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FPL

March 12, 2010

VIA HAND DELIVERY

Ms. Ann Cole
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard, Room 110
Tallahassee, Fl 32399-0850

RE: Docket No. 080677-EI

Dear Ms. Cole:

Enclosed for filing on behalf of Florida Power & Light Company are the original and five (5) copies of its responses to Staff's Data Request dated March 1, 2010.

Please contact me if you or your Staff has any questions regarding this filing.

Sincerely,

for John T. Butler

cc: Counsel for Parties of Record

COM	
APA	1
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RAD	1
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ADM	
OPC	
CLK	

No 1: Has FPL completed its series of meetings with credit rating agencies? If not, when does FPL anticipate it will have completed its meetings?

ANSWER

FPL has not completed its discussions with all credit rating agencies; at this point, only the discussions with Standard & Poor's have been completed. On March 11, 2010, Standard & Poor's issued a research update entitled "FPL Group, Inc. Downgraded to 'A-' From 'A', Off Credit Watch; Outlook Stable." A copy of the report is included with these responses as Attachment 1. FPL is aware of two additional credit rating agencies that are reviewing FPL's ratings. As indicated in our response to Interrogatory No. 282 on January 26, FPL anticipates that the discussions with credit rating agencies will be completed within 60-90 days of that response. However, we have no assurance that the credit rating agencies will complete and conclude their analyses within that time frame. Once the credit rating agencies have concluded their analyses, FPL will need time to conduct its own analysis of the appropriate course of action.

No 2: Has FPL completed its assessment of equity investor and credit rating agency reactions to determine the impact, if any, on FPL's ability to access capital markets? If the assessment has not been completed, when does FPL anticipate it will complete its assessment?

ANSWER

No. Discussions with equity investors and rating agencies on this topic have not been completed, so FPL has not been able to determine the impact, if any, on FPL's ability to adequately and reasonably access the capital markets. As indicated in our response to Interrogatory No. 282 on January 26, FPL anticipates that those discussions will be completed within 60-90 days of that response. However, we have no assurance that the equity investors and rating agencies will complete and conclude their analyses within that time frame.

No 3: If FPL has completed its assessment, has FPL determined whether it will resume work on the Riviera and Cape Canaveral modernization projects? What was FPL's decision?

ANSWER

Not applicable. Please see responses to Staff Data Requests Nos. 1 and 2.

No. 4: If FPL has determined to resume work on the Riviera and Cape Canaveral modernization projects, will the projects be completed without significant impact on their in-service schedules? What is the schedule for completion of the modernization projects?

ANSWER

Not applicable. As stated in FPL's response to Interrogatory No. 282 on January 26:

> "A complete assessment of equity investor and credit rating agency reactions to the outcome of the base rate case and its impact on FPL's ability to access capital markets on reasonable terms will enable FPL to determine whether and when work could resume on the Riviera and Cape Canaveral modernization projects. If the work suspension is not lengthy, it is possible that the projects could be completed without significant impact on their in-service schedules."

No. 5: If FPL has determined not to resume work on the Riviera and Cape Canaveral modernization projects, will the plants be retired from service in 2010 and 2011 as indicated in FPL's depreciation study?

ANSWER

Not applicable. Please see response to Staff Data Request No. 4

No. 6: If FPL has determined not to resume work on the modernization projects, and will not retire the plants in 2010 and 2011, what are the new retirement dates for Riviera and Cape Canaveral?

ANSWER

Not applicable. Please see response to Staff Data Request No. 4

No. 7: If FPL has determined not to retire the plants in 2010 and 2011, will FPL petition the Commission to reconsider FPL's revenue requirements and depreciation rates set in this docket?

ANSWER

Not applicable. Please see response to Staff Data Request No. 4

No. 8: If FPL has determined not to retire Riviera and Cape Canaveral as indicated in the recent depreciation study, please identify the revenue requirement effect of the Commission's decision to use the reserve surplus to offset the $44.9 million reserve deficit associated with the near-term retirement of Riviera and Cape Canaveral.

ANSWER

Not applicable. Please see response to Staff Data Request No. 4

No. 9: What effect does FPL's decision regarding the modernization of Riviera and Cape Canaveral have on the construction of West Count Energy Center Units, particularly Unit 3?

