

One Energy Place  
Pensacola, Florida 32520

850.444 6111



January 24, 2001

Ms. Blanca Bayo, Director  
Division of Records and Reporting  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee FL 32399-0870

010110-EI

Dear Ms. Bayo:

RE: Gulf Power Company's Application for authority to receive common equity contributions and to issue and sell securities.

The original and one copy of Gulf Power Company's Application for authority to receive common equity contributions and to issue and sell securities, together with exhibits certified where required, are enclosed for official filing with the Commission. As noted in paragraph 3 of the application, the individuals authorized to receive notices and communications in respect to this application are:

Jeffrey A. Stone  
Beggs & Lane  
P. O. Box 12950  
Pensacola, FL 32576-2950

Susan D. Ritenour  
Warren E. Tate  
Gulf Power Company  
One Energy Place  
Pensacola, FL 32520-0780

Also enclosed is a double sided, high density, 3.5 inch disk containing a copy of the application in WordPerfect 8 format as prepared on a Windows NT based computer.

Sincerely,

*Susan D. Ritenour (sw)*

Susan D. Ritenour  
Assistant Secretary and Assistant Treasurer

lw  
Enclosure

cc/enc: Beggs and Lane  
J. A. Stone, Esquire

DOCUMENT NUMBER-DATE  
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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Gulf Power Company's application )  
for authority to receive common equity ) Docket No. 01\_\_\_\_-EU  
contributions and to issue or sell ) Filed: Jan. 24, 2001  
securities. )  
\_\_\_\_\_ )

GULF POWER COMPANY'S APPLICATION FOR AUTHORITY TO RECEIVE  
COMMON EQUITY CONTRIBUTIONS AND TO ISSUE OR SELL SECURITIES

Gulf Power Company ("Gulf Power", "Gulf", or "the Company"), pursuant to Chapter 25-8, Florida Administrative Code, and Section 366.04, Florida Statutes, hereby files this its application for authority to receive common equity contributions and to issue and sell securities during the twelve months ending March 31, 2002. In support of this application, the Company states:

(1) The exact name of the Company and the address of its principal business office is:

Gulf Power Company  
500 Bayfront Parkway  
One Energy Place  
Pensacola, Florida 32520-0780

(2) The Company was incorporated under the laws of the State of Maine on November 2, 1925. The Company was admitted to do business in the State of Florida on January 15, 1926; in the State of Mississippi on October 25, 1976; and in the State of Georgia on November 20, 1984.

(3) The names and addresses of the persons authorized to receive notices and communications in respect to this application are:

Jeffrey A. Stone  
Beggs & Lane  
P. O. Box 12950  
Pensacola, FL 32576-2950

Susan D. Ritenour  
Warren E. Tate  
Gulf Power Company  
One Energy Place  
Pensacola, FL 32520-0780

(4) Capital Stock and Funded Debt of the Company at December 31, 2000, was:

CAPITAL STOCK

(a) A brief description:	Preferred Stock \$100 <u>Par Value</u>	Preferred Stock \$10 <u>Par Value</u>	Common Stock Without <u>Par Value</u>	Trust Preferred <u>Securities (1)</u>
(b) Shares authorized:	801,626	10,000,000	992,717	Not Limited
(c) Shares outstanding:				
4.64% Series	12,503			
5.16% Series	13,574			
5.44% Series	16,284			
7.625% Series				1,600,000
7.000% Series				1,800,000
(b) The amount held as reacquired securities:	None	None	None	None
(e) The amount pledged by applicant:	None	None	None	None
(f) The amount owned by affiliated corporations:	None	None	992,717	None
(g) The amount held in any fund:	None	None	None	None

NOTES:

(1) Company obligated mandatorily redeemable preferred securities of subsidiary trust holding company junior subordinated notes--\$25 liquidation amount.

