Statutes, and Chapter |) | |
| 25-8, Florida Administrative |) | |
| Code. |) | |

The following Commissioners participated in the disposition of this matter:

MICHAEL McK. WILSON, Chairman
 THOMAS M. BEARD
 BETTY EASLEY
 GERALD L. GUNTER
 FRANK S. MESSERSMITH

ORDER AUTHORIZING FLORIDA POWER & LIGHT COMPANY
 TO ISSUE AND SELL LONG-TERM DEBT, EQUITY
 SECURITIES, SHORT-TERM DEBT AND SECURITIES,
 AND TO ENTER INTO FORWARD REFUNDING CONTRACTS

BY THE COMMISSION:

On August 31, 1990, Florida Power & Light Company (FPL or Company) filed a petition with this Commission seeking authorization to issue and sell long-term securities, as well as incur short-term debt during calendar years 1991 and 1992 and enter into forward refunding contracts. Specifically, FPL requests authority to issue and sell up to a maximum principal amount of \$800 million in long-term debt obligations during 1991, and to issue and sell in short-term borrowings during calendar years 1991 and 1992, the aggregate principal amount of which shall not exceed 25 percent of FPL's gross revenues the preceding 12 months of operation. FPL also seeks permission to enter into forward refunding contracts during calendar year 1991. In conjunction with these forward refunding contracts, FPL seeks permission to issue and sell up to \$277,095,000 of securities during the twelve months ending February 1, 1995 which it commits to deliver under the forward refunding contracts.

FPL advises that the long-term debt securities it seeks authority to issue may include first mortgage bonds, medium-term notes, debentures, convertible or exchangeable debentures, notes,

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convertible or exchangeable notes, or other straight debt or hybrid debt securities with maturities ranging from one to forty years. FPL also states it may enter into installment purchase and security agreements, loan 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, solid waste disposal 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 forty years. In addition, in order to facilitate the obtaining of funds or to obtain a more favorable cost of money with respect to those funds, FPL indicates it may issue instruments of guaranty or collateralization of debt obligations or other securities to be issued 1) by one or more of its subsidiaries or affiliates for the benefit of FPL's utility operations and/or 2) in connection with other financings by FPL or on its behalf.

FPL states 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.

According to FPL 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.

FPL states the forward refunding contracts would be for the purpose of refunding up to \$277,095,000 of pollution control

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revenue bonds which were issued on FPL's behalf and which become callable between May 1994 and April 1995. These pollution control revenue bonds were collateralized by the following FPL First Mortgage Bonds:

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| 11% due May 2019 | (\$60,000,000) |
| 11% due October 2019 | (\$147,260,000) |
| 10% due April 2020 | (\$61,200,000), and |
| 10% due April 2020 | (\$8,635,000) |

With regard to short-term financing, FPL states it is seeking a renewal of the authority granted by Order No. 22323, issued December 20, 1989, 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 of FPL's gross revenues during the preceding 12 months of operation. The prior authority granted FPL expires December 31, 1991. The currently requested authorization is for a period of 24 months which includes calendar years 1991 and 1992.

FPL states 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 of FPL's gross revenues during the preceding 12 months of operation. FPL states 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 of FPL's gross revenues during the preceding 12 months of operation. FPL states that for the 12 months ending June 30, 1990, 25 percent of gross revenues was \$1,226 billion.

FPL states the actual dividend rates for the equity securities and the interest rates for the debt securities will be determined

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at the time of the issuance and/or sale of the securities. Current dividend and interest rates:

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| A-rated Public Utility Bond Rate | 10.06%(1) |
| A-rated Preferred Stock Yield | 9.70%(1) |
| 90-Day Commercial Paper Rate | 8.15%(2) |
| Prime Rate | 10.00%(2) |

FPL's petition states 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 and sale of any pollution control revenue bonds, solid waste disposal 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 purchases. Based on the Sources and Uses of Funds forecast developed by the Company, external long-term financings for 1991 are estimated to total \$300 million (\$250 million of long-term and \$50 million to preferred stock). In addition, the request for authority to issue up to \$800 million in long-term securities during 1991 contemplates contingencies which include refinancings and long-term 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 indicates it maintains a continuous construction program, principally for electric generation, transmission and distribution facilities. FPL estimates that construction expenditures under its

(1) Moody's Bond Survey, September 25, 1990
 (2) Wall Street Journal, September 28, 1990

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1991-1992 construction program will approximate \$2.8 billion, including net nuclear fuel additions and Allowance for Funds Used During Construction (AFUDC). Projected expenditures according to FPL in connection with its construction program during the 12 months ending December 31, 1991 will approximate \$1.3 billion in the following categories:

\$525 million for production facilities,
\$189 million for transmission facilities,
\$426 million for distribution facilities,
\$56 million for nuclear fuel purchases, and
\$126 million for general and other purposes.

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 indicates it is keeping its construction program as flexible as possible with the intention of accommodating those factors that may develop or change. 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. To the extent that FPL issues instruments for the guaranty or collateralization of debt obligations or other securities issued 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. 22323.

In consideration of the foregoing, it is

ORDERED that Florida Power & Light Company's request for authority to issue and sell and/or exchange long-term debt and/or equity securities and/or assume liabilities as guarantor, endorser, or surety in an aggregate amount not to exceed \$800 million during the 12 months ending December 31, 1991 is granted. It is further

ORDERED that Florida Power & Light Company's request for authority to enter into forward refunding contracts during calendar year 1991 and to issue and sell up to \$277,095,000 of securities during the twelve months ending February 1, 1995 which FPL shall

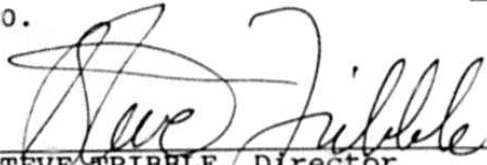
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commit to deliver under the forward refunding contracts are granted. It is further

ORDERED that Florida Power & Light Company's request for authority to issue and sell short-term securities during the calendar years 1991 and 1992 in an amount or amounts such that the aggregate principal amount outstanding at the time of the sale shall not exceed 25 percent of FPL's gross revenues during the 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 the foregoing authorization is without prejudice to the authority of this Commission with respect to rates, service, accounts, valuations, estimates or determinations or costs, or any other matter whatsoever now pending or which may come before this Commission as provided in Section 366.04, Florida Statutes.

By ORDER of the Florida Public Service Commission, this 19th day of NOVEMBER, 1990.



STEVE TRIBBLE, Director
Division of Records and Reporting

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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 the Commission's final action in this matter may request: 1) reconsideration of the decision by

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filing a motion for reconsideration with the Director, Division of Records and Reporting 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 or sewer utility by filing a notice of appeal with the Director, Division of Records and Reporting 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.