

STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION

FLORIDA POWER & LIGHT COMPANY

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)
DOCKET NO. _____

PETITION OF FLORIDA POWER & LIGHT COMPANY
FOR APPROVAL OF FINANCING

Florida Power & Light Company (“FPL”) respectfully petitions the New Hampshire Public Utilities Commission (“the Commission”) for approval of financing pursuant to RSA 369:1 and the Settlement Agreement approved in Order No. 24,321 in DE 03-186. FPL further requests that the Commission issue a final order granting the approvals requested herein no later than January 23, 2009. In support of its petition, FPL states the following:

Petitioner

1. FPL, through Florida Power & Light – New England Division (“FPL-NED”), is a public utility in New Hampshire for the purpose of operating the transmission substation on the grounds of the Seabrook nuclear power plant, subject to the conditions set forth in the Settlement Agreement approved in Order No. 24,321 in DE 03-186, 89 NH PUC 267 (2004) (“the Order”). FPL is an 88.23% owner of the transmission substation; the balance of the Seabrook Substation is owned by Massachusetts Municipal Wholesale Electric Company, Taunton Municipal Lighting Plant, and Hudson Light & Power Department.

Background

2. Section II, 1 of the Settlement Agreement in DE 03-108 contained a provision that required FPL to:

“With respect to any financing of FPL-NED’s interest in the Seabrook Substation, including any borrowing or the issuance of any notes, bonds or other evidence of indebtedness or securities of any nature, being subject to the provisions of RSA 369 and other applicable regulatory laws of New Hampshire unless FPL or FPL-NED files with the Commission the appropriate certification of another regulatory agency as set forth in RSA 374-A:7, II(c) or any successor statute;”

3. RSA 369:1 requires that a “public utility lawfully engaged in business in this state may, with the approval of the commission but not otherwise, issue and sell its stock, bonds, notes and other evidences of indebtedness payable more than 12 months after the date thereof for lawful corporate purposes.” Under this statute the “proposed issue and sale of securities will be approved by the commission where it finds that the same is consistent with the public good.” This approval extends to “the amount of the issue authorized and the purpose or purposes to which the securities or the proceeds thereof are to be applied, and shall be subject to such reasonable terms and conditions as the commission may find to be necessary in the public interest”. Admin. Rule Puc 308.12 requires a utility to file a Form F-4, which includes a petition for approval of authority to issue securities.

Proposed Financing

4. FPL Group Capital Inc (“FPL Group Capital”), a wholly-owned subsidiary of FPL Group, Inc. (“FPL Group”), holds the capital stock of, or has equity interests in, FPL Group's operating subsidiaries other than FPL, and provides funding for those subsidiaries. FPL Group Capital has agreed to make loans to FPL in an aggregate principal amount at any one time outstanding not to exceed a Maximum Line of Credit of \$36,000,000, payable on

demand, to be used to acquire goods, equipment, fixtures, and other property for use in connection with the Seabrook transmission substation. FPL anticipates that it will require cash in varying amounts through 2011, with the bulk of the cash required, approximately \$22.7 million, during the calendar year 2009 to accomplish the upgrade to the transmission substation at Seabrook described below. The interest rate for the loans is based on FPL Group Capital's weighted average cost of debt calculated on a monthly basis, and interest is payable on the first day of each calendar quarter. A copy of the Line of Credit Agreement is attached as Exhibit 1. These loans will be non-recourse to FPL and all of its assets except the asset additions of FPL-NED financed with the loan proceeds. FPL will need to perfect a purchase money security interest or lien in the new assets in favor of FPL Group Capital by executing a security agreement, a copy of which is attached as Exhibit 2, and any necessary mortgage or other security document, and by causing the appropriate UCC filings or mortgage recordings to be made. In addition, there will be no promissory note. The estimated cost of the financing is \$40,000, which is based on the closing costs, including the costs and expenses of FPL and FPL Group Capital in connection with the preparation, execution and delivery of the Line of Credit Agreement and related instruments and documents, including reasonable fees and out of pocket expenses of legal counsel. FPL is also responsible for any post-closing costs and expenses of FPL Group Capital in connection with administration or enforcement of the loans or recovering, protecting or enforcing its interest in the collateral. This financing is also described in the prefilled testimony of Kathy Beilhart, the Assistant Treasurer of FPL Group, Inc., which is attached as Exhibit 3. The prefilled testimony of William C. Locke, Jr., the Manager of Transmission Services for FPL,

which is attached as Exhibit 4, describes the upgrade and why the financing is for the public good.