FUNDED DEBT

(a) Brief description:	<u>Bank Notes</u> \$	<u>PCB's</u> \$	<u>FMB's</u> \$
(b) Amount authorized:	Not Limited	Not Limited	Not Limited
(c) Amount outstanding (000):			
6-1/8% Series due 2003			30,000
5.25% Series due 2006		12,075	*
6-1/2% Series due 2006			25,000
6.20% Series due 2023		13,000	*
5.80% Series due 2023		32,550	*
5.70% Series due 2023		7,875	*
6.30% Series due 2024		22,000	*
6-7/8% Series due 2026			30,000
5-1/2% Series due 2026		21,200	*
Variable Rate Series 1994 due 2024		20,000	*
Variable Rate Series 1997 due 2022	40,930		
7.50% Jr. Sub. Notes due 2037	20,000		
6.70% Sr. Insured Notes due 2038	48,073		
7.05% Sr. Notes due 2004	50,000		
(d) Amount held as reacquired securities:		none	none
(e) Amount pledged (000):			128,700
<p>* These First Mortgage Bonds are pledged as collateral for the Pollution Control Bonds. They will only be issued in the event of a default of the provisions of the Pollution Control Bond agreements.</p>			
(f) Amount owned by affiliated corporations:		none	none
(g) Amount held in any fund:		none	none

(5) Statement of Proposed Transactions:

(a) The Company seeks authority to: receive equity funds from the Southern Company ("Gulf's parent company"); 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 issuance and sale of equity securities and long-term debt may be through either negotiated underwritten public offering, public offering at competitive bidding, agents or dealers, or private sale.

- (1) The equity funds from Southern are common equity contributions.
- (2) 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 Restated Articles of Incorporation); trust preferred securities; or options, warrants or rights with respect to the foregoing.
- (3) 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, or options, rights, interest rate swaps or other derivative instruments with respect to the foregoing with maturities ranging from one to

fifty years and issued in both domestic and international markets.

The Company has established lines of credit with a group of banks under which borrowings 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 notes to be sold in the commercial paper market. The notes may have varying maturities not to exceed one year, which maturities may be subject to extension by the Company to a final maturity not to exceed 390 days. The notes will be sold at a discount, plus a commission to the commercial paper dealer, with the aggregate interest cost to the Company expected not to exceed the prime rate in effect at the time of the sale. The Company further proposes that such commercial paper notes may be issued for its benefit by a special purpose affiliate, which would then lend the proceeds to the Company on identical terms. Such loan would be evidenced by the Company's "grid" note issued to the affiliate.

(b) The maximum amount of common equity contributions received from Southern, the maximum amount of equity securities issued and the maximum principal amount of long-term debt securities issued will total not more than \$300 million. The maximum principal amount of short-term debt at any one time will total not more than \$190 million.

The Statement of Sources of Funds for Gross Property Additions Forecast for the Year Ending December 31, 2001, is included as Exhibit B (1).

The actual capital structure at December 31, 2000, is as follows:

<u>Component</u>	<u>Amount</u>	<u>Ratio</u>
Common Equity	\$427,379,000	46.17%
Preferred Equity	4,236,000	.46%
Trust Preferred Securities	85,000,000	9.18%
Long-Term Debt-Net	365,993,000	39.54%
Short Term Debt	<u>43,000,000</u>	<u>4.65%</u>
TOTAL	<u>\$925,608,000</u>	<u>100.00%</u>

Pretax Coverage Ratio (Excluding AFUDC): 3.5023

(c) The present estimate of the dividend rate for the aforementioned equity securities and the interest rate for the aforementioned debt securities, based upon current rates for comparable securities, is as follows:

- (1) The interest rate for comparable A+ rated first mortgage bonds was 7.51% as of December 31, 2000.

- (2) The dividend rate for comparable BBB+ rated preferred stock was 6.30% as of December 31, 2000.
- (3) The prime interest rate, or its equivalent, for The Chase Manhattan Bank, N.A., was 9.50% as of December 31, 2000.
- (4) The interest rate in effect for 90-day direct issue commercial paper as published in the Federal Reserve Statistical Release (Form H.15) was 6.37% as of December 31, 2000.

(d) The actual dividend rate and actual interest rates will be determined by market conditions at the time of the sale of the securities.

