

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for authority to issue and sell securities during calendar years 2018 and 2019 pursuant to Section 366.04, F.S., and Chapter 25-8, F.A.C., by Florida Power & Light Company.

DOCKET NO. 20170177-EI
ORDER NO. PSC-2017-0410-FOF-EI
ISSUED: October 23, 2017

The following Commissioners participated in the disposition of this matter:

JULIE I. BROWN, Chairman
ART GRAHAM
RONALD A. BRISÉ
DONALD J. POLMANN
GARY F. CLARK

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

BY THE COMMISSION:

Florida Power & Light Company (FPL) filed an application on August 21, 2017, seeking authority pursuant to Section 366.04, Florida Statutes, and Chapter 25-8, Florida Administrative Code, to issue and sell securities. Notice of FPL's application was given in the Florida Administrative Register on September 26, 2017.

Proposed Transactions

FPL seeks authority to issue and sell and/or exchange any combination of the long-term debt and equity securities described below and/or to assume liabilities or obligations as guarantor, endorser or surety in an aggregate amount not to exceed \$6.1 billion during calendar year 2018. In addition, FPL seeks permission to issue and sell short-term securities during calendar years 2018 and 2019 in an amount or amounts such that the aggregate principal amount of short-term securities outstanding at the time of and including any such sale shall not exceed \$4.0 billion.

FPL advises that the long-term debt securities may include first mortgage bonds, medium-term notes, extendible commercial notes, debentures, convertible or exchangeable debentures, notes, convertible or exchangeable notes or other similar rights exercisable for or convertible into debt securities, or other straight debt or hybrid debt securities, whether subordinated or unsubordinated, secured or unsecured, including renewals and extensions thereof, with maturities ranging from one to one hundred years. FPL may issue long-term debt

securities by extending the maturity of short-term securities. FPL may enter into warrants, options, rights, interest rate swaps, currency swaps or other derivative instruments, or other arrangements. FPL may also enter into debt purchase contracts, obligating holders to purchase from FPL, and obligating FPL to sell, debt securities at a future date or dates.

In addition, FPL may enter into forward refunding or forward swap contracts during calendar year 2018. In conjunction with these forward contracts, FPL may issue and sell long-term debt through December 31, 2018, which FPL may commit to deliver under these forward contracts. Moreover, FPL may enter into installment purchase and security agreements, loan agreements, or other arrangements with political subdivisions of the States of Florida, Georgia, or other states, if any, where FPL becomes qualified to do business, and/or pledge debt securities and/or issue guaranties in connection with such political subdivisions' issuance, for the ultimate benefit of FPL, of pollution control revenue bonds, solid waste disposal revenue bonds, and industrial development revenue bonds (such bonds collectively referred to as Revenue Bonds) or other "private activity bonds" with maturities ranging from one to one hundred years, bond anticipation notes or commercial paper. Such obligations may or may not bear interest exempt from federal, state or local tax.

Contemplated to be included as long-term or short-term debt securities, as appropriate, are borrowings from banks and other lenders, and obligations pursuant to issuances of letters of credit, obtained under FPL's various credit facilities and other loan agreements, as those may be entered into and amended from time to time. Also contemplated to be included as long-term or short-term debt securities, as appropriate, are borrowings from banks and other lenders, and obligations pursuant to issuances of letters of credit, obtained under credit facilities and other loan agreements or other arrangements, as those may be entered into and amended from time to time by one or more wholly-owned, special purpose subsidiaries of FPL, with the proceeds of such borrowings to be used solely for the benefit of (1) FPL's Florida utility operations, and/or (2) FPL's customers. In furtherance of the foregoing, FPL states that:

- On May 10, 2006, FPL entered into a revolving credit agreement (referred to as the 2006 Revolving Credit Agreement) which, as amended, provides a \$155 million loan commitment with an expiration date of May 10, 2018. The proceeds of loans under the 2006 Revolving Credit Agreement are available for FPL's general corporate purposes, including, without limitation, to provide working capital and to finance capital expenditures.
- On February 8, 2013, FPL entered into an amended and restated syndicated revolving credit and letter of credit agreement (as amended, referred to as the 2013 Revolving Credit Agreement) which, as amended, provides for approximately \$2.42 billion of commitments. As of June 30, 2017, approximately \$2.315 billion will expire on February 8, 2022, approximately \$43.5 million will expire on February 9, 2021, \$29.75 million will expire on February 8, 2020, and \$28.5 million will expire on February 8, 2018. Borrowings and letter of credit issuances under the 2013 Revolving Credit Agreement are available for general corporate purposes, including, without limitation, to pay any interest or fees owing under that agreement, provide backup for FPL's self-insurance program covering its and its subsidiaries' operating facilities, and fund the cost of the prompt restoration, reconstruction and/or repair

of facilities that may be damaged or destroyed due to the occurrence of any man-made or natural disaster or event or otherwise.

- On May 2, 2016, FPL entered into a \$500 million syndicated revolving credit agreement (referred to as the 2016 Revolving Credit Agreement) with an expiration date of May 2, 2019. The proceeds of borrowings under the 2016 Revolving Credit Agreement are available for FPL's general corporate purposes, including to provide additional liquidity in the event of a loss to FPL's operating facilities, including a transmission and distribution property loss.
- Borrowings and/or letter of credit issuances available to FPL under the 2006 Revolving Credit Agreement, the 2013 Revolving Credit Agreement and the 2016 Revolving Credit Agreement also can be used to support the purchase of Revenue Bonds that are tendered by individual bond holders and not remarketed prior to maturity.
- In addition, FPL has established an uncommitted credit facility with a bank. The bank may, at its discretion upon the request of FPL, make a short-term loan or loans to FPL in an aggregate amount determined by the bank, which is subject to change at any time. The terms of specific borrowings under the uncommitted credit facility, including maturities, are set at the time borrowing requests are made by FPL. Borrowings under the uncommitted credit facility may be used for general corporate purposes.

In addition to the facilities described herein, as of June 30, 2017, FPL has other revolving credit facilities currently outstanding which are fully funded.

Additionally, debt securities may be issued by FPL or its affiliates or subsidiaries in connection with one or more facilities secured by accounts receivable or involving the sale of accounts receivable or interests therein to be used solely for the benefit of FPL's regulated utility operations.

According to FPL, equity securities that may be issued by FPL include preferred stock, preference stock, convertible preferred or preference stock, or warrants, options or rights to acquire such securities, or other similar rights exercisable for or convertible into preferred or preference stock, or purchase contracts obligating holders to purchase 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 the same may be amended from time to time.

FPL also states that it may enter into financings, whereby FPL would establish and make an equity investment in one or more special purpose limited partnerships, limited liability companies, statutory trusts or other entities. FPL, or a wholly-owned subsidiary of FPL, would act as or appoint the general partner, managing member, sponsor or other members of each such entity. The entity would offer preferred or debt securities to the public and use the proceeds to acquire debt securities from FPL. FPL would issue debt securities to the entity equal to the aggregate of FPL's equity investment and the amount of preferred or debt securities sold to the public by the entity. FPL may also guarantee, among other things, the distributions to be paid by

the affiliated entity to the preferred or debt securities holders. Payments by FPL on the debt securities sold to the entity would be used by that entity to make payments on the preferred or debt securities as well as on FPL's equity investment. Consequently, in the event of such a financing, to avoid double-counting, FPL would only count the total amount of its debt securities issued to the entity, and would not count the equity securities issued by the entity to FPL, the preferred or debt securities issued by the entity to the public, or the related FPL guaranties with respect to such preferred or debt securities issued by the entity to the public, against the total amount of proposed long-term debt and equity securities.

