

**MEMORANDUM**

DECEMBER 16, 1996

**RECEIVED**  
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TO: DIVISION OF RECORDS AND REPORTING  
FROM: DIVISION OF LEGAL SERVICES (V. JOHNSON)  
RE: DOCKET NO. 961216-BI - APPLICATION FOR AUTHORITY TO ISSUE AND SELL SECURITIES DURING THE TWELVE MONTHS ENDING DECEMBER 31, 1997, PURSUANT TO SECTION 366.04, F.S., AND CHAPTER 25-8, F.A.C., BY FLORIDA POWER CORPORATION

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VDJ RVL

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Attached is an ORDER AUTHORIZING FLORIDA POWER CORPORATION TO ISSUE AND SELL LONG-TERM AND SHORT-TERM SECURITIES to be issued in the above-referenced docket. (Number of pages in Order - 5)

VDJ/js  
Attachment  
cc: Division of Auditing and Financial Analysis (Jones)  
I:FPCEBT.VDJ

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application for authority to issue and sell securities during the twelve months ending December 31, 1997, pursuant to Section 366.04, F.S., and Chapter 25-8, F.A.C., by Florida Power Corporation. ) DOCKET NO. 961216-EI  
) ORDER NO. PSC-96-1521-FOF-EI  
) ISSUED: December 16, 1996  
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The following Commissioners participated in the disposition of this matter:

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

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

BY THE COMMISSION:

On October 9, 1996, Florida Power Corporation ("FPC or the Company") filed an application with this Commission seeking authorization to issue and sell long-term securities and to incur short-term debt during calendar year 1997. Specifically, the Company requests authority to issue and sell or otherwise incur during 1997 long-term debt securities or obligations totalling \$1.1 billion, 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) \$700 million of other long-term debt. In addition, FPC proposes to issue, sell and have outstanding at any given time during 1997 short-term unsecured borrowings and commercial paper 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 under 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.

FPC advises that its long-term debt and obligations may take the form of preferred stock, first mortgage bonds, debentures, notes, commercial paper backed by long-term credit agreements, installment contracts, credit agreements or other forms of debt

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obligations, with maturities greater than one year. Credit agreements may be with banks or other lenders. 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.

The Company states that short-term debt securities and obligations may include commercial paper, bank loans, credit agreements or other forms of debt obligations with maturities less than one year. FPC proposes to continue to regularly issue notes to be sold in the commercial paper market ("commercial paper"). The commercial paper will be for terms up to but not exceeding nine months from the date of issuance. 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 a rate comparable to interest rates being paid in the commercial paper market by borrowers of similar credit-worthiness.

According to FPC, it 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 credit facilities will primarily be used 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.

In addition to these two credit facilities, FPC indicates that it may establish other long-term credit facilities for an additional \$200 million. In November 1993, we 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-POF-EI (the "Petition to Self-Insure"). The Company self-insures against casualties to its transmission and distribution system, and may establish an additional long-term credit facility with a group of banks to provide a ready source of cash to fund repairs in the event of any loss.

The Company's existing \$200 million five-year revolving long-term credit facility and the additional long-term credit facility proposed in the Petition to Self-Insure, 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, FPC indicates that it 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. The Company requests the authority to issue a total of \$400 million of long-term debt using these Long-Term Credit Agreements as described. In connection therewith, the Company advises that it will report any use or change of its Long-Term Credit Agreements during 1997 in its Consummation Report to be filed with the Commission not later than 90 days after the close of the 1997 calendar year.

FPC advises that it may issue new debt to fund its 1997 construction program, to repay maturing long-term debt and short-term unsecured debt, to refund existing obligations, and/or for other corporate purposes. The Company estimates that construction costs for its 1997 construction program will approximate \$332 million. FPC detailed this and the other possible long-term financing activity in Exhibit C(2) to its application.

After due consideration, we find that Florida Power Corporation's application for authorization to issue and sell long-term and short-term securities is reasonable and shall be granted.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Florida Power Corporation is hereby authorized to issue, sell or otherwise incur and have outstanding during 1997, \$1.1 billion of long-term securities and debt obligations as described in the body of this Order. It is further

ORDERED that Florida Power Corporation is hereby authorized to issue, sell and have outstanding at any given time during 1997, short-term unsecured securities and debt obligations in an aggregate amount not in excess of \$400 million. It is further

ORDERED that Florida Power Corporation shall file a consummation report to comport with the Rule 25-8.009, Florida Administrative Code, within 90 days after the issuance of any securities authorized by this Order.

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By ORDER of the Florida Public Service Commission, this 16th  
day of December, 1996.



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BLANCA S. BAYÓ, Director  
Division of Records and Reporting

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VDJ

**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.