(6) Purpose of 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.

(a) The Company is engaged in a continuous construction program to accommodate existing and estimated future loads of the system. Total construction additions during 2001 are estimated to cost \$279,400,000 and are expected to be apportioned as shown in Exhibit B (2). Of this amount, \$171,800,000 relates to the planned construction of a combined cycle unit at Plant Smith



(Smith Unit 3). In Order No. PSC-99-1478-FOF-EI, Docket 990325-EI, the Commission granted Gulf's petition for determination of need for Smith Unit 3 pursuant to the Florida Electrical Power Plant Siting Act. On July 28, 2000, the Siting Board, consisting of the Governor and Cabinet, approved certification for the location, construction and operation of Smith Unit 3. The total cost of this unit is estimated to be \$221.1 million. Through December 31, 2000, \$21,900,000 of capital expenditures had been made related to Smith Unit 3. At present, none of the remaining 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.

(b) Included among the purposes of the issues could be the reimbursement of the treasury for expenditures against which securities have not been issued.

(c) 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.

(7) 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 set forth in paragraph (6) hereof.

(8) The name and address of counsel who will pass upon the legality of the proposed issues are:

Beggs & Lane  
3 West Garden Street  
P. O. Box 12950  
Pensacola, FL 32576-2950

Troutman Sanders  
600 Peachtree Street  
Suite 5200  
Atlanta, GA 30308-2216

(9) The Company 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.

(10) The Southern Company, 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 including: Southern Communications Services; Southern Company Services; Southern Nuclear Operating Company; and Southern Company Energy Solutions.



REQUIRED EXHIBITS

(1 Certified and 5 Uncertified Copies)

- Exhibit A (1) - Balance Sheet of the Company at December 31, 2000 and December 31, 1999.
- Exhibit A (2) - Summary of Utility Plant and Accumulated Provision for Depreciation as of December 31, 2000.
- Exhibit A (3) - Income Statement of the Company for the twelve months ended December 31, 2000.
- Exhibit A (4) - Statement of Retained Earnings of the Company for the twelve months ended December 31, 2000.
- Exhibit A (5) - Contingent Liabilities. None.
- Exhibit B (1) - Statement of Sources and Uses of Funds.
- Exhibit B (2) - Construction Budget for Gross Property Additions.

GULF POWER COMPANY  
Balance Sheet  
At December 31, 2000 and December 31, 1999  
(Thousands of Dollars)

ASSETS AND OTHER DEBITS	Dec. 31, 2000 <u>\$</u>	Dec. 31, 1999 <u>\$</u>
Utility Plant		
Utility Plant in Service	1,883,511	1,844,910
Construction Work in Progress	71,007	34,164
Utility Plant Held for Future Use	3,163	3,148
Utility Plant Acquisition Adjustment	5,350	5,606
Total Gross Utility Plant	<u>1,963,031</u>	<u>1,887,828</u>
Accumulated Prov. for Depreciation	<u>(867,260)</u>	<u>(821,970)</u>
Net Utility Plant	<u>1,095,771</u>	<u>1,065,858</u>
Other Property and Investments		
Nonutility Property	467	467
Accumulated Prov. for Depreciation	<u>(12)</u>	<u>(12)</u>
Net Nonutility Property	455	455
Other Investments	629	0
Other Special Funds	<u>3,426</u>	<u>1,026</u>
Total Other Property and Investments	<u>4,510</u>	<u>1,481</u>
Current and Accrued Assets		
Cash	4,093	17,115
Special Deposits	39	11
Working Funds	288	185
Temporary Cash Investments	0	4,200
Customer Accounts Receivable	44,657	42,160
Other Accounts Receivable	3,634	3,961
Accumulated Prov. for Uncollectible Accounts	(1,302)	(1,026)
Receivables from Associated Companies	15,025	6,890
Materials and Supplies	45,801	59,957
Prepayments	24,706	18,708
Interest and Dividends Receivable	18	353
Accrued Utility Revenues	25,163	21,176
Vacation Accrual	4,512	4,199
Total Current and Accrued Assets	<u>166,634</u>	<u>177,889</u>
Deferred Debits		
Unamortized Debt Expense	2,392	2,526
Regulatory Tax Assets	15,963	25,264
Regulatory Assets	11,317	19,538
Preliminary Survey & Investigation Charges	1,685	3,441
Clearing Accounts	(19)	(49)
Miscellaneous Deferred Debits	73,243	77,453
Total Deferred Debits	<u>104,581</u>	<u>128,173</u>
Total Assets and Other Debits	<u>1,371,496</u>	<u>1,373,401</u>

