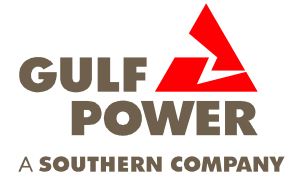


One Energy Place
Pensacola, Florida 32520

Tel 850.444.6111



October 23, 2001

Ms. Blanca S. Bayo, Director
Division of the Commission Clerk and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee FL 32399-0870

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

Dear Ms. Bayo:

Gulf Power Company's Application for authority to receive common equity contributions and to issue and sell securities during the calendar year 2002, together with exhibits certified where required, is hereby submitted electronically for official filing with the Commission. This application is submitted pursuant to Chapter 25-8 of the Florida Administrative Code and Section 366.04 of the Florida Statutes. 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

Historically, Gulf has filed its annual application under Chapter 25-8, F.A.C. for a 12 month period ending March 31. After discussions with the Commission Staff, Gulf is making its annual application under Chapter 25-8 on a calendar year basis. The enclosed application is submitted as part of that requested transition. As a result of this transition, Gulf will submit its consummation report pursuant to Rule 25-8.009, Florida Administrative Code due in Docket No. 010110-EI within 90 days of the end of the calendar year 2001 for securities issued as authorized by Order No. PSC-01-0758-FOF-EI and Order No. PSC-01-0758A-FOF-EI rather than within 90 days of the

Ms. Blanca S. Bayo
October 23, 2001
Page Two

end of the period otherwise covered by those earlier orders. If there are any questions regarding this filing, please do not hesitate to contact me.

Sincerely,

The original physically signed version of this document is being retained by Gulf Power Company in accordance with the Electronic Filing Requirements of the Florida Public Service Commission.

Susan D. Ritenour
Assistant Secretary and Assistant Treasurer

lw

Enclosure

cc. Beggs and Lane
Jeffrey A. Stone, Esquire

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: Oct. 23, 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 December 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 June 30, 2001, 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	48,002		
7.05% Sr. Notes due 2004	50,000		
(d) Amount held as reacquired securities:		none	none
(e) Amount pledged (000):			128,700
* 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.			
(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 \$220 million.

The Statement of Sources of Funds for Gross Property Additions Forecast for the Year Ending December 31, 2002, is included as Exhibit B (1).

The actual capital structure at June 30, 2001, is as follows:

<u>Component</u>	<u>Amount</u>	<u>Ratio</u>
Common Equity	\$495,544,000	46.44%
Preferred Equity	4,236,000	.40%
Trust Preferred Securities	85,000,000	7.96%
Long-Term Debt-Net	366,094,000	34.31%
Short Term Debt	<u>116,225,000</u>	<u>10.89%</u>
TOTAL	<u>\$1,067,099,000</u>	<u>100.00%</u>

Pretax Coverage Ratio (Excluding AFUDC): 3.8177

(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 7.71% as of June 30, 2001.

- (2) The dividend rate for comparable BBB+ rated preferred stock was 6.35% as of June 30, 2001.
- (3) The prime interest rate, or its equivalent, for The Chase Manhattan Bank, N.A., was 6.75% as of June 30, 2001.
- (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 3.63% as of June 30, 2001.

(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 2002 are estimated to cost \$103,092,000 and are expected to be apportioned as shown in Exhibit B (2). Of this amount, \$24,299,000 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 \$220.5 million. Through June 30, 2001, \$151.3 million 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 five other operating companies and certain other companies including: Southern Communications Services; Southern Company Services; Southern Nuclear Operating Company; and Southern Company Energy Solutions.

WHEREFORE, the Company respectfully requests an order authorizing it to receive common equity contributions from Southern and to issue and sell securities during the twelve months ending December 31, 2002.

DATED: October 23, 2001

GULF POWER COMPANY

BY: _____
Warren E. Tate
Vice President, Secretary
and Treasurer

ATTEST:

Susan D. Ritenour
Assistant Secretary and Assistant Treasurer

STATE OF FLORIDA)
) ss.:
COUNTY OF ESCAMBIA)

Warren E. Tate, being duly sworn, deposes and says that he is the Treasurer of Gulf Power Company, that he has read the foregoing petition and knows the contents thereof, and that the facts therein are true and correct to the best of his knowledge, information and belief.

Warren E. Tate

STATE OF FLORIDA
COUNTY OF ESCAMBIA

The foregoing instrument was acknowledged before me this 23rd day of October, 2001, by Warren E. Tate of Gulf Power Company, a Maine corporation, on behalf of the corporation. He is personally known to me and did take an oath.