In connection with the issuance (i) by FPL of long-term or short-term debt securities or preferred or preference stock, or (ii) by an affiliated entity of preferred or debt securities, the terms of which preferred or debt securities or stock permit FPL or the affiliated entity (as applicable) to defer principal, interest or other distributions for certain payment periods, FPL may agree to sell additional equity securities and/or long-term or short-term debt securities and to use the proceeds from the sale of those other securities to make principal, interest or other distributions on such preferred or debt securities or stock as to which such principal, interest or other distributions have been deferred. In addition, in connection with the issuance (i) by FPL of long-term or short-term debt securities or preferred or preference stock or (ii) by an affiliated entity of preferred or debt securities, FPL may covenant, pledge or make other commitments in favor of holders of such new stock or preferred or debt securities or the holders of previously-issued stock or preferred or debt securities, providing that such stock or preferred or debt securities will not be acquired (by redemption, purchase, exchange or otherwise), or otherwise satisfied, discharged or defeased, in certain circumstances unless such acquisition (by redemption, purchase, exchange or otherwise), satisfaction, discharge or defeasance is accomplished by (1) the issuance of, or (2) proceeds from the issuance of, a security or securities satisfying the provisions set forth in such covenant, pledge or other commitment.

The exchange of FPL's 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 also states that the short-term securities will have maturities of not more than twelve months and may be secured or unsecured, subordinated or unsubordinated. FPL may enter into warrants, options, rights, interest rate swaps, currency swaps or other derivative instruments, refunding transactions or other arrangements relating to, as well as contracts for the purchase or sale of, short-term securities. Consistent with Securities and Exchange Commission "no-action" letters, 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.

The short-term securities are issued to provide funds to temporarily finance portions of FPL's construction program and capital commitments and for other corporate purposes. Also, during the 2018-2019 period, FPL may need short-term financing for, among other purposes, seasonal fuel requirements, for contingency financing such as fuel adjustment under-recoveries or storm restoration costs, and for the temporary funding of maturing or called long-term debt or equity securities.

The interest rate that FPL could pay on debt securities will vary depending on the type of debt instruments and the terms thereof, including specifically the tenor (i.e., the term) of the debt and whether the debt is secured or unsecured and subordinated or unsubordinated, as well as market conditions. It is estimated that a new issue of 30 year first mortgage bonds as of June 30, 2017, would have carried an interest rate of approximately 3.4% to 4.4%. The dividend rate for preferred or preference stock is similarly affected by the terms of the offering. It is estimated that a new issue of FPL preferred stock as of June 30, 2017, would have carried a dividend yield of approximately 4.5% to 5.5%.

In addition, FPL states that it may from time to time 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 or arranged (i) by FPL or by one or more of its subsidiaries for the benefit of FPL's utility operations, (ii) by non-affiliates in connection with FPL's utility operations, (iii) by FPL or by or on behalf of one or more of its subsidiaries in connection with FPL customers' installations of energy efficiency measures and/or (iv) in connection with other financings by FPL or on its behalf. To the extent that FPL 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 FPL or by or on behalf of one or more of its subsidiaries or non-affiliates to benefit its utility operations, FPL will clearly demonstrate such benefits.

FPL states that it will file a consummation report with the Florida Public Service Commission (the Commission) in compliance with Rule 25-8.009, Florida Administrative Code, within 90 days after the end of any fiscal year in which it issues securities.

Purposes of Issues

According to FPL, it is expected that the net proceeds to be received from the issuance and sale and/or exchange (if there are any net proceeds from an exchange) of the additional long-term debt and equity securities (with the exception of the proceeds of the issuance and sale of any Revenue Bonds or other "private activity bonds" (whether structured as variable rate demand notes or otherwise) or similar securities which will be used for specific purposes) will be added to FPL's general funds and will be used to finance the acquisition or construction of additional electric facilities and equipment, as well as capital improvements to and maintenance of existing facilities; to acquire (by redemption, purchase, exchange or otherwise), or to otherwise satisfy, discharge or defease, any of its outstanding debt securities or equity securities; to repay all or a portion of any maturing long-term debt obligations; to satisfy FPL's obligations under guaranties; to repay all or a portion of short-term bank borrowings, commercial paper and other short-term

debt outstanding at the time of such transactions, and/or for other corporate purposes. Proceeds, if any, may be temporarily invested in short-term instruments pending their application to the foregoing purposes. As of June 30, 2017, approximately \$897 million of FPL's long-term debt will mature during the 2018-2019 period.

