

Ruth Nettles

080677-EI

From: Butler, John [John.Butler@fpl.com]
Sent: Tuesday, January 12, 2010 5:36 PM
To: Filings@psc.state.fl.us
Cc: Lisa Bennett; Anna Williams; Martha Brown; Jean Hartman; 'Kelly.jr@leg.state.fl.us'; 'mcglothlin.joseph@leg.state.fl.us'; 'jess@sugarmansusskind.com'; 'sugarman@sugarmansusskind.com'; 'mbraswell@sugarmansusskind.com'; 'msundback@andrewskurth.com'; 'kwiseman@andrewskurth.com'; 'jspina@andrewskurth.com'; 'lisapurdy@andrewskurth.com'; 'linomendiola@andrewskurth.com'; 'meghangriffiths@andrewskurth.com'; 'swright@yvlaw.net'; 'jlvavia@yvlaw.net'; 'jmoyle@kagmlaw.com'; 'vkaufman@kagmlaw.com'; 'jmcwhirter@mac-law.com'; 'barmstrong@ngnlaw.com'; 'cecilia.bradley@myfloridalegal.com'; 'sda@trippscott.com'; 'tperdue@aif.com'; 'shayla.mcneill@tyndall.af.mil'; 'Mary.Smallwood@Ruden.com'; 'richardb@gtlaw.com'
Subject: Electronic Filing / Docket No. 080677-EI / FPL's 1/12/2010 letter transmitting Fitch Negative Ratings Watch (FPL)
Attachments: 20100112172438753.pdf

Electronic Filing

a. Person responsible for this electronic filing:

John T. Butler, Esq.
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Juno Beach, FL 33408
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b. Docket No. 080677-EI
In Re: Application for Increase in Rates by Florida Power & Light Company

c. The Document is being filed on behalf of Florida Power & Light Company.

d. There are a total of 3 pages

e. The document attached for electronic filing is Florida Power & Light Company's FPL's 1/12/2010 letter transmitting Fitch Negative Ratings Watch (FPL)

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DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

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January 12, 2010

-VIA ELECTRONIC DELIVERY -

Ms. Ann Cole
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Re: Docket No. 080677-EI

Dear Ms. Cole:

On behalf of Florida Power & Light Company ("FPL"), I am enclosing for filing in the above docket a notice published by Fitch Ratings today that places FPL and FPL Group, Inc. on Negative Ratings Watch status. Please note that this is not duplicative of the filing that I made earlier this afternoon, which was of a Fitch Ratings notice that placed Florida Power Corporation (d/b/a Progress Energy Florida) on Negative Ratings Watch status.

Sincerely,

/s/ John T. Butler

John T. Butler

Enclosures
cc: Counsel for parties of record (w/encl.)

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FPSC-COMMISSION CLERK

FITCH PLACES FLORIDA POWER & LIGHT AND FPL GROUP ON WATCH NEGATIVE

Fitch Ratings-New York-12 January 2010: Fitch Ratings has placed the ratings of FPL Group, Inc. (FPL), FPL Group Capital, Inc. (Group Capital) and Florida Power & Light Company (FP&L) on Rating Watch Negative. The action is taken in response to the adverse decision by the Florida Public Service Commission (FPSC) on Jan. 11 in the Progress Energy Florida (PEF) rate case and the greater possibility of a poor outcome of the pending FP&L rate case, to be determined by the FPSC on Jan. 13. The change in status affects approximately \$11 billion of securities. A complete list of ratings affected is set forth below.

The restrictive result in the PEF case indicates that regulatory risk in Florida has been heightened in a state that Fitch had formerly considered particularly supportive of financially sound utilities and strong credit ratings. Over the past several years, the rate-setting policies and practices of the FPSC have allowed FP&L to maintain strong credit ratings despite large capital investments for infrastructure expansion and improvements and the recessionary effects on sales. In Fitch's most recent review of the ratings of the companies in the FPL Group on Oct. 29, 2009, affirmation of the ratings and Stable Rating Outlook for FP&L, FPL, and Group Capital were predicated upon the assumption that the outcome of FP&L's contentious and politicized pending base rate proceedings would have a balanced result despite the turbulent regulatory environment in Florida. The Stable Outlook for FP&L also assumed that the FPSC would maintain existing tracker mechanisms that provide periodic reset for recovery of many expense categories. Fitch also noted that FPL Group's consolidated credit measures are vulnerable to erosion if FP&L's future cash flow is materially weakened by an adverse FP&L base rate order.

Fitch expects to resolve the Rating Watch Negative after analyzing the results of the FPSC rate order and any modifications in corporate investment, operating and maintenance plans, or capital structure that FPL management may implement in response to the commission's order.

Fitch's summary of the PEF base rate decision is included in a separate release, 'Fitch Places Ratings of Florida Power Corp on Rating Watch Negative', also published today.

FPL (IDR 'A') relies upon the combined sources of cash flow available to the group from FP&L and from Group Capital, owner of NextEra, a developer and owner/operator of power generation assets. Group Capital is an intermediate holding company that owns and funds non-utility investments, primarily in NextEra. Group Capital's ratings reflect the unconditional and irrevocable guarantee by its parent FPL, and thus they carry the same ratings as FPL. FP&L (IDR 'A') has been the core or anchor of the consolidated group, but growth of NextEra accelerated over the past five years. NextEra's share of FPL net income is estimated at approximately half of consolidated 2009 net income, up from roughly 20% in 2004. An unfavorable outcome of FP&L's pending rate case that materially reduces the utility's 2010-2011 operating cash flow could cause the utility contribution to the group consolidated results to diminish further.

Fitch places the following ratings on Rating Watch Negative:

FPL Group, Inc.
--Issuer Default Rating (IDR) 'A'.

FPL Group Capital, Inc.
--IDR 'A';
--Short-term IDR and commercial paper 'F1'.
--Senior unsecured debentures 'A';
--Jr. Subordinate hybrids 'A-'.

FPL Group Capital Trust I

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--Trust preferred stock 'A-'.

Florida Power & Light Company

--IDR 'A';

--Short-term IDR and commercial paper 'F1'.

--First mortgage bonds 'AA-';

--Unsecured pollution control revenue bonds 'A+'.

These rating actions reflect the application of Fitch's current criteria which are available at 'www.fitchratings.com' and specifically include the following reports:

--'Corporate Rating Methodology' (Nov. 24, 2009);

--'Credit Rating Guidelines for Regulated Utility Companies' (July 31, 2007);

--'U.S. Power and Gas Comparative Operating Risk (COR) Evaluation and Financial Guidelines' (Aug. 22, 2007).

Contact: Ellen Lapson, CFA +1-212-908-0504 or Sharon Bonelli +1-212-908-0581, New York.

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Additional information is available at 'www.fitchratings.com'.

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