NOTARY PUBLIC

REQUIRED EXHIBITS

- Exhibit A (1) - Balance Sheet of the Company at December 31, 2000 and June 30, 2001.
- Exhibit A (2) - Summary of Utility Plant and Accumulated Provision for Depreciation as of December 31, 2000 and June 30, 2001.
- Exhibit A (3) - Income Statement of the Company for the twelve months ended December 31, 2000 and June 30, 2001.
- Exhibit A (4) - Statement of Retained Earnings of the Company for the twelve months ended December 31, 2000 and June 30, 2001.
- 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 June 30, 2001
(Thousands of Dollars)

ASSETS AND OTHER DEBITS	Dec. 31, 2000	June 30, 2001
	<u> </u>	<u> </u>
Utility Plant		
Utility Plant in Service	1,883,511	1,900,573
Construction Work in Progress	71,007	205,428
Utility Plant Held for Future Use	3,163	3,163
Utility Plant Acquisition Adjustment	5,350	5,222
Total Gross Utility Plant	<u>1,963,031</u>	<u>2,114,386</u>
Accumulated Prov. for Depreciation	<u>(867,260)</u>	<u>(889,298)</u>
Net Utility Plant	<u>1,095,771</u>	<u>1,225,088</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	889
Other Special Funds	<u>3,426</u>	<u>5,426</u>
Total Other Property and Investments	<u>4,510</u>	<u>6,770</u>
Current and Accrued Assets		
Cash	4,093	4,968
Special Deposits	39	39
Working Funds	288	288
Temporary Cash Investments	0	0
Customer Accounts Receivable	44,657	44,054
Other Accounts Receivable	3,634	10,726
Accumulated Prov. for Uncollectible Accounts	<u>(1,302)</u>	<u>(1,226)</u>
Receivables from Associated Companies	15,025	4,091
Materials and Supplies	45,801	70,223
Prepayments	24,706	28,040
Interest and Dividends Receivable	18	15
Accrued Utility Revenues	25,163	25,746
Vacation Accrual/Other Misc. Current and Accrued	<u>4,512</u>	<u>8,071</u>
Total Current and Accrued Assets	<u>166,634</u>	<u>195,035</u>
Deferred Debits		
Unamortized Debt Expense	2,392	2,315
Regulatory Tax Assets	15,963	16,365
Regulatory Assets	11,317	16,231
Preliminary Survey & Investigation Charges	1,685	1,810
Clearing Accounts	<u>(19)</u>	<u>4</u>
Miscellaneous Deferred Debits	<u>73,243</u>	<u>72,456</u>
Total Deferred Debits	<u>104,581</u>	<u>109,181</u>
Total Assets and Other Debits	<u>1,371,496</u>	<u>1,536,074</u>

GULF POWER COMPANY
Balance Sheet
At December 31, 2000 and June 30, 2001
(Thousands of Dollars)

LIABILITIES AND OTHER CREDITS	Dec. 31, 2000	June 30, 2001
	<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	303,476
Capital Stock Expense	0	0
Retained Earnings	<u>155,830</u>	<u>153,996</u>
Total Proprietary Capital	<u>431,615</u>	<u>499,780</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	287,632
Unamortized Premium		0
Unamortized Discount	<u>(6,710)</u>	<u>(6,538)</u>
Total Long-Term Debt	<u>365,993</u>	<u>366,094</u>
Other Noncurrent Liabilities		
Accumulated Prov. for Property Insurance	8,731	10,481
Accumulated Prov. for Injuries & Damages	1,226	1,001
Accumulated Prov. for Pensions & Benefits	29,211	30,977
Accumulated Prov. for Rate Refund	<u>7,203</u>	<u>4,039</u>
Total Other Noncurrent Liabilities	<u>46,371</u>	<u>46,498</u>
Current and Accrued Liabilities		
Notes Payable	43,000	116,225
Accounts Payable	36,637	31,309
Payables to Associated Companies	17,557	16,194
Customer Deposits	13,473	13,980
Taxes Accrued	12,612	24,884
Interest Accrued	8,324	7,895
Dividends Declared	54	13,354
Tax Collections Payable	1,517	1,563
Misc. Current and Accrued Liabilities	<u>4,816</u>	<u>9,221</u>
Total Current And Accrued Liabilities	<u>137,990</u>	<u>234,625</u>
Deferred Credits		
Regulatory Tax Liabilities	38,255	33,274
Regulatory Liabilities	8,263	8,668
Unamortized Investment Tax Credit	25,792	25,016
Other Deferred Credits	<u>21,142</u>	<u>22,544</u>
Total Deferred Credits	<u>93,452</u>	<u>89,502</u>
Accumulated Deferred Income Taxes	<u>211,075</u>	<u>214,575</u>
Total Liabilities and Other Credits	<u>1,371,496</u>	<u>1,536,074</u>

GULF POWER COMPANY
 Summary of Utility Plant and Accumulated Provision for Depreciation
 At December 31, 2000 and June 30, 2001
 (Thousands of Dollars)

