

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application for authority)
 to issue and sell securities)
 during 1992 pursuant to Section)
 366.04, Florida Statutes, and)
 Chapter 25-8, Florida)
 Administrative Code, by Florida)
 Power Corporation.)

DOCKET NO. 911079-EI
 ORDER NO. 25453
 ISSUED: 12/9/91

The following Commissioners participated in the disposition of this matter:

THOMAS M. BEARD, Chairman
 SUSAN F. CLARK
 J. TERRY DEASON
 BETTY EASLEY

ORDER AUTHORIZING FLORIDA POWER CORPORATION TO
 ISSUE AND SELL LONG-TERM AND SHORT-TERM SECURITIES

BY THE COMMISSION:

On October 22, 1991, Florida Power Corporation (FPC or utility) filed an application with this Commission seeking authorization to issue and sell long-term securities, as well as an incur short-term debt during calendar year 1992. Specifically, FPC requests authority to issue and sell up to a maximum principal amount of \$700 million in long-term debt obligations during 1992, and have outstanding at any given time during 1992, a maximum aggregate principal amount of \$300 million in short-term borrowings. FPC says that while it anticipates that its combined long and short-term financing requirements will not exceed \$300 million in 1992, the utility is requesting authorization to minimize its financing costs as financial market conditions change.

FPC advises that its long-term debt obligations may take the form of first mortgage bonds, debentures, notes, installment contracts, or other forms of debt obligations or credit arrangements with maturities ranging from one to thirty-five years. Long-term debt may be issued through negotiated underwritten public offerings, public offerings at competitive biddings, private sales, or sales through agents, and may be issued in both domestic and foreign markets.

FPC says that its commercial paper will be for terms up to but not exceeding nine months from the date of issuance. FPC advises that it has established lines of credit and uncommitted bid facilities with a group of banks under which short-term borrowings

DOCUMENT NUMBER-DATE

12141 DEC -9 1991

FPSC-RECORDS/REPORTING

ORDER NO. 25453
DOCKET NO. 911079-EI
PAGE 2

may be made by the issuance of unsecured promissory notes. Furthermore, FPC advises that these short-term notes will not be extendable or renewable, nor will they contain any other provision for automatic "roll over", either at the option of the holder or the utility. FPC proposes to sell the commercial paper at a discount, with a commission being paid to the commercial dealer, and an interest rate comparable to other interest rates being paid in the commercial paper market. The interest rate on the proposed borrowings will be the interest rate available to the preferred corporate customers of the lending bank in effect at the time of issuance and may be subject to change either up or down, at the time the preferred customer rate changes, or may bear an interest rate to be negotiated at the time of issuance.

The utility says that it has outstanding \$20 million of Medium-Term Notes, \$14.4 million of First Mortgage Bonds that mature in 1992, and \$10 million of 11-1/8% and \$40 million of 11-3/8% Pollution Control Revenue Bonds due October 1, 2002 and October 1, 2012, respectively, that can be redeemed in 1992. The 11-1/8% and 11-3/8% Pollution Control Revenue Bonds were issued in October 1982 and can be called at a redemption price of 103% after October 1, 1992. In addition, FPC is required to redeem \$2.5 million of its outstanding 7.08% Series Preferred Stock and \$.1 million of its 7-1/4% Pollution Control Revenue Bonds to meet the sinking fund requirements of these securities. According to FPC it may choose to refinance the maturing Medium-Term Notes, the First Mortgage Bonds and the sinking fund redemptions through the sale of First Mortgage Bonds, Medium-Term Notes or a combination thereof; and refinance the 11-1/8% and 11-3/8% Pollution Control Revenue Bonds with lower rate Refunding Pollution Control Revenue Bonds during 1992. The utility also plans to register \$250 million of First Mortgage Bonds and \$200 million of Medium-Term Notes with the Securities and Exchange Commission pursuant to Rule 415 (Shelf Registration) under the Securities Act of 1933. In addition, it plans to enter into a five-year \$100 million bank revolving credit agreement and to refund outstanding short-term borrowings and commercial paper which mature from time to time on a regular basis.

FPC also has a \$100 million, three-year bank revolving credit agreement that it obtained on December 30, 1988. This revolving credit agreement is used as a back-up facility to its Citrus County Annual Tender Pollution Control Revenue Bonds. The utility plans to extend this revolving credit agreement to December 30, 1994 or enter into a new revolving credit agreement with one or more banks.

ORDER NO. 25453
DOCKET NO. 911079-EI
PAGE 3

FPC's petition also states that the net proceeds from the issuance and sale of the additional securities will be added to the utility's general funds and may be used for such purposes as providing additional electric facilities, repaying maturing long-term debt and short-term unsecured debt, and other corporate purposes. FPC contends that the funds derived from these additional securities will provide the utility with the financing capability in order to have the needed flexibility to minimize its financing costs as financial market conditions change, and that such proposed issues and sales are necessary and proper to enable FPC to perform its role as a public utility.

The utility estimates that the costs for its 1992 construction program will approximate \$503.5 million in the following categories: \$215.7 million for generation facilities; \$52.1 million for transmission facilities; \$134.7 million for distribution facilities; \$23 million for nuclear fuel; and \$20.1 million for AFUDC and \$57.9 million for other additions and improvements. FPC notes that these figures are estimates which are subject to periodic review and revision to adjust for such factors as changing economic conditions, environmental requirements, regulatory matters, and changing customers usage patterns.

After due consideration, we find that Florida Power Corporation's petition for authorization to issue and sell long-term and short-term securities is reasonable and should be granted for the amounts, and under the terms and conditions below.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Florida Power Corporation is hereby authorized to issue and sell short-term securities during 1992 under the following terms and conditions:

1. Florida Power Corporation is hereby authorized to issue and sell short-term securities or borrow short-term from banks in one or more transactions or of one or more types, over a period of 12 months commencing January 1, 1992.
2. Florida Power Corporation shall file with the Commission on or before the tenth-day of the first month of each quarter hereafter a statement showing the total amount of short-term borrowings outstanding at the end of the previous quarter.

ORDER NO. 25453
DOCKET NO. 911079-EI
PAGE 4

3. The maximum aggregate principal amount of all outstanding short-term borrowings at any given time during 1992 shall not exceed \$300 million.

It is further

ORDERED by the Florida Public Service Commission that the application of Florida Power Corporation for authorization to issue and sell or otherwise incur up to \$700 million of long-term debt securities and obligations during 1992 is approved. It is further

ORDERED that Florida Power Corporation shall file a consummating report in compliance with the Rule 25-8.009, Florida Administrative Code, within 90 days after the issuance of any securities pursuant to the authorization of this Order. It is further

ORDERED that the foregoing authorization relates only to Florida Power Corporation'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 the purchaser of any security authorized hereunder to make inquiry into the use 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
9th day of DECEMBER, 1991.



STEVE TRIBBLE Director
Division of Records and Reporting

(S E A L)

MRC:bmi
911079a.bmi

ORDER NO. 25453
DOCKET NO. 911079-EI
PAGE 5

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) 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.