



Public Service Commission

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COMMISSION CLERK

DATE: NOVEMBER 19, 2001

TO: DIRECTOR, DIVISION OF THE COMMISSION CLERK ADMINISTRATIVE SERVICES (BAYÓ)

FROM: DIVISION OF ECONOMIC REGULATION (D. DRAPER, MCASKILL) *DD*
DIVISION OF LEGAL SERVICES (L. DODSON) *W* *CS* *AK* *ALM*

RE: DOCKET NO. 011384-EI - APPLICATION FOR AUTHORITY TO RECEIVE COMMON EQUITY CONTRIBUTIONS AND TO ISSUE AND SELL SECURITIES DURING TWELVE MONTHS ENDING DECEMBER 31, 2002, BY GULF POWER COMPANY.

AGENDA: 12/04/01 - REGULAR AGENDA - INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\ECR\WP\011384.RCM

CASE BACKGROUND

In Order No. PSC-0758-FOF-EI, issued March 26, 2001, Gulf Power Company (GPC) was given authority in accordance with Chapter 25-8 of the Florida Administrative Code and Section 366.04 of the Florida Statutes, to receive equity contributions and to issue and sell securities during the twelve months ending March 31, 2002. Due to the Company's funding needs and the desire to file its application on a fiscal year basis, GPU has filed an application for authority to receive common equity contributions and to issue and sell securities during the twelve months ending December 31, 2002.

DOCUMENT NUMBER-DATE

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DISCUSSION OF ISSUES

ISSUE 1: Should the Florida Public Service Commission grant Gulf Power Company's application to receive equity contributions and to issue and sell securities during the twelve months ending December 31, 2002?

RECOMMENDATION: Yes, the Commission should grant Gulf Power Company's application to receive equity contributions and to issue and sell securities during the twelve months ending December 31, 2002. (D. DRAPER, MCCASKILL)

STAFF ANALYSIS: Gulf Power Company (GPC), pursuant to Chapter 25-8, Florida Administrative Code, and Section 366.04, Florida Statutes, requests authority to receive equity funds from Southern Company (GPC's parent company); to issue and sell long-term debt and equity securities; and to issue and sell short-term debt securities during the twelve months ending December 31, 2002. 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 not total more than \$300 million. The maximum principal amount of short-term debt, at any one time, will not total more than \$220 million.

Based on staff's review, it does not appear issuance would impair the financial viability of the public utility such that its ability to provide reasonable service at reasonable rates is jeopardized. The Commission's approval of the issuance of securities or the assumption of liabilities or obligations constitutes approval only as to the legality of the issue or assumption, and in no way shall be considered to be approval of the rates, service, accounts, valuation, estimates, or determinations of cost or any other such matter.

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ISSUE 2: Should this order supercede Order No. PSC-01-0758-FOF-EI, in which the Commission granted Gulf Power Company the authority to issue and sell securities for the twelve month period ending March 31, 2002?

RECOMMENDATION: Yes, due to the company's funding needs and the desire to file its application on a fiscal basis, Gulf now seeks authority to issue and sell securities and receive common equity contributions granted by Order No. PSC-01-0758-FOF-EI for the twelve months ending December 31, 2002. To the extent that Gulf's most recent request is inconsistent with the authority granted by Order No. PSC-01-0758-FOF-EI, Order No. PSC-01-0758-FOF-EI is superceded. (DODSON)

STAFF ANALYSIS: Pursuant to Section 366.04, Florida Statutes, the Commission, upon application by a public utility, may authorize the utility to issue and sell securities of one or more offerings, or of one or more types, over a period of up to twelve months.

As stated in the Case Background, Gulf's authority to issue and sell securities granted by Order No. PSC-01-0758-FOF-EI does not expire until March 31, 2002. Due to the company's funding needs and the desire to file its application on a fiscal basis, Gulf now seeks authority to issue and sell securities and receive common equity contributions for the twelve months ending December 31, 2002. To the extent that Gulf's most recent request is inconsistent with the authority granted by Order No. PSC-01-0758-FOF-EI, Order No. PSC-01-0758-FOF-EI is superceded.

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ISSUE 3: Should this docket be closed?

RECOMMENDATION: No. (DODSON)

STAFF ANALYSIS: This docket must remain open until April 15, 2003, to allow the Company time to file, and for staff to review, the Consummation Report required by Rule 25-8.009 F.A.C.