FPL maintains a continuous construction program, principally for electric generation, transmission and distribution facilities. As of June 30, 2017, FPL estimated that capital expenditures under its 2018-2019 construction program will approximate \$8.5 billion, including Allowance for Funds Used During Construction (AFUDC) (as more fully described in Exhibit B of FPL's application).

FPL's application addresses three projects, two of which received a determination of need. Anticipated construction expenditures in the 2018-2019 period (see Exhibit B of FPL's application) include the first two of these projects, and the licensing/preconstruction expenditures of the third project. Although identification of projects involving licensing/preconstruction expenditures is not required by the applicable rules, FPL advises that the relevant projects that required a determination of need are identified herein for the sake of completeness and transparency. The three projects are discussed in more detail below.

The projects that involve anticipated construction expenditures in the 2018-2019 period are the Okeechobee Clean Energy Center, a 1,748 megawatt (summer) natural gas-fired generating unit and the Dania Beach Clean Energy Center, a 1,163 megawatt (summer) natural gas-fired generating unit. The need for the Okeechobee Clean Energy Center was approved by the Commission in Order No. PSC-2016-0032-FOF-EI issued on January 19, 2016. The estimated construction cost for the Okeechobee Clean Energy Center is \$1.23 billion, including AFUDC and transmission interconnection costs. As of June 30, 2017, development, design and construction costs, including AFUDC and transmission interconnection costs, expended on the Okeechobee Clean Energy Center were approximately \$551.3 million. FPL has not petitioned the Commission for a need determination for Dania Beach, since a Bid Rule exemption was granted by the Commission in Order No. PSC-2017-0287-PAA-EI. The estimated construction cost for the Dania Beach Clean Energy Center is \$888 million, including AFUDC and transmission interconnection costs. As of June 30, 2017, development costs expended on the Dania Beach Clean Energy Center were approximately \$975,000. The remaining project that required a determination of need is the addition of two nuclear units at FPL's existing Turkey Point Nuclear Generating Station (Turkey Point Units 6 & 7) that, for planning purposes, are projected to be brought into service no earlier than 2031. Each of the units is projected to add approximately 1,100 megawatts of firm capacity. The Commission approved the need for Turkey Point Units 6 & 7 in Order No. PSC-2008-0237-FOF-EI issued on April 11, 2008. The non-binding cost estimate range for Turkey Point Units 6 & 7 as of June 30, 2017 was approximately \$15 billion to \$22 billion, including AFUDC and transmission interconnection costs. As of June 30, 2017, total development, design and licensing/preconstruction costs, including AFUDC and transmission interconnection costs, expended on Turkey Point Units 6 & 7 were approximately \$285 million. A more detailed description of the three projects described in this paragraph can be found in the 2017 Ten-Year Site Plan on file with the Commission.

Additionally, FPL will be adding several new photovoltaic (PV) facilities in 2018 and 2019 consistent with the 2016 settlement agreement approved by Commission Order No. PSC-2016-0560-AS-EI in Docket No. 20160021-EI. The new PV installations are projected to be sited in various counties where there is existing electric infrastructure, including transmission lines and electric substations. A more detailed description of the projects can be found in the 2017 Ten-Year Site Plan on file with the Commission.

