

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 12 Months Ending March 31, 2000.

DOCKET NO. 990068-EI
ORDER NO. PSC-99-0746-FOF-EI
ISSUED: April 19, 1999

The following Commissioners participated in the disposition of this matter:

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

ORDER GRANTING APPROVAL FOR AUTHORITY TO RECEIVE COMMON EQUITY CONTRIBUTIONS AND TO ISSUE AND SELL SECURITIES

BY THE COMMISSION:

Gulf Power Company ("Gulf" or "Company") filed an application on January 20, 1999, seeking authority to receive common equity contributions and to issue securities during the twelve month period ending March 31, 2000. Notice of Gulf's application was given in the Florida Administrative Weekly on March 5, 1999. Gulf seeks approval pursuant to Chapter 25-8, Florida Administrative Code, and Section 366.04, Florida Statutes, to receive equity funds from the Southern Company (Gulf's parent); issue and sell long-term debt and equity securities; and issue and sell short-term debt securities during the period covered by this application.

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

The Company states that the issuance and sale of equity securities and long-term debt would be through either negotiated

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underwritten public offering, public offering at competitive bidding, or private sale. The planned equity securities are common equity contributions from Southern. 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 fifty years and issued in both domestic and international markets.

The Company states it 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 borrowing 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.

In addition, Gulf seeks approval to issue short-term notes to be sold in the commercial paper market. The notes will neither 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.

Gulf states the maximum amount of common equity contributions received from the Southern Company, the maximum amount of equity securities issued and the maximum principal amount of long-term debt securities issued will total no more than \$300 million. The maximum principal amount of short-term debt at any one time will total not more than \$190 million.

Gulf asserts that 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

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construction program. Gulf is engaged in a continuous construction program to accommodate existing and estimated future loads of the system. According to Gulf, total construction additions during 1999 are estimated to cost \$71,356,000. At present, none of the planned 1999 expenditures require certification of need by this Commission under either the Florida Electrical Power Plant Siting Act or the Transmission Line Siting Act.

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, preferred stock, and trust preferred securities. Subject to market conditions, the Company may refund such long-term obligations with new issuances of long-term debt, preferred stock, and/or trust preferred securities.

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 are reasonably necessary or appropriate for such purposes. Gulf is required to file with the Securities and Exchange Commission, 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 aforementioned securities, within the limits described, will not impair the ability of Gulf to perform the services of a public utility. These transactions are for such lawful purposes within Gulf's corporate powers and, as such, the application is granted subject to the conditions stated herein.

Our approval of the proposed issuance of securities by Gulf Power Company does not indicate specific approval of any rates, terms, or conditions associated with the issuance. Such matters are properly reserved for review by the Commission within the context of a rate proceeding. We approve the subject financing, but we retain the right to disallow any of the costs incurred for ratemaking purposes.

Based on the foregoing, it is

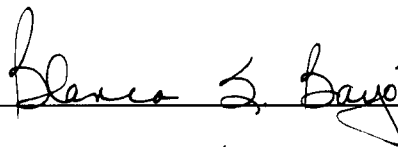
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ORDERED by the Florida Public Service Commission that the application of Gulf Power Company to receive common equity contributions and to issue and sell securities during the twelve months ending March 31, 2000, be approved. It is further

ORDERED by the Florida Public Service Commission that Gulf Power Company shall file a consummation report in compliance with Rule 25-8.009, Florida Administrative Code, within 90 days of the end of the fiscal year in which it issues any securities authorized by this Order. It is further

ORDERED by the Florida Public Service Commission that this docket remain open pending the submission of the consummation report by Gulf Power Company. It is further

By ORDER of the Florida Public Service Commission this 19th day of April, 1999.



BLANCA S. BAYÓ, Director
Division of Records and Reporting

(S E A L)

TRC

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), 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, 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.

M E M O R A N D U M

APRIL 19, 1999

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RECORDS AND
REPORTING

TO: DIVISION OF RECORDS AND REPORTING

FROM: DIVISION OF LEGAL SERVICES (COLLINS) *RVE*

RE: DOCKET NO. 990068-EI - APPLICATION BY GULF POWER COMPANY
FOR AUTHORITY TO RECEIVE COMMON EQUITY CONTRIBUTIONS AND
TO ISSUE AND SELL SECURITIES DURING THE 12 MONTHS ENDING
MARCH 31, 2000.

99-0746-FDF

Attached is an ORDER GRANTING APPROVAL FOR AUTHORITY TO
RECEIVE COMMON EQUITY CONTRIBUTIONS AND TO ISSUE AND SELL
SECURITIES to be issued in the above-referenced docket. (Number
of pages in order - 5)

TRC/js
Attachment

cc: Division of Auditing and Financial Analysis (Samaan)

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See 1+4

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Yo.

STATE OF FLORIDA

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

DIVISION OF RECORDS & REPORTING
BLANCA S. BAYÓ
DIRECTOR
(850) 413-6770



Public Service Commission

January 20, 1999

Susan D. Ritenour
Gulf Power Company
One Energy Place
Pensacola, Florida 32520

Re: Docket No. 990068-EI

Dear Ms. Ritenour:

This will acknowledge receipt of an application by Gulf Power Company for authority to receive common equity contributions and to issue and sell securities, which was filed by this office on January 20, 1999 and assigned the above-referenced docket number. Appropriate staff members will be advised.

Mediation may be available to resolve any dispute in this docket. If mediation is conducted, it does not affect a substantially interested person's right to an administrative hearing. For more information, contact the Office of General Counsel at (850) 413-6078 or FAX (850) 413-6079.

Division of Records and Reporting
Florida Public Service Commission