GULF POWER COMPANY  
Balance Sheet  
At December 31, 2000 and December 31, 1999  
(Thousands of Dollars)

LIABILITIES AND OTHER CREDITS	Dec. 31, 2000	Dec. 31, 1999
	<u>\$</u>	<u>\$</u>
Proprietary Capital		
Common Capital Stock	38,060	38,060
Preferred Capital Stock (\$100 par value)	4,236	4,236
Preferred Capital Stock (\$10 par value)	0	0
Premium on Capital Stock	12	12
Miscellaneous Paid-in Capital	233,477	221,255
Capital Stock Expense	0	0
Retained Earnings	155,830	162,987
Total Proprietary Capital	<u>431,615</u>	<u>426,550</u>
Company Obligated Mandatorily Redeemable Preferred Securities of Gulf Power Capital Trust I & II Holding Company Junior Subordinated Notes	<u>85,000</u>	<u>85,000</u>
Long-Term Debt		
Bonds	85,000	85,000
Other Long-Term Debt	287,703	289,556
Unamortized Premium	0	0
Unamortized Discount	(6,710)	(7,107)
Total Long-Term Debt	<u>365,993</u>	<u>367,449</u>
Other Noncurrent Liabilities		
Accumulated Prov. for Property Insurance	8,731	5,529
Accumulated Prov. for Injuries & Damages	1,226	1,761
Accumulated Prov. for Pensions & Benefits	29,211	26,640
Accumulated Prov. for Rate Refund	7,203	0
Total Other Noncurrent Liabilities	<u>46,371</u>	<u>33,930</u>
Current and Accrued Liabilities		
Notes Payable	43,000	55,000
Accounts Payable	36,637	27,048
Payables to Associated Companies	17,557	14,664
Customer Deposits	13,473	12,778
Taxes Accrued	12,612	12,533
Interest Accrued	8,324	9,255
Dividends Declared	54	0
Tax Collections Payable	1,517	1,280
Misc. Current and Accrued Liabilities	4,816	4,273
Total Current And Accrued Liabilities	<u>137,990</u>	<u>136,831</u>
Deferred Credits		
Regulatory Tax Liabilities	38,255	49,693
Regulatory Liabilities	8,263	4,800
Unamortized Investment Tax Credit	25,792	27,712
Other Deferred Credits	21,142	19,224
Total Deferred Credits	<u>93,452</u>	<u>101,429</u>
Accumulated Deferred Income Taxes	<u>211,075</u>	<u>222,212</u>
Total Liabilities and Other Credits	<u>1,371,496</u>	<u>1,373,401</u>

GULF POWER COMPANY  
Summary of Utility Plant and Accumulated Provision  
for Depreciation, as of December 31, 2000  
(Thousands of Dollars)

1. Utility Plant - Electric	<u>\$</u>
Plant in Service	1,883,511
Construction Work in Progress	71,007
Utility Plant Held for Future Use	3,163
Utility Plant Acquisition Adjustment	<u>5,350</u>
Total	<u>1,963,031</u>
2. Reserves - Electric	
Accumulated Provision for Depreciation	<u>(867,260)</u>
Total	<u><u>1,095,771</u></u>

GULF POWER COMPANY  
Income Statement for the Twelve Months Ended December 31, 2000  
(Thousands of Dollars)

