

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for authority  
to issue and sell securities  
during 12 months ending  
12/31/2001 by Florida Power  
Corporation, pursuant to Section  
366.04, F.S., and Chapter 25-8,  
F.A.C.

DOCKET NO. 001430-EI  
ORDER NO. PSC-00-2272-FOF-EI  
ISSUED: November 29, 2000

The following Commissioners participated in the disposition of  
this matter:

J. TERRY DEASON, Chairman  
E. LEON JACOBS, JR.  
LILA A. JABER  
BRAULIO L. BAEZ

FINAL ORDER GRANTING APPLICATION FOR AUTHORITY  
TO ISSUE AND SELL SECURITIES

BY THE COMMISSION:

Florida Power Corporation (FPC or Company) filed an  
application on September 19, 2000, seeking authority pursuant to  
Chapter 25-8, Florida Administrative Code, and Section 366.04,  
Florida Statutes, to issue, sell or otherwise incur during 2001,  
any combination of additional equity securities and long-term debt  
securities and obligations, consisting of up to \$400 million  
outstanding at any time of commercial paper backed by, or borrowed  
under, the Company's long-term credit agreements, and \$1.03 billion  
of any combination of equity securities and other long-term debt  
securities and obligations. FPC also proposes to issue, sell and  
have outstanding at any given time during 2001 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 \$500 million.

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

FPC asserts that the kind and the nature of the securities that it seeks authority to issue and sell during 2001 are equity securities and short-term and long-term debt securities and obligations, including, but not limited to, borrowings from banks which are participants in the Company's existing credit facilities. Additionally, the Company seeks authority to enter into forward refunding or forward swap contracts during 2001 in connection with outstanding pollution control refunding revenue bonds which are not currently callable.

FPC states that short-term debt securities and obligations may include notes to be sold in the commercial paper market (commercial paper) classified as short-term debt for accounting purposes; extendible commercial notes (ECNs), which are typically sold to the same investors as commercial paper and are also classified as short-term debt for accounting purposes; and bank loans, credit agreements or other forms of securities and debt obligations, with maturities less than one year.

FPC also states that the long-term debt securities and obligations may take the form of first mortgage bonds, debentures, medium-term notes or other notes, commercial paper backed by long-term credit agreements, installment contracts, credit agreements or other forms of securities and debt obligations, whether secured or unsecured, with maturities greater than one year. Additionally, FPC maintains, the Company may enter into options, rights, interest rate swaps or other derivative instruments. FPC alleges that the Company may also enter into installment purchase and security agreements, loan agreements, or other arrangements with political subdivisions of the State of Florida or pledge debt securities or issue guarantees in connection with such political subdivisions' issuance, for the ultimate benefit of the Company, of pollution control revenue bonds, solid waste disposal revenue bonds, industrial development revenue bonds, variable rate demand notes, or other "private activity bonds" with maturities ranging from one to forty years, bond anticipation notes, or commercial paper. Such obligations may or may not bear interest exempt from federal tax.

According to FPC, the equity securities that the Company may issue include common stock, cumulative preferred stock, preference stock, or warrants, options or rights to acquire such securities, or other equity securities, with such par values, terms and conditions and relative rights and preferences as are deemed appropriate by the Company and permitted by its articles of incorporation, as they may be amended from time to time.

The Company also may enter into preferred securities financings that may have various structures, including a structure whereby the Company would establish and make an equity investment in a special purpose trust, limited partnership or other entity. The entity would offer preferred securities to the public and lend the proceeds to the Company. The Company would issue debt securities to the entity equal to the aggregate of its equity investment and the amount of preferred securities issued. The Company may also guarantee, among other things, the distributions to be paid by the entity to the holders of the preferred securities.

FPC states that the manner of issuance and sale of securities will be dependent upon the type of securities being offered, the type of transaction in which the securities are being issued and sold and market conditions at the time of the issuance and sale. 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. Credit agreements may be with banks or other lenders. The Company's commercial paper will be for terms up to, but not exceeding nine months from the date of issuance. 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 creditworthiness. ECNs will be sold under terms and conditions substantially similar to commercial paper. Initial redemption dates on the ECNs will not exceed 90 days from the date of issue. The Company will have the option to extend the final maturity date to 390 days from the date of issue; however, it does not anticipate that it will elect to do so. The Company plans to refund from time to time outstanding commercial paper, ECNs and short-term borrowings, which mature on a regular basis, with preferred stock, first mortgage bonds, medium-term notes, or other long-term securities and debt obligations.

In connection with borrowing from banks and in support of its commercial paper program, the Company 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 has been extended to its current expiration date in November 2000, and the

five-year facility has been extended to its current expiration date in November 2003. 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 facility be extended from November 14, 2000 to November 13, 2001. In addition to these two credit facilities, the Company may establish other long-term credit facilities for an additional \$200 million in connection with a self-insurance program. By Order No. PSC-93-1522-FOF-EI, issued October 15, 1993, in Docket No. 930867-EI, the Commission approved the Company's petition to implement a self-insurance program for storm damage to its transmission and distribution lines. 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 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 existing \$200 million five-year revolving long-term credit facility, the additional long-term credit facility approved by Order No. PSC-93-1522-FOF-EI, and any other long-term credit agreements or amendments thereto 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. However, 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, the Company will report any use or change of its Long-Term Credit Agreements during 2001 in its Consummation Report to be filed with the Commission not later than 90 days after the close of the 2001 calendar year.

FPC states that the maximum principal amount of additional equity securities and long-term debt securities and obligations proposed to be issued, sold, or otherwise incurred during 2001 is \$400 million outstanding at any time of commercial paper backed by, or borrowings under, the Company's Long-Term Credit Agreements, and \$1.03 billion of any combination of equity securities and other long-term debt securities and obligations. The Company also

proposes to issue, sell and have outstanding at any given time during 2001 short-term unsecured securities and debt obligations, including commercial paper and ECNs classified as short-term debt for accounting purposes, in an aggregate amount not in excess of \$500 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.

Having reviewed the application, it is the finding of this Commission that the issuance and sale of the aforementioned securities will not impair the ability of FPC to perform the services of a public utility. These transactions are for such lawful purposes within FPC'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 FPC 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.

Based on the foregoing, it is

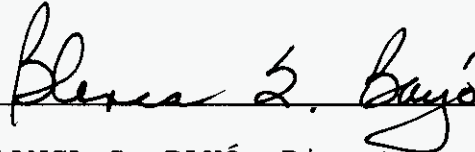
ORDERED by the Florida Public Service Commission that the application of Florida Power Corporation, to issue and sell securities during the twelve months ending December 31, 2001, be approved. It is further

ORDERED that Florida Power Corporation 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 that this docket remain open pending the submission of the consummation report by Florida Power Corporation.

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By ORDER of the Florida Public Service Commission this 29th  
Day of November, 2000.

  
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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 120.569(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.

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

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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.