Upgrade to Transmission Substation

5. FPL-NED's 345kV Seabrook Substation in Seabrook, New Hampshire interconnects the 1,318 MW Seabrook Nuclear Generating Station ("Seabrook Generator"), the largest single generating resource in New England, with the New England electric grid. The Seabrook Substation is also a Pool Transmission Facility under the Tariff of the ISO-New England, a part of the New England Bulk Power System, and one of the more critical substations in New England. The Seabrook Substation, an integral part of the North-South Interface and the Northern New England – Scobie plus Line 394 Interface, connects three major 345kV transmission lines: the Seabrook to Ward Hill/Tewksbury 394 Line, the Seabrook to Scobie 363 Line, and the Seabrook to Timber Swamp/Newington 369 Line.

6. FPL-NED has concluded that it must complete a reliability upgrade to the 28-year old Seabrook Substation to ensure its continuing reliability for the New England grid. While FPL conducts a rigorous maintenance program for the Seabrook Substation, several equipment failures have occurred at the substation in the last two years. These incidents, which include a February 2007 failure of a graphite rupture disc in an SF6 gas bus enclosure, and a January 2008 failure of a drive rod in a 345 kV disconnect switch, have led to more than 26 days of unplanned outages since February of 2007, causing the unavailability of the Seabrook Generator during that time. While these breakdowns have been remedied, FPL-NED believes that certain overall improvements are needed to the Seabrook Substation, including replacement or upgrade of aging equipment to reduce the risk of unplanned outages

and other malfunctions. These reliability improvements will help improve the performance of a substation that is an integral and critical part of the New England power grid and acts as the interconnection to the electric grid for the largest base load electric generating plant in New England.

7. FPL-NED is preparing to undertake an upgrade to the transmission substation at Seabrook. The proposed upgrade, which will take place within the existing footprint of the Seabrook Substation and will not result in any increase in the voltage carried by the transmission facilities, will address certain design issues in the substation, including the direct connection of the Reserve Auxiliary Transformers (“RATs”) to Bus No. 2, which poses reliability concerns and operational limitations. The RATs will be relocated to connect to a dedicated terminal position and the Generator Step-up (“GSU”) Transformer connections will be relocated from their current position where they share a breaker and a half bay with the Seabrook - Scobie 363 Line, to a dedicated double breaker bay. Also in this upgrade, five new Gas Insulated Substation (“GIS”) breakers will be installed: two will be replacements for existing breakers, and three will be new breakers. These enhancements to the substation will improve the reliability of the interconnections with the 345 kV lines, reduce the risk of unexpected outages of the Seabrook Generator, and provide greater ability to perform maintenance or future upgrades as needed without a generator outage. The construction will involve erecting in a portion of the substation a structure that will be somewhat taller than the existing substation structure.

8. The timing of the Reliability Upgrade Project work is driven by the refueling outage that has been scheduled for the Seabrook Generator in October 2009. It is critical to schedule the preparation and pre-outage work in a manner that helps ensure that work can be

efficiently performed during the outage. Under the schedule FPL has developed, certain steps will have to commence by given dates for the project to stay on schedule. Most critically, foundation work must commence by March 1, 2009. This will allow structural/electrical installation to begin by June 1, 2009. During the October 2009 scheduled outage, the cutover from the old configuration and equipment to the new configuration and equipment will begin with the configuration of the RATs reconnection. The second phase of the project will then be performed consistent with the next Seabrook Generator refueling outage scheduled for April 2011; during this outage the remaining two new breakers will be put in service and reconfiguration of the GSU will be completed.

Form F-4 Statements

9. FPL-NED proposes to use the net proceeds derived from the loans from FPL Group Capital to purchase the goods, equipment, fixtures and other property necessary to accomplish the transmission substation upgrade described above.

10. Form F-4 requests certain information which is not applicable to this financing because of the form that the financing will take, i.e. a line of credit from an affiliated corporation. These items include a description and present amount of authorized and outstanding long term debt and capital stock, the amount of short term notes outstanding, a promissory note, and a statement of capitalization ratios after giving effect to the proposed financing. FPL-NED does not have any authorized outstanding long term debt and capital stock, there are no short term notes outstanding and FPL-NED does not have a capitalization ratio. There is no promissory note involved with this transaction.

11. Form F-4 asks for a balance sheet adjusted for the financing, and a current income statement adjusted for the maximum amount of the financing. Copies of these are attached hereto as confidential Exhibits 5 and 6. Attached as Exhibit 7 is the Unanimous Consent of Directors in Lieu of Meeting, also required by Form F-4.