	<u>Dec. 31, 2000</u>	<u>June 30, 2001</u>
1. Utility Plant - Electric		
Plant in Service	1,883,511	1,900,573
Construction Work in Progress	71,007	205,428
Utility Plant Held for Future Use	3,163	3,163
Utility Plant Acquisition Adjustment	<u>5,350</u>	<u>5,222</u>
Total	<u>1,963,031</u>	<u>2,114,386</u>
2. Reserves - Electric		
Accumulated Provision for Depreciation	<u>(867,260)</u>	<u>(889,298)</u>
Total	<u><u>1,095,771</u></u>	<u><u>1,225,088</u></u>

GULF POWER COMPANY
Income Statement
For the Twelve Months Ended December 31, 2000 and June 30, 2001
(Thousands of Dollars)

	Dec. 31, 2000	June 30, 2001
1. Utility Operating Income		
Operating Revenues	714,318	739,159
Operating Revenue Deductions:		
Operation and Maintenance Expenses	471,660	486,335
Depreciation	63,631	64,500
Amortization	3,242	3,170
Taxes - Federal Income	38,384	36,387
- State Income	6,020	5,599
- Other	55,904	56,298
- Net Provision for Deferred Taxes	(12,757)	(5,963)
Total Operating Revenue Deductions	626,084	646,326
Total Utility Operating Income	88,234	92,833
2. Other Income and Deductions		
Allowances for Funds Used During Construction - Equity	160	1,388
Other - Net	(2,032)	(2,340)
Total Other Income	(1,872)	(952)
Income Before Interest Charges	86,362	91,881
3. Interest Charges		
Distributions on Preferred Securities of Gulf Capital Trust I & II	6,200	6,200
Interest on Long-Term Debt	22,621	22,286
Amortization of Debt Discount, Premium and Expenses - Net	2,047	1,997
Other Interest Charges	3,857	2,909
Allowance for Funds Used During Construction - Borrowed Funds	(440)	(974)
Total Interest Charges	34,285	32,418
4. Extraordinary Income		
Extraordinary Income - Net	0	0
Balance Transferred to Retained Earnings	52,077	59,463

GULF POWER COMPANY
Statement of Retained Earnings for
For the Twelve Months Ended December 31, 2000 and June 30, 2001
(Thousands of Dollars)

	<u>Dec. 31, 2000</u>	<u>June 30, 2001</u>
Retained Earnings - At Beginning of Period	162,987	151,067
Balance Transferred from Income	<u>52,077</u>	<u>59,463</u>
Total Credits	<u>215,064</u>	<u>210,530</u>
Deduct:		
Dividends Declared - Preferred Stock	234	234
Dividends Declared - Common Stock	59,000	56,300
Preferred Stock Transactions, Net	<u>0</u>	<u>0</u>
Total Debits	<u>59,234</u>	<u>56,534</u>
Retained Earnings - At End of Period	<u><u>155,830</u></u>	<u><u>153,996</u></u>

GULF POWER COMPANY
Statement of Sources and Uses of Funds
Forecast for the Year Ended December 31, 2002
(Thousands of Dollars)

	Amount
Net Income Before Dividends	35,190
Add (Deduct) Non-Cash Items:	
Depreciation & Amortization (Including Fuel Buyouts)	78,920
Deferred Income Tax - Net	(8,056)
Deferred Investment Tax Credits	0
Allowance for Equity Funds Used During Construction	(4,766)
Subtotal	101,288
Less:	
Dividends on Common Stock	64,000
Dividends on Preferred Stock	216
Subtotal	37,072
Decrease (Increase) in Net Current Assets*	
Cash and Temporary Cash Investments	0
Receivables - Net	(9,040)
Fuel Inventory	1,340
Other Materials and Supplies	(836)
Accrued Unbilled Revenue	(2,275)
Accounts Payable	5,325
Taxes Accrued	2,524
Interest Accrued	(974)
Other - Net	(613)
Subtotal	(4,549)
Other - Net (Including Allowance for Equity Funds Used During Construction)	(13,997)
Total Funds From Internal Sources	18,526
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	72,271
Pollution Control Obligations	0
Pollution Control Obligations - Retirements	0
Other Long-Term Debt	42,000
Other Long-Term Debt - Retirements	0
Interim Indebtedness	(29,705)
Total Funds From External Sources	84,566
GROSS PROPERTY ADDITIONS	103,092

* 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, 2002
 (Thousands of Dollars)

	Amount
Generating Facilities	24,299
Miscellaneous Generating Facilities	
Crist 7 Division Wall Superheater Replacement	2,000
Purchase and Install E-Crane Coal Unloader	3,000
Daniel 2 - Upgrade Precipitator Internals	3,624
Other Miscellaneous Generating Projects	14,810
Total	23,434
New Business Facilities	23,243
Transmission Plant Additions	
Farley-Scholz 230 KV	4,873
Other Transmission Plant Additions	4,206
Total	9,079
Distribution Plant Additions	10,307
Joint Line and Substation Additions	7,230
General Plant Additions	5,500
Total Gross Property Additions Projected for 2002	103,092

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