

MEMORANDUM

DECEMBER 8, 1997

RECEIVED

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11-30
FPSC - Records/Reporting

TO: DIVISION OF RECORDS AND REPORTING

FROM: DIVISION OF LEGAL SERVICES (KEATING) WCK *RVE*

RE: DOCKET NO. 971304-EI - APPLICATION OF FLORIDA POWER & LIGHT COMPANY FOR AUTHORITY TO ISSUE AND SELL SECURITIES DURING THE TWELVE MONTHS ENDING DECEMBER 31, 1998, PURSUANT TO SECTION 366.04, F.S., AND CHAPTER 25-8, F.A.C.

75C-97-1533-FIF-EI

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)

WCK/js

cc: Division of Auditing and Financial Analysis (Jones)

I:971304or.wck

12/8/97
forwarded - 2/0.
initiated -

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of Florida
Power & Light Company for
authority to issue and sell
securities during the twelve
months ending December 31, 1998,
pursuant to Section 366.04,
F.S., and Chapter 25-8, F.A.C.

DOCKET NO. 971304-EI
ORDER NO. PSC-97-1533-FOF-EI
ISSUED: December 8, 1997

The following Commissioners participated in the disposition of
this matter:

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

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

BY THE COMMISSION:

On October 8, 1997, Florida Power & Light Company (FPL) filed an application for authority to issue and sell securities pursuant to Section 366.04, Florida Statutes, and Chapter 25-8, Florida Administrative Code. Specifically, FPL seeks authority (1) 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 \$1.3 billion during calendar year 1998; (2) to issue and sell short-term securities during calendar years 1998 and 1999 in an amount or amounts such that the aggregate principal amount of short-term securities outstanding at the time of the sale does not exceed 25 percent of the Company's gross revenues for the preceding twelve months of operation; and (3) to enter into forward refunding or forward swap contracts during calendar year 1998 and, in conjunction with such contracts, to issue and sell up to \$151 million of securities through December 31, 2002.

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

In its application, FPL advises that the long-term debt securities may take the form of first mortgage bonds, medium-term notes, debentures, convertible 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. FPL further advises that it may enter into options, rights, interest rate swaps, or other derivative instruments. In addition, FPL states that it may 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.

According to FPL, 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 it may 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 states that it may also guarantee, among other things, the distributions to be paid by the affiliated entity to the preferred securities holders.

FPL states the exchange of its 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 notes that the short-term securities will have maturities of not more than twelve months and may be secured or unsecured. FPL advises that 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 at the time of sale 25% of FPL's gross revenues during the preceding twelve months of operation. For the twelve months ended June 30, 1997, FPL asserts that 25% of the its gross revenues was \$1.5 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. FPL notes that the dividend rate for preferred stock is similarly affected by the terms of the offering.

FPL further advises 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 (1) by one or more of its subsidiaries or affiliates for the benefit of FPL's utility operations; (2) by non-affiliates in connection with FPL's utility operations; (3) 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 (4) 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 or on behalf of one or more of its subsidiaries, affiliates, or non-affiliates to benefit its utility operations, FPL acknowledges its burden to clearly demonstrate a benefit and the appropriateness to its utility operations.

According to FPL's application, the net proceeds to be received from the issuance and sale and/or exchange of the additional long-term debt and equity securities (except 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: (1) to provide additional electric facilities; (2) to reacquire, by redemption, purchase, exchange or otherwise, any of its outstanding debt or equity securities; (3) to repay all or a portion of any maturing long-term debt obligations; (4) to satisfy FPL's obligations under its nuclear fuel leases; (5) to repay all or a portion of short-term bank borrowings and commercial paper outstanding at the time of such transactions; and/or (6) for other corporate purposes. FPL notes that any excess proceeds will be temporarily invested in short-term instruments pending their application to the purposes listed above.

In addition, FPL states that the purpose of the short-term securities is to provide funds to temporarily finance portions of FPL's construction program and capital commitments and for other corporate purposes. FPL notes that it may need short-term financing during the 1998-99 period for significant parts of its construction program, seasonal fuel requirements, contingency financing such as fuel adjustment underrecoveries or storm restoration costs, and temporary funding of maturing or called long-term debt securities.

FPL further states that it intends to use the forward refunding contracts and forward swap contracts for the purpose of refunding up to \$151 million of pollution control revenue bonds which were issued on FPL's behalf and which become callable in July 2000, February 2001, and May 2002. FPL notes that these pollution control revenue bonds were collateralized by FPL First Mortgage Bonds and 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); 7.15% due February 2023 (\$4,000,000); and 6.7% due May 2027 (\$12,015,000).

FPL notes that it presently has an affiliate which promotes the installation of energy efficiency measures by contracting with customer to guarantee the anticipated energy savings. To facilitate FPL's customers' installation of energy efficient measures, FPL advises that it 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 subsidiaries or affiliates with FPL customers.

Having reviewed 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 \$1.3 billion during calendar year 1998 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 1998 and 1999, 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 1998, and to issue and sell up to \$151 million of securities through December 31, 2002, which FPL shall commit to deliver under the forward refunding or forward swap contracts is granted. It is further

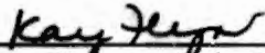
ORDERED that Florida Power & Light Company shall file with the Commission a consummation report in compliance with Rule 25-8.009, Florida Administrative Code. It is further

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.

ORDER NO. PSC-97-1533-FOF-EI
DOCKET NO. 971304-EI
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By ORDER of the Florida Public Service Commission this 8th
day of December, 1997.

BLANCA S. BAYÓ, Director
Division of Records and Reporting


By: Kay Flynn, Chief
Bureau of Records

(S E A L)

WCK

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 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.