Exhibits

12. Attached hereto are the following exhibits:

Exhibit 1 – Line of Credit Agreement

Exhibit 2 - Security Agreement

Exhibit 3 - prefiled testimony of Kathy Beilhart.

Exhibit 4 - prefiled testimony of William C. Locke, Jr.

Exhibit 5 – Confidential – current balance sheet adjusted for financing
for FPL-NED

Exhibit 6 – Confidential – current income statement adjusted for
financing

Exhibit 7 – Unanimous Consent of Directors in Lieu of Meeting

Conclusion

13. FPL believes and, therefore alleges, that the line of credit from FPL Group Capital described in this Petition and the attachments hereto will be consistent with the public good and that FPL is entitled to enter into this financing agreement under RSA 369:1 for the purposes herein set forth.

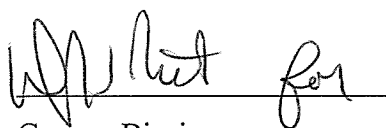
Prayer for Relief

Wherefore, FPL respectfully requests that the New Hampshire Public Utilities Commission:

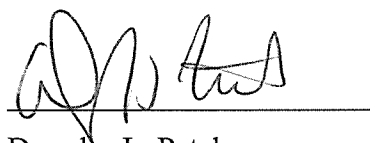
- a) Find that the proposed financing for the purposes set forth herein and in the manner and on the terms set forth herein is consistent with the public good;
- b) Pursuant to RSA 369:1 and the Settlement Agreement in DE 03-186, approve and authorize the financing in the manner and upon the terms set forth herein;
- c) Authorize FPL to do all things, take all steps, and execute and deliver all documents necessary or desirable to implement and carry out the proposed financing; and
- d) Grant the authorizations sought without a hearing, by an order Nisi to be final and effective no later than January 23, 2009, and take such further steps and make such further findings and orders as in its judgment may be necessary and consistent with the above-stated request.

Respectfully submitted,

FPL
By Its Attorneys



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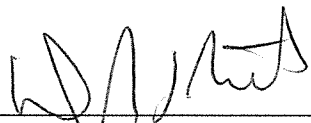


Douglas L. Patch
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Dated: December 22, 2008

Certificate of Service

A copy of this Motion and Application has been served by email and first class mail this day of December 22, 2008 on the Office of Consumer Advocate.



Douglas L. Patch

Dated: December 22, 2008

525421_1

Form E-22

State of New Hampshire

**Public Utilities Commission
Concord**

Report No.

Sheet: 1 OF 2

Date:

Company: FPL - New England Division
For Quarter of 08/2008 - 07/2011

Report of Proposed Expenditures
For Additions, Extensions and Capital Improvements
To Fixed Capital
(In Compliance with P.U.C. Order No. 5963)

Item No.	Location	Description	Est. Constr. Date		Estimated Cost \$M
			Start	Finish	
	1				
1)		MEPPI - Engineering, Procurement and Construction	08/08	07/11	\$26.4
2)		MEPPI - Time and Equipment	08/08	07/11	\$2.3
3)		FPL/Seabrook Support/labor/engineering	08/08	07/11	\$6.5
4)		Security (Blast Bullet Resistive Enclosure)	01/09	12/10	\$0.8
		TOTAL			\$36.0 2
		Notes: 1 - Seabrook Substation, Seabrook NH 2 - Reflects total project costs; other Seabrook co-owners are responsible for approx 12% of project costs 3 - See page 2 of 2 for more detail			
			TOTAL		

Signed: Dir for William C. Locke Jr.

Title: Manager, Transmission Services
FPL

Projected Seabrook Reliability Upgrade Project Cashflow

	2008	2009	2010	2011	Total
MEPPI – EPC	\$ 4.0	\$ 16.7	\$ 4.4	\$ 1.3	\$ 26.4
MEPPI--T&E	\$ 0.3	\$ 1.4	\$ 0.5	\$ 0.1	\$ 2.3
FPL/SB support labor/engineering	\$ 1.1	\$ 3.9	\$ 0.9	\$ 0.6	\$ 6.5
Security (Blast Bullet Resistive Enclosure)	\$ --	\$ 0.7	\$ 0.1	\$ --	\$ 0.8
TOTAL (Projected)	\$ 5.4	\$ 22.7	\$ 5.9	\$ 2.0	\$ 36.0
TOTAL (Approved)	\$ 5.4	\$ 22.7	\$ 5.9	\$ 2.0	\$ 36.0
FPL-NED Approved (88%)	\$ 4.75	\$ 20.0	\$ 5.19	\$ 1.76	\$ 31.70