

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Peoples Gas System, Inc.'s)	DOCKET NO. 891314-GU
application for authority to issue and)	ORDER NO. 22512
sell up to \$40 million.)	ISSUED: 2-8-90
)	

The following Commissioners participated in the disposition of this matter:

MICHAEL McK. WILSON, Chairman
 THOMAS M. BEARD
 BETTY EASLEY
 GERALD L. GUNTER
 JOHN T. HERNDON

ORDER APPROVING APPLICATION

BY THE COMMISSION:

Peoples Gas System, Inc., (Company) seeks authority to issue and sell long-term debt and equity securities and to have outstanding a maximum of \$40 million in short-term unsecured promissory notes during the year ending December 31, 1990.

The long-term debt securities may take the form of first mortgage bonds, debentures, notes, convertible securities, installment contracts and/or other obligations underlying industrial development revenue bonds, or options or rights with respect to the foregoing maturities ranging from one to thirty years and issued in both domestic and international markets.

The equity securities may take the form of preferred stock, or common stock, or options or rights with respect to the foregoing with such par values, terms and conditions, and conversion of relative rights and preferences as may be permitted by the Company's Restated Articles of Incorporation.

The short-term unsecured promissory notes may be sold to commercial banks, both directly and through their trust departments, and through the commercial paper market. A note sold directly to a commercial bank may bear an interest rate at the prime rate, or its equivalent, in effect at the time of issuance, subject to change either up or down as the prime rate changes, or may bear an interest rate to be negotiated at the time of issuance. Notes sold in the commercial paper market may bear an interest rate as determined by the market price at

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the date of issuance, including discount and broker-dealer commission.

The amount of all new equity and long-term securities will not exceed \$40 million during the period covered by this application. The maximum amount of short-term unsecured promissory notes outstanding at any one time will be \$40 million.

The net proceeds to be received from the sale of additional securities will be added to the Company's general funds and will be used for working capital requirements and for other general business purposes, including the financing of the Company's construction program. The net proceeds may also be used to repay short-term unsecured promissory notes or for the purchase of the securities of the Company or affiliated corporations. In any event, the net proceeds from the sale of additional securities will be used for utility purposes only.

It should be noted and emphasized that Commission approval of the proposed issuance of securities by Peoples Gas System, Inc., does not indicate specific approval of any rates, terms or conditions associated with the issuance. Such matters are properly reserved for our review within the context of a permanent rate proceeding. The subject financing of the Company's projected construction program is 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, the Company is 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 the petition of Peoples Gas System, Inc., for authority to issue and sell up to \$40 million in long-term debt and equity securities and to have outstanding a maximum of \$40 million in short-term unsecured promissory notes during the year ending December 31, 1990, is approved. It is further

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ORDERED that Peoples Gas System, Inc., shall file a consummating report in compliance with the Rule 25-8.009, issuance of any securities pursuant to the authorization of this Order. It is further

ORDERED that the foregoing authorization relates only to Peoples Gas System, Inc.'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

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.

By ORDER of the Florida Public Service Commission,
this 8th day of FEBRUARY, 1990.



STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

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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.

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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) 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.