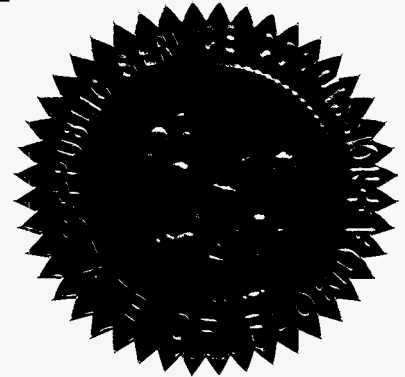


BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 080621-EI

In the Matter of:

APPLICATION FOR AUTHORITY TO ISSUE AND
SELL SECURITIES DURING CALENDAR YEAR
2009 PURSUANT TO SECTION 366.04, F.S.,
AND CHAPTER 25-8, F.A.C., BY FLORIDA
POWER & LIGHT COMPANY.



PROCEEDINGS: AGENDA CONFERENCE
ITEM NO. 3

BEFORE: CHAIRMAN MATTHEW M. CARTER, II
COMMISSIONER LISA POLAK EDGAR
COMMISSIONER KATRINA J. McMURRIAN
COMMISSIONER NANCY ARGENZIANO
COMMISSIONER NATHAN A. SKOP

DATE: Tuesday, February 10, 2009

PLACE: Betty Easley Conference Center
Room 148
4075 Esplanade Way
Tallahassee, Florida

REPORTED BY: JANE FAUROT, RPR
Official FPSC Reporter
(850) 413-6732

FLORIDA PUBLIC SERVICE COMMISSION

DOCUMENT NUMBER: DATE

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1 PARTICIPATING:

2 JOHN BUTLER, ESQUIRE, representing Florida Power and
3 Light.

4 SCHEF WRIGHT, ESQUIRE, representing Florida Retail
5 Federation.

6 KATHERINE FLEMING, ESQUIRE, representing the
7 Commission Staff.

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CHAIRMAN CARTER: And now, Commissioners, we are on Item 3.

Staff, you're recognized.

MS. FLEMING: Good morning, Commissioners. Katherine Fleming on behalf of Commission legal staff.

Item 3 is staff's recommendation on FPL's withdrawal of its securities application related to the FPL NED construction expenditures. Staff is available to answer any questions you may have. In addition, FPL and FRF are here to address the Commission.

CHAIRMAN CARTER: Commissioners, do you want to hear from the parties before we proceed further?

Mr. Butler, you're recognized, and then Mr. Wright.
Mr. Butler.

MR. BUTLER: Thank you, Mr. Chairman.

Good morning, Commissioners. At the November 13 Agenda Conference last year --

CHAIRMAN CARTER: Just for the record, Mr. Butler, you might want to state your name.

MR. BUTLER: I'm sorry. John Butler appearing on behalf of Florida Power and Light Company.

CHAIRMAN CARTER: You're recognized.

MR. BUTLER: At the November 13 agenda conference last year, you deferred the portion of FPL's annual securities

1 application that related to financing reliability improvements
2 at the Seabrook Substation that is owned and operated by FPL's
3 New England Division. The Commission was concerned about using
4 funds raised by FPL's issuance of securities to finance
5 facilities and operations that don't benefit Florida customers.

6 In response to that concern, FPL has identified an
7 alternative means of funding the FPL NED substation
8 improvements that does not involve FPL financing.

9 Specifically, we have arranged for FPL Group Capital to make a
10 nonrecourse loan to FPL NED with only the FPL NED substation
11 assets as collateral. This ensures that FPL's Florida utility
12 operations are neither subject to security interest or liens
13 securing the FPL NED loan nor are responsible for any portion
14 of the loan balance might exceed the value of the collateral.

15 We have petitioned the New Hampshire PUC for approval
16 of that financing arrangement, which has recently issued the
17 equivalent of a PAA order approving it. That order is
18 scheduled to become final on February 20.

19 Having now made arrangements for an alternative
20 source of financing that does not involve or encumber Florida
21 utility operations, we are turning our attention to a second
22 related issue, spinning the FPL NED assets off into a separate
23 distinct corporate entity. This will help simplify the
24 tracking of FPL NED assets and operations to confirm their
25 separation from FPL's Florida utility operations. FPL

1 presently is in the process of evaluating the most appropriate
2 way to structure and implement that spin-off.

3 We support staff's recommendation to approve FPL's
4 voluntary withdrawal of the portion of its securities
5 application related to FPL NED. The steps I just described
6 have rendered that portion of the application moot and provide
7 even greater more transparent assurance that the FPL NED
8 operations do not affect FPL's Florida utility operations.

9 Thank you.

10 **CHAIRMAN CARTER:** Thank you. Mr. Wright.

11 **MR. WRIGHT:** Thank you, Mr. Chairman.

12 Good morning. Robert Scheffel Wright appearing on
13 behalf of the Florida Retail Federation. I just have brief
14 comments, Mr. Chairman. Thank you very much.

15 **CHAIRMAN CARTER:** You're recognized.

16 **MR. WRIGHT:** First, the staff's recommendation is
17 absolutely correct. FPL is specifically entitled, as a matter
18 of law, to withdraw that part of its application, and that's
19 fine. The staff are also correct and we support their
20 articulation of the Commission's policy to examine issues like
21 this in future rate cases.

