FPL

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COMMISSION CLERK

August 9, 2007

Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Re: Petition for issuance of a storm recovery financing order by Florida Power and Light Company, Docket No. 060038-EI

Pursuant to an ordering paragraph on page 53 of Florida Public Service Commission ("PSC" or "Commission") Order No. PSC-06-0464-FOF-EI, issued May 30, 2006, in Docket No. 060038-EI (the "Financing Order") and Section 366.8260(2)(b)5, Florida Statutes (2006), Florida Power & Light Company ("FPL" or the "Company") submits this information on the actual upfront costs associated with its issuance of $652 million in storm-recovery bonds on May 22, 2007.

FPL believes that its upfront costs resulted in the lowest overall costs that were reasonably consistent with market conditions at the time of the bond issuance and the terms of the Financing Order. As addressed at the May 21, 2007 Internal Affairs Agenda, FPL's storm-recovery bond issuance achieved record pricing on both the spread to swap rates as well as the selling commissions. Additionally, the storm recovery bonds priced more favorably than recent securitization transactions by American Electric Power ("AEP") and Monongahela Power ("MP"). Indeed, FPL's bonds priced 6.752 basis points better than the 2006 AEP transaction and 3.837 basis points better than the MP transaction.[1] Therefore, within the parameters set forth for this financing by the Financing Order and the decisions taken by the Bond Team, as outlined in FPL's May 16, 2007 Issuance Advice Letter (Attachment 7, Certification), FPL certified that the structuring, marketing and pricing of the storm-recovery bonds achieved the "lowest-cost objective" as that term is defined in the Financing Order.

This was the first-ever securitization in Florida under Section 366.8260, enacted by the 2005 Florida Legislature, and the first-ever utility securitization transaction in the nation in which bonds were sold by competitive sale. As required by the Financing Order, a Bond Team comprised of representatives of the Company, the Commission and their designated advisors and legal counsel was established to ensure that the structuring, marketing and pricing of the storm-recovery bonds would achieve the lowest cost objective and that the transaction documents include adequate protections for the customers. Beginning in July of 2006, the

CMP ____
COM ____
CTR ____
ECR 2
GCL ____
OPC ____
RCA 1
SCR ____
SGA ____
SEC ____
OTH ____

[1] As measured by the weighted summation of (1) credit spreads and (2) underwriting commissions for the comparable tranches of the relevant transaction. The net present value of one basis point is equal to roughly $370,000.

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Bond Team began meeting to address the details of the storm-recovery bond issuance in accordance with the terms of the Commission's Financing Order. In contemplation of a negotiated sale of the bonds, the Bond Team with the assistance of experienced legal and financial advisors evaluated alternative structures and extensively explored whether the bonds could be issued and sold as corporate securities, whether fixed rate or variable rate bonds should be offered, and what ongoing reporting investors would require.

After exploring and pursuing these and other alternatives for providing the lowest cost to customers, the Bond Team concluded that customers could most efficiently achieve all the benefits of these alternatives through use of a competitive sale of the storm-recovery bonds as asset-backed securities. As stated above, FPL's storm-recovery bonds priced more favorably than the 2006 AEP securitization transaction and the MP securitization.

As indicated on the spreadsheet attached as Appendix A, FPL's upfront storm-recovery bond issuance costs total approximately $7.8 million. This is $3.6 million lower than FPL's initial estimate of upfront costs provided to the Commission in FPL's January 2006 filing, and $1.8 million lower than the estimate of upfront costs provided to the Bond Team in September of 2006.

In sum, the Bond Team decision to sell the bonds through a competitive sale was successful in securing lower costs for FPL's customers. Indeed, it resulted in tighter spreads and lower selling commissions than any previous utility securitization completed to date. The costs incurred in the issuance of the bonds resulted in the lowest overall costs that were reasonably consistent with market conditions at the time of the bond issuance and the terms of the Financing Order.

Should you or your staff have any questions, please do not hesitate to contact us.

Sincerely,

Kathy A. Beilhart, Assistant Treasurer
Florida Power & Light Company

Enclosure
cc: Parties of Record Docket No. 060038-EI

Docket No. 060038-EI APPENDIX A

Up-front Storm Recovery Bond Issuance Costs

	Per Order PSC-06-0626-FOF-EI	9/06 Revised	7/07 Actual
Principal amount of Bonds:	$ 1,050,000,000.00	$ 652,000,000.00	$652,000,000.00
Selling Commissions[1]	5,250,000.00	2,608,000.00	1,545,000.00
Rating Agency Fees[2]	950,000.00	785,000.00	792,064.46
FPL Financial Advisor's Fee[3]	600,000.00	800,000.00	820,196.89
Commission Financial Advisor's Fee	1,000,000.00	1,000,000.00	886,358.59
Printing	37,500.00	20,000.00	-
Trustee Fees[4]	25,000.00	25,000.00	25,000.00
Legal Fees[5]	2,000,000.00	3,000,000.00	3,001,793.63
SEC Fees[6]	112,350.00	20,016.40	20,016.40
Agreed Upon Proceedures Letter[7]	75,000.00	75,000.00	112,640.00
SPV Set-up Fee	15,000.00	15,000.00	-
Servicer Set-up Fee[8]	350,000.00	407,000.00	401,382.00
Original Issue Discount[9]	500,000.00	326,000.00	110,196.28
Marketing and Miscellaneous[10]	500,000.00	500,000.00	50,132.49
Total	$ 11,414,850.00	$ 9,581,016.40	$ 7,764,780.74

Difference of
$1,816,235.66 to be
added to Storm Reserve

[1] Selling commissions paid were determined by competitive sale process.

[2] Rating agency fees were lower than estimated. Bond Team was successful in negotiating fee reductions.

[3]Advisory fee based on a flat per quarter amount until such time as transaction underwriter was selected. Advisor selection was competitively bid.

[4]Trustee services were competitively bid with the lowest cost provider selected.

[5]Original filing did not contemplate various transaction structures evaluated or documentation costs to change to competitive sale. Original filing did not include costs for Commission's legal counsel. Issuer's and bond purchasers counsel were competitively bid.

[6]Change in fee structure by SEC resulted in reduced SEC filing fees.

[7]Actual proceedures performed by Deloitte & Touche, LLP were more extensive then estimated. These procedures are dictated by winning bidder and were a condition of closing.

[8]Original estimate did not account for complex modifications to the billing system required to implement the Storm Bond Repayment Charge and the Storm Bond Tax Charge.

[9]Original issue discount results from rounding when the coupon is set.

[10]Marketing and Miscellaneous includes costs for webcast conferencing services for investor and bidder calls, print advertising and travel expenditures for Bond Team meetings, rating agency presentation, underwriter selection, marketing to potential bidders, competitive sale of bonds and transaction closing.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by United States Mail on the 9th day of August, 2007, to the following:

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