	\$
1. Utility Operating Income	
Operating Revenues	714,318
Operating Revenue Deductions:	
Operating Expenses	471,660
Depreciation	63,631
Amortization	3,242
Taxes - Federal Income	38,384
- State Income	6,020
- Other	55,904
- Net Provision for Deferred Taxes	(12,757)
Total Operating Revenue Deductions	626,084
Total Utility Operating Income	88,234
2. Other Income and Deductions	
Allowances for Funds Used During Construction -	
Equity	160
Other - Net	(2,032)
Total Other Income	(1,872)
Income Before Interest Charges	86,362
3. Interest Charges	
Distributions on Preferred Securities of Gulf Capital Trust I & II	6,200
Interest on Long-Term Debt	22,621
Amortization of Debt Discount, Premium and	
Expenses - Net	2,047
Other Interest Charges	3,857
Allowance for Funds Used During Construction -	
Borrowed Funds	(440)
Total Interest Charges	34,285
4. Extraordinary Income	
Extraordinary Income - Net	0
Balance Transferred to Retained Earnings	52,077



GULF POWER COMPANY  
Statement of Retained Earnings for  
the Twelve Months ended December 31, 2000  
(Thousands of Dollars)

	<u>\$</u>
Retained Earnings - At Beginning of Period	162,987
Balance Transferred from Income	<u>52,077</u>
Total Credits	<u>215,064</u>
Deduct:	
Dividends Declared - Preferred Stock	234
Dividends Declared - Common Stock	59,000
Preferred Stock Transactions, Net	<u>0</u>
Total Debits	<u>59,234</u>
Retained Earnings - At End of Period	<u><u>155,830</u></u>

GULF POWER COMPANY  
Statement of Sources and Uses of Funds  
Forecast for the Year Ended December 31, 2001  
(Thousands of Dollars)

	\$
Net Income Before Dividends	57,072
Add (Deduct) Non-Cash Items:	
Depreciation & Amortization (Including Fuel Buyouts)	71,564
Deferred Income Tax - Net	(5,927)
Deferred Investment Tax Credits	0
Allowance for Equity Funds Used During Construction	(4,817)
Subtotal	117,892
Less:	
Dividends on Common Stock	53,275
Dividends on Preferred Stock	216
Subtotal	64,401
Decrease (Increase) in Net Current Assets*	
Cash and Temporary Cash Investments	0
Receivables - Net	23,896
Fuel Inventory	(22,409)
Other Materials and Supplies	480
Accrued Unbilled Revenue	(3,225)
Accounts Payable	(22,310)
Taxes Accrued	1,792
Interest Accrued	1,825
Other - Net	(2,013)
Subtotal	(21,964)
Other - Net (Including Allowance for Equity Funds Used During Construction)	1,111
Total Funds From Internal Sources	43,548
External Sources:	
First Mortgage Bonds	0
First Mortgage Bonds - Retirements	0
Preferred Stock and Trust Preferred Securities	0
Preferred Stock and Trust Preferred Securities - Retirements	0
Capital Contributions by the Parent Company	70,000
Pollution Control Obligations	0
Pollution Control Obligations - Retirements	0
Other Long-Term Debt	150,000
Other Long-Term Debt - Retirements	0
Interim Indebtedness	15,852
Total Funds From External Sources	235,852
GROSS PROPERTY ADDITIONS	279,400

\* Excluding Notes Payable and Long-Term Debt Due Within One Year

GULF POWER COMPANY  
 Construction Budget for Gross Property Additions  
 Forecast for the Year Ended December 31, 2001  
 (Thousands of Dollars)

	\$
Generating Facilities	171,751
Miscellaneous Generating Facilities	
Crist 7 Reheater	2,500
Crist 7 Superheater	2,400
Crist 7 Rotor Replacement	3,000
Daniel 2 Precipitator Upgrade	2,005
Other Miscellaneous Generating Projects	25,027
Total	34,932
New Business Facilities	21,968
Transmission Plant Additions	
Farley-Scholz 230 KV	14,236
Other Transmission Plant Additions	7,077
Total	21,313
Distribution Plant Additions	12,486
Joint Line and Substation Additions	12,563
General Plant Additions	4,387
Total Gross Property Additions Projected for 2000	279,400