

MEMORANDUM

DECEMBER 2, 1996

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FPSC-RECORDS/REPORTING

TO: DIVISION OF RECORDS AND REPORTING

FROM: DIVISION OF LEGAL SERVICES (ERSTLING) *# RVE*

RE: DOCKET NO. 961157-EI - APPLICATION FOR AUTHORITY TO ISSUE AND SELL SECURITIES PURSUANT TO SECTION 366.04, F.S., AND CHAPTER 25-8, F.A.C., BY FLORIDA POWER & LIGHT COMPANY

1457-80E

Attached is a FINAL ORDER GRANTING FLORIDA POWER & LIGHT COMPANY AUTHORITY TO ISSUE AND SELL SECURITIES, to be issued in the above-referenced docket. (Number of pages in Order - 6)

SLE/js *SS*
Attachment
cc: Division of Electric and Gas
Division of Auditing and Financial Analysis (Jones)
I:961157OR.SLE

*pared - 1/0
waited - 1/0*

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application for) DOCKET NO. 961157-EI
authority to issue and sell) ORDER NO. PSC-96-1457-FOF-EI
securities pursuant to Section) ISSUED: December 2, 1996
366.04, F.S. and Chapter 25-8,)
F.A.C., by Florida Power & Light)
Company.)
_____)

The following Commissioners participated in the disposition of this matter:

SUSAN F. CLARK, Chairman
J. TERRY DEASON
JOE GARCIA
JULIA L. JOHNSON
DIANE K. KIESLING

FINAL ORDER GRANTING FLORIDA POWER & LIGHT COMPANY
AUTHORITY TO ISSUE AND SELL SECURITIES

BY THE COMMISSION:

On September 23, 1996, Florida Power & Light Company (FPL or the Company) filed an application with this Commission seeking authorization 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 \$990 million during calendar year 1997. In addition, FPL seeks permission to issue and sell short-term securities during calendar years 1997 and 1998 in an amount or amounts such that the aggregate principal amount of short-term securities outstanding at the time of sale does not exceed 25% of FPL's gross revenues for the preceding twelve months of operation. FPL also seeks authority to enter into forward refunding or forward swap contracts during calendar year 1997. In conjunction with these forward contracts, FPL seeks authority to issue and sell up to \$139 million of securities through December 31, 2001, which FPL would commit to deliver under these forward contracts.

FPL advises that the long-term debt securities may take the form of first mortgage bonds, medium-term notes, debentures, convertibles or exchangeable debentures, notes, convertible or exchangeable notes or other straight debt or hybrid debt securities, whether secured or unsecured, with maturities ranging from one to one-hundred years. In addition, FPL may enter into

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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 State 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. In addition, in order to facilitate the obtaining of funds or to obtain a more favorable cost of money with respect to those funds or to otherwise benefit its utility operations, FPL indicates it may from time to time enter into nuclear fuel leases or 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, (ii) by non-affiliates (including employees) in connection with FPL's utility operations, and/or (iii) in connection with other financings by FPL or on its behalf. Consistent with Order No. PSC-95-1400-FOF-EI, as amended by Order No. PSC-95-1400A-FOF-EI, 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, FPL acknowledges its burden to clearly demonstrate a benefit and the appropriateness to its utility operations.

According to the Company, 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 may be amended from time to time.

FPL also proposes to enter into preferred securities financings, whereby FPL would establish and make an equity investment in a special purpose limited partnership 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.

FPL further states the exchange of its securities may be by way of an exchange of one security of FPL for another security 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 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.

The short-term securities will have maturities of not more than twelve months and may be secured or unsecured, not to exceed 25% of the company's gross annual revenues. 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, 1996, FPL asserts that 25% of the company's gross revenues was \$1.4 billion.

FPL advises that the interest rate it 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.

The Company maintains that 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, 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 for the following purposes: (i) to provide additional electric facilities; (ii) to reacquire, by redemption, purchase, exchange or otherwise, any of its outstanding debt securities or equity securities; (iii) to repay all or a portion of any maturing long-term obligations; (iv) to satisfy FPL's obligations under its nuclear fuel leases; (v) to repay all or a portion of short-term bank borrowings and commercial paper outstanding at the time of such transactions; and/or (vi) for other corporate purposes. Excess proceeds, if any, will be temporarily invested in short-term instruments pending their application to the foregoing purposes.

In addition, FPL advises that 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. During the 1997-98 period, FPL may need short-term financing for significant parts of its construction program, 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 and preferred stock sinking fund requirements.

According to FPL's application, the forward refunding and forward swap contracts would be for the purpose of refunding up to \$139 million of pollution control revenue bonds which were issued on FPL's behalf and which become callable between July, 2000 and February, 2001. These pollution control revenue bonds were collateralized by FPL Mortgage Bonds which include the following: 7.30% due July 2020 (\$76,300,000); 7.50% due July 2020 (\$9,835,000), 7.15% due February 2023 (\$15,000,000); 7.15% due February 2023 (\$32,985,000); and 7.15% due February 2023 (\$4,000,000).

Having considered FPL's application, we find that it should be granted in its entirety.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Florida Power & Light Company's request for authority 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 \$990 million during calendar year 1997 is 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 1997 and 1998, in an amount or amounts such that the aggregate principal amount of short-term securities outstanding at the time of sale does not exceed 25 percent 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 contracts or forward swap contracts during calendar year 1997, and to issue and sell up to \$139 million of securities through December 31, 2001, which FPL shall commit to deliver under the forward refunding or forward swap contracts is granted. It is further

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ORDERED that Florida Power & Light Company shall file with the Commission a consummation report in compliance with Rule 25-8.009, Florida Administrative Code. It is further

ORDERED that the foregoing authorization is without prejudice to the authority of this Commission with respect to rates, service, accounts, evaluation, estimates or determinations of 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 2nd day of December, 1996.



BLANCA S. BAYÓ, 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 filing a motion for reconsideration with the Director, Division of Records and Reporting, 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 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.