Under future market conditions, the interest rate on new issue long-term debt or the dividend rate on new issue preferred or preference stock of FPL may be such that it becomes economically attractive to acquire (by redemption, purchase, exchange or otherwise), or otherwise satisfy, discharge or defease, a portion or all of certain of its long-term debt securities or equity securities, providing an opportunity for FPL to reduce interest or dividend expense, even after accounting for such other considerations as the (i) redemption or other reacquisition premium, (ii) other associated reacquisition or discharge expenses and (iii) related income tax effects. This reduction would be beneficial to FPL's customers and, with proper regulatory treatment, would not be detrimental to FPL's common shareholder. Other important considerations in making such a decision would include an assessment of anticipated future interest and dividend rates and FPL's ability to raise enough new capital to finance its construction program while concurrently pursuing any refinancing opportunities. FPL might also consider acquiring or otherwise satisfying, discharging or defeasing a portion or all of certain of its long-term debt securities or equity securities for reasons other than interest or dividend expense reduction.

Under future market conditions, it may be economical to enter into forward refunding or forward swap contracts. The forward refunding contracts would be for the purpose of refunding long-term debt (including but not limited to refunding Revenue Bonds) which may be issued on FPL's behalf and which can be callable. Under federal tax law, the refunding of Revenue Bonds with tax-exempt bonds issued more than 90 days prior to the redemption or retirement of the outstanding issue is heavily restricted. However, through a forward refunding contract, FPL could lock-in prevailing tax-exempt fixed rates for refunding Revenue Bonds which would be issued 90 days prior to a call date of the outstanding issue. Alternatively, FPL could enter into a forward swap contract, to become effective on a call date of the outstanding issue, to lock-in prevailing tax-exempt fixed rates. Any anticipated savings generated by such forward transactions would be spread over the combined life of the outstanding bonds and the refunding bonds starting with the execution of the forward contract.

FPL states that it has subsidiaries that promote the installation of energy efficiency measures by contracting with customers to guarantee the anticipated energy savings. To facilitate FPL's customers' installations of energy efficiency measures, FPL 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 or FPL subsidiaries with FPL's customers.

In connection with its application, FPL confirms that the capital raised pursuant to the application will be used in connection with the activities of FPL and FPL's regulated subsidiaries and not the unregulated activities of its unregulated subsidiary or affiliates.

Having reviewed the application, it is the finding of this Commission that the transactions described in the application will not impair the ability of FPL to perform the services of a public utility. These transactions are for such lawful purposes within FPL's corporate powers and, as such, the application is granted.

Our approval of the proposed issuance of securities by FPL does not indicate specific approval of any rates, terms, or conditions associated with the issuance. Such matters are properly reserved for review by this Commission within the context of a rate proceeding.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the application of Florida Power & Light Company to issue and sell securities is approved as set forth herein. It is further

ORDERED that Florida Power & Light Company's request 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 \$6.1 billion during calendar year 2018 is granted. It is further

ORDERED that Florida Power & Light Company's request for authority to issue and sell short-term securities during calendar years 2018 and 2019 in an amount or amounts such that the aggregate principal amount of short-term securities outstanding at the time of and including any such sale shall not exceed \$4.0 billion. It is further

ORDERED that Florida Power & Light Company's request for authority to enter into forward refunding or forward swap contracts during calendar year 2018, as set forth in the body of this Order, is granted. It is further

ORDERED that Florida Power & Light Company shall file a consummation report in compliance with Rule 25-8.009, Florida Administrative Code, within 90 days of the end of any fiscal year in which it issues any securities authorized by this Order. It is further

ORDERED that this docket shall remain open to monitor the issuance and/or sale of securities until Florida Power & Light Company submits and Commission staff has reviewed the Consummation Report, at which time it shall be closed administratively.

By ORDER of the Florida Public Service Commission this 23rd day of October, 2017.

Carlotta S. Stauffer

CARLOTTA S. STAUFFER

Commission Clerk

Florida Public Service Commission

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Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

WDT

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 Office of Commission Clerk, 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 Office of Commission Clerk, 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.