

**Florida
Power**
CORPORATION

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James P. Fama
SENIOR COUNSEL

September 25, 1992

Mr. Steven C. Tribble, Director
Division of Records and Reporting
Florida Public Service Commission
101 East Gaines Street
Tallahassee, Florida 32399-0870

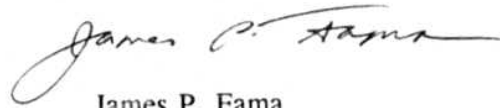
Re: Docket No. 920949-EU

Dear Mr. Tribble:

Enclosed herewith for filing with the Commission in the above-referenced docket are fifteen copies of the Joint Motion of Florida Power Corporation and Sebring Utilities Commission to Initiate Proceeding and Establish Expedited Case Schedule.

Please acknowledge your receipt of the above filing on the enclosed copy of this letter and return to the undersigned. Thank you for your assistance.

Very truly yours,


James P. Fama

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Joint Petition of Florida Power)
Power Corporation and Sebring Utilities) Docket No: 920949-EU
Commission for Approval of Certain Matters)
in Connection with Sale of Assets by) Filed: September 25, 1992
Sebring Utilities Commission to Florida)
Power Corporation)
_____)

JOINT MOTION TO INITIATE PROCEEDING
AND ESTABLISH EXPEDITED CASE SCHEDULE

Pursuant to Commission Rule 25-22.037(2), Florida Power Corporation (FPC) and Sebring Utilities Commission (Sebring) jointly move for a Commission order:

- (a) initiating a proceeding to consider the Joint Petition of Florida Power Corporation and Sebring Utilities Commission For Approval of Certain Matters in Connection with Sale of Assets by Sebring Utilities Commission to Florida Power Corporation, filed in this docket on September 18, 1992, and
- (b) assigning the case for hearing to either:
 - (1) a panel of Commissioners (the Panel) to consider the issues, evidence, and arguments in the proceeding and issue a final order on behalf of the Commission with respect to the relief requested in the Joint Petition; or
 - (2) a hearing officer (the Hearing Officer) to consider the issues, evidence, and arguments in the proceeding and issue a recommended order with respect to the relief requested in the Joint Petition; and
- (c) establishing an expedited case schedule consistent with the relief requested in this Joint Motion.

In support of this Joint Motion, FPC and Sebring submit the following:

1. FPC and Sebring have entered into an Agreement for the Purchase and Sale of

Electric System dated as of August 28, 1992 (the Agreement), pursuant to which Sebring will sell to FPC, and FPC will purchase from Sebring, Sebring's electric distribution system and remaining electric transmission system (the Electric System). Sebring and City of Sebring (the City) have entered into an Agreement for the Purchase and Sale of Water System dated as of August 28, 1992, pursuant to which Sebring will sell to City and City will purchase from Sebring, Sebring's water system (the Water System).

2. Sebring's electric rates are the highest in the State of Florida and among the highest in the nation. Sebring's high retail electric rates are required primarily to meet its covenants under its bond documents and to fund debt service on the Bonds.

3. Sebring's primary reason for selling the Electric System and the Water System is so that Sebring can pay off approximately \$88,462,000.00 in principal amount of its outstanding revenue bonds (the Bonds) and Sebring's other debts, and achieve an immediate, substantial reduction in electric rates for Sebring's ratepayers.

4. Sebring incurred a net loss of \$15,042,280.00 during its fiscal year ended September 30, 1991, and its financial condition is deteriorating.

5. In order to meet the covenants set forth in Sebring's bond agreements Sebring would have to substantially increase its rates effective October, 1992. In lieu of a rate increase and in anticipation of expedited closing of the sale to FPC, Sebring has adopted a 1993 budget which draws down on its reserve fund to service its debt. As Sebring is not generating sufficient revenues from its rates to make principal and interest payments on its outstanding bond obligations, the utility is in technical default on its bond covenants.

Expedited consideration and approval of the Joint Petition will accelerate the closing of

the sale of Sebring assets. This will minimize the period of time in which Sebring is in technical default of its bond agreements, and will lessen substantially the likelihood that the Bond Trustee will declare an actual event of default.

6. Sebring currently is accruing additional financial liability of approximately \$14,000 per day in order to resupply its reserve fund, as well as approximately \$3,000 per day to increase its revenue fund to newly required levels. Expedited consideration and approval of the relief requested herein will further limit the accrual of substantial additional financial liability by Sebring.

7. Expedited consideration and approval of the Joint Petition will insure that FPC is able to take advantage of currently-available favorable interest rates used for issuing the notes necessary to complete this transaction. The benefits of lower-cost financing will flow directly to Sebring ratepayers.

8. Delay in approving the Joint Petition will deprive ratepayers of the favorable rate relief under FPC's rate structure.

9. Because time is of the essence with respect to finalizing the sale of the Electric System, Florida Power and Sebring have agreed that the Agreement may be terminated by either party if a Commission hearing officer or panel has not issued a written order within 90 days of the date of the filing of the Joint Petition, which is December 17, 1992.

10. In order to facilitate an expedited schedule in this case, Florida Power hereby consents to the suspension of the proposed SR-1 Sebring Rider pending a final decision by the Commission in this case.

WHEREFORE, FPC and Sebring respectfully request that the Commission initiate a proceeding in the manner set for above, this case for hearing such that an order can be issued on or before December 17, 1992.

Respectfully submitted this 25th day of September, 1992, by:

James P. Fama by Jan

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