ANSWER

As discussed in FPL's response to Interrogatory No. 284 on January 26, WCEC Unit 3 has been under construction since February of 2009, and is scheduled to be placed in service by June 1, 2011. Neither the suspension of work on the modernizations, nor any future decision regarding those modernizations will diminish the benefits that the three WCEC units will provide to FPL's customers, irrespective of the modernization projects.

No. 10: If FPL has determined to cancel the modernization activities at Riviera and Cape Canaveral, what is FPL's expected reserve margins for each of the years 2011 through 2020?

ANSWER

Not applicable. Please see response to Staff Data Request No. 4

No. 11: Provide an accounting of all monies spent as of March 1, 2010, separately for the Riviera and Cape Canaveral modernization projects.

ANSWER

Below is a summary table showing the costs incurred through February 2010 for the Cape Canaveral and Riviera beach Modernization projects. Approximately $5.49MM of the $8.47MM was incurred in support of licensing and permitting the Projects in order to be able to commence construction. These activities have resulted in FPL receiving Final Orders from the Site Certification process, final Air Construction permits and all necessary local zoning and site plan approvals from governing municipalities. The other major category, which accounts for $2.88MM of the overall costs, involved securing major equipment options for the combustion and steam turbines, in order to preserve in-service dates and provide optionality.

Cost Category	Cape Canaveral Estimated/Actual Costs Through Feb. 2010 (Note 1) ($MM)		Riviera Estimated/Actual Costs Through Feb. 2010 (Note 1) ($MM)	
Power Block				
-Internal costs in support of engineering, licensing and permitting the Project	$	2.68	$	2.33
-3rd party costs to preserve delivery of major equipment, support in-service dates and provide optionality for combustion turbines and steam turbines	$	2.46	$	0.42
Total Power Block	$	**5.14**	$	**2.75**
Land	$	-	$	-
Transmission, Interconnection and Integration	$	**0.12**	$	**0.36**
AFUDC Cape: Oct. 2009 through Dec. 2009 Riviera: Nov. 2009 through Dec. 2009	$	**0.07**	$	**0.03**
Total Plant Cost	$	**5.33**	$	**3.14**

Note 1: Includes booked costs through January 2010 and estimated costs for February 2010

No. 12: Has FPL suspended the accrual of AFUDC on the Riviera and Cape Canaveral modernization projects? If not, provide an explanation as to why FPL has continued to accrue AFUDC for these suspended projects.

ANSWER
Yes.

No. 13: FPL recently announced the sale of $500 million in 30-year mortgage bonds, bearing an interest of 5.69 percent. How does this ability to access the market affect FPL's decisions regarding the modernization of Canaveral and Riviera plants? Please include in your response to this data request whether the sale of these bonds was different than anticipated by FPL in its testimony in the rate case?

ANSWER
The first mortgage bonds issued in February were contemplated in the rate case to be 4th quarter 2009 issuances, but were delayed until February 2010. Net proceeds from the sale were added to FPL's general funds. The company expects to use its general funds to repay short-term borrowings and for other general corporate purposes.

While FPL was able to raise debt, the company is still undergoing an assessment of equity investor and credit rating agency reactions, particularly around the ability to raise capital in both equity and debt markets. As indicated in response to Staff Data Request No. 2, since the discussions with the equity investors and rating agencies on this topic have not been completed, FPL has not been able to determine the impact, if any, on FPL's ability to adequately and reasonably access the capital markets.

Attachment 1

STANDARD & POOR'S

Global Credit Portal
RatingsDirect®

March 11, 2010

Research Update:

FPL Group Inc. Downgraded To 'A-' From 'A', Off CreditWatch; Outlook Stable

Primary Credit Analyst:
Todd A Shipman, CFA, New York (1) 212-438-7676;todd_shipman@standardandpoors.com

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Research Update:

FPL Group Inc. Downgraded To 'A-' From 'A', Off CreditWatch; Outlook Stable

Overview

- We downgraded and removed from CreditWatch negative FPL Group Inc. (FPL) and subsidiaries to 'A-' from 'A' based on greater regulatory risk at utility subsidiary Florida Power & Light (FP&L) and growing investments in unregulated assets under subsidiary FPL Group Capital. The outlook is stable.
- The deteriorated business risk profile is now 'strong' instead of 'excellent'.
- We affirmed the 'A' ratings on Florida Power & Light's first mortgage bonds.
- The financial risk profile remains 'intermediate' and should remain robust enough to support the new ratings if the company remains disciplined in its pursuit of growth at merchant energy producer and marketer NextEra Energy Resources.

