

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for authority to)	DOCKET NO. 900154-GU
issue securities by West Florida)	ORDER NO. 22938
Natural Gas Company.)	ISSUED: 5-14-90
)	

The following Commissioners participated in the disposition of this matter:

MICHAEL McK. WILSON, Chairman
 BETTY EASLEY
 GERALD L. GUNTER

ORDER APPROVING WEST FLORIDA NATURAL GAS COMPANY'S
APPLICATION FOR AUTHORITY TO ISSUE SECURITIES

BY THE COMMISSION:

On February 27, 1990, West Florida Natural Gas Company (WFNGC) filed an Application for Authority to Issue Securities in the form of short-term promissory notes during the year, and to have outstanding no more than \$1,000,000 in short-term promissory notes at any one time in this revolving line of credit during the year ending April 17, 1991, or one year from the time of Commission authorization.

Based on the Company's balance sheet for the year ended December 31, 1989, a balance of \$1,000,000 in short-term unsecured promissory notes would represent approximately six percent of the Company's investor sources of capital.

Section 366.04, Florida Statutes, exempts issuances of notes or drafts with maturities of less than one year, if the aggregate amount of such instruments including the anticipated issues does not exceed five percent of the par value of the other outstanding securities of the public utility. Currently, the Company has 859,685 common shares outstanding with a par value of one dollar per share and funded debt outstanding of \$6.5 million. The anticipated issue of short-term promissory notes will exceed five percent of the par value of the company's other outstanding securities.

The securities will be issued as an unsecured revolving line of credit, with a promissory note for each advance. The principal balance will not exceed \$1,000,000 at any time. The interest charged will be at the Sun Bank prime rate plus 50 basis points. Currently, the Sun Bank prime is at 10 percent.

DOCUMENT NUMBER-DATE

04175 MAY 14 1990

FPSC-RECORDS/REPORTING

ORDER NO. 22938
DOCKET NO. 900154-GU
PAGE 2

The primary purpose of this issue is to supplement working capital. Because of the cyclical nature of the gas business, there are certain periods of cash shortage, for example, when payables are due before the associated receivables are collected. Staff has been assured by the company that the proceeds from this issuance will be used for utility purposes only.

It should be noted and emphasized that Commission approval of the proposed issuance by West Florida Natural Gas Company does not indicate specific approval of any rates, terms or conditions associated with the issuance. Such matters are properly reserved for review by the Commission within the context of a permanent rate proceeding. It is recommended that the subject financing of the Company's projected construction program be approved subject to the Commission's retention of the right to disallow any of the construction costs incurred for ratemaking purposes. Further, absent a clear demonstration of the benefits and appropriateness of utility operations, staff recommends the Company be restricted from issuing instruments of guarantee or collateralization in connection with debt obligations or other securities to be issued by one or more of its subsidiaries or affiliates.

In consideration of the foregoing, it is

ORDERED by the Florida Public Service Commission that West Florida Natural Gas Company's petition for authority to issue short-term promissory notes pursuant to a revolving line of credit during the year ending April 17, 1991, or one (1) year from the date of Commission authorization. The principal balance of the revolving line of credit will not exceed \$1,000,000 at any time. It is further

ORDERED that West Florida Natural Gas Company shall file a consummating report in compliance with the Rule 25-87.009, issuance of any securities pursuant to the authorization of this Order. It is further

ORDERED that the foregoing authorization relates only to West Florida Natural Gas Company's issuance of securities for utility purposes; provided however that nothing contained in the Order is intended to create a duty or obligation on the part of a purchaser of any security authorized hereunder to make inquiry into the user of the proceeds of the sale of the security. It is further

ORDER NO. 22938
DOCKET NO. 900154-GU
PAGE 3

ORDERED that the foregoing authorization is without prejudice to the authority of this Commission with respect to rates, service, accounts, valuations, estimates or determinations or costs, or any other matter whatsoever now pending or which may come before this Commission as provided in Section 366.04, Florida Statutes. It is further

ORDERED that this docket not be closed until one (1) year from the date of Commission authorization to allow monitoring of securities issuance.

By ORDER of the Florida Public Service Commission,
this 14th day of MAY, 1990.



STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

BAB

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), 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 Director, Division of Records and Reporting within fifteen (15)

ORDER NO. 22938
DOCKET NO. 900154-GU
PAGE 4

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 or sewer utility by filing a notice of appeal with the Director, Division of Records and Reporting 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.