22 Our concern is regarding the not legal precedent, but
23 the practice level precedent of using the Florida regulated
24 public utility as a vehicle or conduit for funding activities
25 outside the state. As the staff has said, we'll take a look at

1 this in the rate case and in any future rate cases. I had only
2 heard just now when Mr. Butler was addressing you FPL's
3 investigation of the possibility of using a separate corporate
4 entity to own these assets and be the participant in the
5 transaction. I will say off the top of my head having heard it
6 for the first time I think this is a good idea, having a
7 separate corporate entity, and this may be part of FPL's plan,
8 but we would certainly like it better if the loan then and the
9 whole transaction then were between FPL Group Capital and the
10 separate corporate entity leaving the Florida regulated public
11 utility out of the loop altogether. Thank you very much.

12 **CHAIRMAN CARTER:** Thank you, Mr. Wright.

13 **MR. BUTLER:** Mr. Chairman, if I could briefly just
14 confirm that that certainly would be FPL's intent. Once the
15 assets and the operations were spun off, the loan and any
16 future financing would be between whatever source, be it FPL
17 Capital or some other unrelated source and that new entity.
18 There would no longer be any connection to Florida Power and
19 Light Company.

20 **CHAIRMAN CARTER:** Thank you, Mr. Butler.

21 Commissioner Skop.

22 **COMMISSIONER SKOP:** Thank you, Mr. Chairman.

23 Just briefly. Also, I recognize the absolute right
24 of FPL to withdraw the petition and do appreciate the
25 nonrecourse finance via the intercompany loan. I think that

1 the concern that existed that was objected to last time by
2 myself, OPC, Mr. Wright, was the funding of the out-of-state
3 asset that had no nexus to Florida operations. And I think
4 that, you know, essentially by going to the New Hampshire
5 Commission certainly that is another way of accomplishing the
6 same thing via a different forum. But I would like to
7 recognize FPL's good faith effort to address the concerns that
8 were previously raised to the extent that, you know, I see that
9 the nonrecourse finance and intercompany loan protects Florida
10 ratepayers, but the remaining issue which was the same one as
11 before concerns the precedent -- the fact that there is no
12 benefit to FPL ratepayers, that FPL is still incurring debt on
13 its balance sheet on behalf of out-of-state operations that
14 have no nexus to the state of Florida. I think staff would
15 back me on both of those points if I were to ask them directly.

16 But the commitment by FPL to look at a better entity
17 to move this orphan asset into, I think, solves a lot of the
18 problems. Because particularly in light of a pending rate
19 case, staff has to spend their time to account for an
20 accounting transaction to make sure all the numbers are worked
21 out and the entity adjustments are properly done, and that
22 takes staff time away from doing the other things associated
23 with the rate case.

24 So I do think that there is some incremental
25 opportunity costs, but I recognize that we need to move forward

1 and address this issue and help, you know, find a better home
2 for the asset. So if FPL will make a good faith commitment
3 towards doing, that certainly will go a long way in resolving
4 my concerns. The only concern I would have in passing that
5 this not be used as precedent on a forward-going basis, but I
6 think that the Commission action and the objections, I think,
7 pretty much speak for themselves on that one.

8 **CHAIRMAN CARTER:** Thank you.

9 Commissioners, anything further? Any discussion?
10 Any debate? Any questions?

11 Hearing none, Commissioner Edgar, you're recognized
12 for a motion.

13 **COMMISSIONER EDGAR:** Thank you, Mr. Chairman.

14 In recognition that it is a request for a voluntary
15 withdrawal, I will make a motion in favor of the staff's
16 recommendation.

17 **COMMISSIONER SKOP:** Second.

18 **CHAIRMAN CARTER:** It has been moved and properly
19 seconded. Commissioners, any further debate, discussion,
20 questions?

21 Hearing none, all those in favor let it be known by
22 the sign of aye.

23 (Simultaneous aye.)

24 **CHAIRMAN CARTER:** All those opposed, like sign. Show
25 it done.

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MR. BUTLER: Thank you, Commissioners.

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STATE OF FLORIDA)

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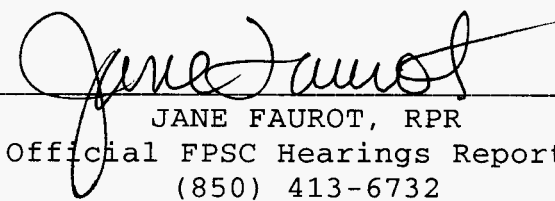
COUNTY OF LEON)

I, JANE FAUROT, RPR, Chief, Hearing Reporter Services Section, FPSC Division of Commission Clerk, do hereby certify that the foregoing proceeding was heard at the time and place herein stated.

IT IS FURTHER CERTIFIED that I stenographically reported the said proceedings; that the same has been transcribed under my direct supervision; and that this transcript constitutes a true transcription of my notes of said proceedings.

I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel of any of the parties, nor am I a relative or employee of any of the parties' attorney or counsel connected with the action, nor am I financially interested in the action.

DATED THIS 19th day of February, 2009.



JANE FAUROT, RPR
Official FPSC Hearings Reporter
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