Rating Action

On March 11, 2010, Standard & Poor's Ratings Services lowered its corporate credit rating on FPL and subsidiaries to 'A-' from 'A'. At the same time, we removed the ratings from CreditWatch with negative implications where they were placed on Jan. 14, 2010 following an adverse rate case ruling for FP&L. We affirmed 'A' secured debt rating on FP&L, and revised the recovery rating on this debt to '1+' from '1' based on an updated recovery analysis. Juno Beach, Fla.-based FPL has about $19 billion of debt outstanding.

Rationale

FPL's credit fundamentals on its regulated utility side have been among the strongest in the U.S., due primarily to low regulatory risk and an attractive service territory with healthy economic growth and a sound business environment. Both of those pillars have been weakened in the past year as Florida, and FP&L's service territory in particular, have suffered during the recession, and regulators have responded with decisions that reflect more intense political influence over the regulatory environment. Maintaining financial strength despite regulatory setbacks and a slowly improving economy in Florida will be challenging. In addition, the balance between regulated utility operations and unregulated businesses is projected to trend in favor of the riskier merchant generation, marketing, and trading activities as lower returns and higher regulatory risk in Florida lead to changes in capital allocation decisions. This will erode FPL's business risk profile, which we now deem to be 'strong' instead of 'excellent'.

The ratings on FPL reflect the strength of the regulated cash flows from integrated electric utility FP&L, and the diverse and substantial cash generation capabilities of its unregulated operations at subsidiary NextEra. FP&L is expected to contribute less than half of the consolidated credit profile and has better business fundamentals than most of its integrated electric peers, with a slightly better-than-average service territory, sound operations, and a credit-supportive regulatory environment. The company's willingness to expand through acquisitions, fluctuating cash flows from NextEra's rapidly-expanding portfolio of merchant generation assets and growing marketing and trading activities, and the utility's significant exposure to natural gas detract from credit quality. Standard & Poor's characterizes FPL's business profile as 'strong' and its financial profile as 'intermediate'. (Our methodology applies the terms 'excellent,' 'strong,' 'satisfactory,' 'fair,' 'weak,' and 'vulnerable' to characterize business risk, and 'minimal,' 'modest,' 'intermediate,' 'significant,' 'aggressive,' and 'highly leveraged' to characterize financial profiles.)

Business risk is anchored by the company's core electric utility operations in Florida, which exhibit strength in almost every area of analysis: the service territory has fared better than most of the rest of the country, although it is lagging in this recessionary environment, the customer mix is mostly residential and commercial, costs and rates are low, and reliability and customer satisfaction are high. While not immune to overall economic trends, we expect Florida to remain attractive to people and jobs over the long term. A large and growing reliance on natural gas to fuel utility generation could, over time, turn from an advantage (because of its favorable environmental status) to a weakness if gas prices continue to significantly fluctuate and rise over time. Regulatory risk, the most important risk a utility faces, has been well managed at FP&L but has risen of late as regulators have reacted to weak economic conditions and keener attention in the political arena with a series of decisions for FP&L that fall short of the very sound record of past support for credit quality.

NextEra, the main subsidiary under unregulated Group Capital, engages in electric generation, marketing, and trading throughout the U.S. NextEra's focus is on geographic and fuel diversity and on developing environmentally advantageous facilities that could benefit from climate change political trends. The merchant generator's capacity of more than 18,000 MW consists of more than 40% wind turbines, a little over one-third natural gas-fired stations, and the rest mainly nuclear facilities. Three-quarters of the wind projects, one-third of the natural gas capacity, and three of the four nuclear units operate under largely fixed-price, long-term contracts. The rest of the portfolio, including one nuclear plant, is merchant capacity that is exposed to market prices for its output. While a policy of actively hedging the commodity price risk of plant inputs and outputs helps to dampen the risks associated with energy merchant activities, there is an inherent risk level at NextEra that cannot be avoided. Such risk permanently hinders credit quality, especially in light of the growing influence of marketing and high-risk proprietary trading results in NextEra's earnings and cash flows.

