

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application by Gulf Power Company for authority to receive common equity contributions and to issue and sell securities during the twelve month period ending March 31, 1999, pursuant to Chapter 25-8, F.A.C., and section 366.04, F.S.

DOCKET NO. 980091-EI  
ORDER NO. PSC-98-0407-FOF-EI  
ISSUED: March 18, 1998

The following Commissioners participated in the disposition of this matter:

JULIA L. JOHNSON, Chairman  
J. TERRY DEASON  
SUSAN F. CLARK  
JOE GARCIA  
E. LEON JACOBS, JR.

ORDER AUTHORIZING SECURITY TRANSACTIONS

BY THE COMMISSION:

Gulf Power Company ("Company") filed an application on January 16, 1998, seeking authority to receive equity funds from Southern Company (Gulf's parent company) and to issue and sell securities, in the aggregate, for a total of not more than \$300 million of equity and long-term debt during the 12-month period ending March 31, 1998, pursuant to Chapter 25-8, Florida Administrative Code, and Section 366.04, Florida Statutes. The maximum principal amount of short-term debt at any one time will total not more than \$185 million.

The Southern Company ("Southern"), a Delaware Corporation, owns 992,717 shares of the Company's stock, without par value, representing 100% of the voting stock outstanding. Southern is also the parent company of four other operating companies and certain other companies including: Southern Communications Services; Southern Company Services; Southern Energy, Inc.; Southern Nuclear Operating Company; and Southern Development and Investment Group, Inc.

The Company requested that the issuance and sale of equity securities and long-term debt would be through either negotiated underwritten public offering, public offering at competitive bidding, or private sale.

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FPSC-RECORDS/REPORTING

The equity funds from Southern are to be common equity contributions. The equity securities may take the form of preferred stock or preference stock, with such par values, terms and conditions, and relative rights and preferences as may be permitted by the Company's Articles of Incorporation, or trust preferred securities. The long-term debt securities may take the form of first mortgage bonds, debentures, notes, guarantees, or other long-term obligations, pollution control bonds, installment contracts or other obligations securing pollution control bonds, with maturities ranging from one to forty years and issued in both domestic and international markets.

The Company has established lines of credit with a group of banks under which borrowing may be made by the issuance of unsecured promissory notes. The interest rate on the proposed borrowings will be the interest rate available to the preferred corporate customers of the 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. None of the promissory notes are to be resold by the banks to the public. The Company will reserve the right under the lines of credit to prepay all or any portion of the loans without penalty and to reborrow the amount of any notes so prepaid.

The Company also proposes to issue short-term debt notes to be sold in the commercial paper market. The 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 at the option of the Company. The notes will be sold at a discount, plus a commission to the commercial paper dealer, with the aggregate interest cost to the Company equaling or approximating the prime rate in effect at the time of the sale.

With respect to the purpose of the issues, the net proceeds to be received from these additional funds 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 Company is engaged in a continuous construction program to accommodate existing and estimated future loads of the system. Total construction additions during 1997 are estimated to cost \$68,202,000 and are expected to be apportioned among the following categories: generating facilities, miscellaneous generating

facilities, new business facilities, transmission plant additions, distribution plant additions, joint line and substation additions and general plant additions. At present, none of the planned expenditures require certification of need by this Commission under either the Florida Electrical Power Plant Siting Act or the Transmission Line Siting Act.

The construction program referred to herein has been necessitated by the continued growth in the demand for service on the Company's system and the replacement and improvements required to our existing system. It is manifestly in the public interest for the Company to raise the funds which are required to perform such service.

Included among the purposes of the issues could be the reimbursement of the treasury for expenditures against which securities have not been issued. The net proceeds received may also be used to repay previously issued short-term unsecured promissory notes and to refund previously issued long-term debt and preferred stock. Subject to market conditions, the Company may refund such long-term obligations with new issuances of long-term debt and/or preferred stock.

The Company submits that the proposed additional funds are for lawful objects within the corporate purposes of the Company and compatible with the public interest and are reasonably necessary or appropriate for such purposes. The facts relied upon by the Company in support of such allegations are as follows. The Company is required to file with the Securities and Exchange Commission, in Washington D.C., 20549, a statement on Form U-1 under the Public Utility Holding Company Act of 1935 with respect to the issuance of equity securities, long-term debt securities and the issuance of short-term debt securities except to the extent exempt under Section 6(b) of the Act.

Having reviewed the application, it is the finding of this Commission that the issuance and sale of the above discussed securities, within the limits described, will not impair the ability of the Company to perform the services of a public utility.

In addition, these transactions are for lawful purposes within the Company's corporate powers and, as such, the application is granted subject to the conditions stated herein.

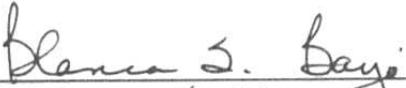
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Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the application of Gulf Power Company ("Company") filed on January 16, 1998, seeking authority to receive equity funds from Southern Company (Gulf's parent company) and to issue and sell securities, in the aggregate, for a total of not more than \$300 million of equity and long-term debt during the 12-month period ending March 31, 1998, and a maximum principal amount of short-term debt at any one time to total not more than \$185 million is hereby approved. It is further

ORDERED that Gulf Power Company file a consummation report 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.

By ORDER of the Florida Public Service Commission this 18th day of March, 1998.

  
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BLANCA S. BAYÓ, 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.

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.