

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application of Florida) DOCKET NO. 951229-EI
Power Corporation for Authority) ORDER NO. PSC-95-1530-FOF-EI
to Issue and Sell Securities) ISSUED: December 12, 1995
During the Twelve Months Ending)
December 31, 1996.)
_____)

The following Commissioners participated in the disposition of this matter:

SUSAN F. CLARK, Chairman
J. TERRY DEASON
JOE GARCÍA
JULIA L. JOHNSON
DIANE K. KIESLING

ORDER AUTHORIZING FLORIDA POWER CORPORATION TO
ISSUE AND SELL SECURITIES

BY THE COMMISSION:

On October 16, 1995, Florida Power Corporation (FPC or the Company), pursuant to Section 366.04, Florida Statutes, and Chapter 25-8, Florida Administrative Code, filed an application for authorization to issue, sell or otherwise incur, and have outstanding, during the calendar year 1996 not more than \$1.18 billion of additional long-term securities and debt obligations, consisting of (i) up to \$400 million outstanding at any time of commercial paper backed by, or borrowings under, the Company's long-term credit agreements, and (ii) \$780 million of other long-term securities and debt obligations. In addition, the Company proposes to issue, sell and have outstanding at any given time during 1996 short-term unsecured securities and debt obligations, including commercial paper classified as short-term debt for accounting purposes, in an aggregate amount not in excess of \$400 million, which amount shall be in addition to and in excess of the authority conferred on the Company by Section 366.04, Florida Statutes, to issue short-term securities aggregating not more than five percent of the par value of the Company's other outstanding securities.

According to FPC, short-term securities and debt obligations may include commercial paper classified as short-term debt for accounting purposes, bank loans, credit agreements or other forms of securities and debt obligations, with maturities less than one

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year. The Company proposes to continue to regularly issue commercial paper for terms up to but not exceeding nine months from the date of issuance. Credit agreements may be with banks or other lenders. The commercial paper will not be extendable or renewable nor will it contain any other provision for automatic "roll over," either at the option of the holder or at the option of the Company. The commercial paper will be sold at a discount, including the underwriting discount of the commercial paper dealer, at rates comparable to interest rates being paid in the commercial paper market by borrowers of similar credit-worthiness.

FPC represents that the long-term securities and debt obligations may take the form of preferred stock, first mortgage bonds, debentures, notes, notes to be sold in the commercial paper market ("commercial paper") backed by long-term credit agreements, installment contracts, credit agreements or other forms of securities and debt obligations, with maturities greater than one year. Long-term securities 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.

In addition, FPC advises that it has executed a number of credit agreements, and may extend the terms of these agreements or enter into additional agreements as the need arises. The Company has executed a \$200 million 364-day revolving credit facility and a \$200 million five-year revolving long-term credit facility with a group of banks under which borrowings may be made from time to time. These facilities were effective November 26, 1991 and January 1, 1992, respectively. The 364-day revolving credit facility was extended three times to its current expiration date of November 21, 1995 and the five-year facility was extended twice to its current expiration date of November 30, 1999. To date, no borrowings have been made under these credit agreements. These credit facilities have been and will continue to be used primarily to back up the Company's \$400 million commercial paper program, and are extendable at the request of the Company with the consent of the participating banks. The Company is currently in the process of requesting that the 364-day and five-year facilities be extended from November 21, 1995 to November 19, 1996 and from November 30, 1999 to November 30, 2000, respectively.

Besides these two credit facilities, FPC advises that it may establish other long-term credit facilities for an additional \$200 million. In November 1993, the Commission approved the Company's petition to implement a self-insurance program for storm damage to its transmission and distribution lines in Order No. PSC-93-1522-FOF-EI. The Company now self-insures against casualties to its

transmission and distribution system, and may establish an additional long-term credit facility with a group of banks that would provide a committed source of bank loans to fund, or to back up commercial paper to fund, repairs in the event of any loss.

The Company's states that its existing \$200 million five-year revolving long-term credit facility and the additional long-term credit facility proposed in the petition to implement a self-insurance program, and any amendments thereto or other long-term credit agreements that the Company may execute, are hereinafter collectively referred to as the "Long-Term Credit Agreements". For accounting purposes, the Company classifies monies borrowed under, and commercial paper backed by, the Long-Term Credit Agreements as long-term debt. As such, commercial paper could be outstanding from time to time that is backed by the Long-Term Credit Agreements and monies could be borrowed under the Long-Term Credit Agreements, repaid and reborrowed from time to time, but no more than \$400 million of such debt, which would be classified as long-term debt, is expected to be outstanding at any one time. In connection therewith and in accordance with Rule 25-8.009, Florida Administrative Code, the Company will report any use or change of its Long-Term Credit Agreements in its Consummation Report to be filed with the Commission not later than 90 days after the end of the fiscal year in which it issues securities.

FPC further advises that the net proceeds from the sale of additional securities will be added to the Company's general funds and may be used to provide additional electric facilities during 1996 pursuant to the Company's construction program, to repay maturing long-term debt or short-term unsecured debt, to refund existing obligations with lower cost debt, or for other corporate purposes. The Company estimates that construction costs for its 1996 construction program will approximate \$324.6 million.

After due consideration, we find that the issuance of the above-discussed securities, within the limits described, will not impair FPC's ability to perform its services as a public utility, are for lawful purpose within its corporate power, and that the application shall be granted subject to the conditions hereinafter stated.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the application of Florida Power Corporation for authorization to issue during the calendar year 1996 not more than \$1.18 billion of additional long-term securities and debt obligations, consisting of (i) up to \$400 million outstanding at any time of commercial paper

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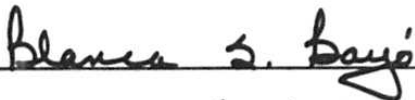
backed by, or borrowings under, the Company's long-term credit agreements, and (ii) \$780 million of other long-term securities and debt obligations is granted. It is further

ORDERED that Florida Power Corporation is authorized to issue, sell and have outstanding at any given time for the 12 months commencing January 1, 1996, short-term unsecured securities and debt obligations, including commercial paper classified as short-term debt for accounting purposes, in an aggregate amount not in excess of \$400 million, which amount shall be in addition to and in excess of the authority conferred on Florida Power Corporation by Section 366.04, Florida Statutes, to issue short-term securities aggregating not more than five percent of the par value of the Company's other outstanding securities. It is further

ORDERED that Florida Power Corporation shall file a Consummation Report with the Commission in compliance with Rule 25-8.009, Florida Administrative Code, within 90 days after the end of any fiscal year in which it issues securities pursuant to the authorization conferred by this Order. It is further

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

By ORDER of the Florida Public Service Commission, this 12th day of December, 1995.



BLANCA S. BAYÓ, Director
Division of Records and Reporting

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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.

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, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, 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 and/or wastewater 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.