We believe the governance and financial policies used to manage risk are adequate. FPL's financial profile is characterized by very healthy credit metrics, ample liquidity, and a management attitude toward credit quality that supports ratings. Importantly, sophisticated, but complex, financial structures employed at the project level substantiate significant off-credit treatment of largely non-recourse debt at NextEra. Any indication that FPL management would use its own financial resources to aid a troubled project in support of strategic objectives could lead Standard & Poor's to reevaluate the adjustments made to FPL's reported debt. Large adjustments are also factored into the credit analysis regarding hybrid debt instruments and power purchase agreements at FP&L. Adjusted credit metrics in current economic and market conditions support the 'intermediate' financial profile. The metrics are expected to remain steady, including funds from operations (FFO) to debt of around 25% and debt-to-capitalization below 50%.

Short-term credit factors

The short-term rating on FPL is 'A-2'. FPL's available cash flow is not sufficient to fund its large capital expenditure plans and dividends and is expected to remain that way for the foreseeable future. FPL has ample liquidity with $6.4 billion of revolving bank facilities maturing mainly in 2013, and a $250 million revolving term loan maturing in 2011. Almost $4.4 billion of liquidity was available as of Dec. 31, 2009, including $238 million of cash and equivalents on the balance sheet. The facilities support commercial paper programs at FP&L and Capital and letters of credit. By analyzing a stress scenario to assess FPL's liquidity adequacy to cover exposure to adverse market and credit events, Standard & Poor's expects that the company has sufficient liquidity under those conditions. The company's maturity schedule subsides over time, with maturities peaking at over $2 billion during 2011.

Outlook

The outlook on FPL and subsidiaries is stable and reflects a business profile that is increasingly dominated by higher-risk merchant energy activities and a utility that still presents an above-average credit profile compared to its U.S. peers. We would consider a negative outlook if some combination of worsening regulatory risk at FP&L, deteriorating operational efficiency at NextEra, investment decisions that favor NextEra over FP&L to an even greater degree, or poor financial performance because of the Florida economy, unfavorable energy markets, or risk management missteps indicate that the credit profile is likely to decline. We could consider a positive outlook if a dramatic shift in the Florida economic, political, and regulatory environment appears to be sustainable over a long time horizon and affirmative steps are taken to reduce risk at NextEra.

Related Research

Criteria Methodology: Business Risk/Financial Risk Matrix Expanded, RatingsDirect May 27, 2009
Assessing U.S. Utility Regulatory Environments, RatingsDirect, Nov. 7, 2008.

Ratings List

Downgraded; CreditWatch/Outlook Action

	To	From
FPL Group Inc.		
Corporate Credit Rating	A-/Stable/--	A/Watch Neg/--
FPL Group Capital Inc.		
Florida Power & Light Co.		
Corporate Credit Rating	A-/Stable/A-2	A/Watch Neg/A-1
FPL Fuels Inc.		
Commercial Paper	A-2	A-1/Watch Neg
FPL Group Capital Inc.		
Senior Unsecured	BBB+	A-/Watch Neg
Junior Subordinated	BBB	BBB+/Watch Neg
Commercial Paper	A-2	A-1/Watch Neg
FPL Group Capital Trust I		
Preferred Stock	BBB	BBB+/Watch Neg
Florida Power & Light Co.		
Preferred Stock	BBB	BBB+/Watch Neg
Commercial Paper	A-2	A-1/Watch Neg

Ratings Affirmed; CreditWatch/Outlook Action

	To	From
Florida Power & Light Co.		
Senior Secured	A	A/Watch Neg
Recovery Rating	1+	1

Complete ratings information is available to RatingsDirect on the Global Credit Portal subscribers at www.globalcreditportal.com and RatingsDirect subscribers at www.ratingsdirect.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com. Use the Ratings search box located in the left column.