



October 24, 2002

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

021088-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 32591-2950

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 format as
prepared on a Windows NT based computer.

Sincerely,

Susan D. Ritenour
Assistant Secretary and Assistant Treasurer

lw
Enclosure

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

DOCUMENT NUMBER 11693 OCT 25 2002
FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Gulf Power Company's application)
for authority to receive common equity) Docket No. 02_____-EU
contributions and to issue or sell) Filed: Oct. 24, 2002
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, 2003. 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 32591-2950

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, 2002, 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
7.375% Series				1,200,000
(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):			
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	47,014		
7.05% Sr. Notes due 2004	50,000		
4.69% Sr. Notes due 2003	60,000		
6.10% Sr. Insured Notes due 2016	75,000		
6.00% Sr. Insured Notes due 2012	45,000		
(d) Amount held as reacquired securities:		none	none
(e) Amount pledged (000):			108,700
<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, 2003, is included as Exhibit B (1).

The actual capital structure at June 30, 2002, is as follows:

<u>Component</u>	<u>Amount</u>	<u>Ratio</u>
Common Equity	\$535,129,000	42.80%
Preferred Equity	4,236,000	.34%
Trust Preferred Securities	115,000,000	9.20%
Long-Term Debt-Net	511,938,000	40.94%
Short Term Debt	<u>84,125,000</u>	<u>6.72%</u>
TOTAL	<u>\$1,250,428,000</u>	<u>100.00%</u>

Pretax Coverage Ratio (Excluding AFUDC): 3.3035

(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 7.00% as of June 30, 2002.

- (2) The dividend rate for comparable BBB+ rated preferred stock was 6.20% as of June 30, 2002.
- (3) The prime interest rate, or its equivalent, for The Chase Manhattan Bank, N.A., was 4.75% as of June 30, 2002.
- (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 1.75% as of June 30, 2002.

(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 2003 are estimated to cost \$108,767,000 and are expected to be apportioned as shown in Exhibit B (2).

At present, none of the 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
501 Commendencia Street
P. O. Box 12950
Pensacola, FL 32591-2950

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, 2003.

DATED: October 24, 2002

GULF POWER COMPANY

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

ATTEST:

Susan D. Ritenour
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.

WE Tate
Warren E. Tate

STATE OF FLORIDA
COUNTY OF ESCAMBIA

The foregoing instrument was acknowledged before me this 24th day of October, 2002, 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.



LINDA C. WEBB
Notary Public-State of FL
Comm. Exp: May 31, 2006
Comm. No: DD 110088

Linda C. Webb
NOTARY PUBLIC

REQUIRED EXHIBITS

- Exhibit A (1) - Balance Sheet of the Company at December 31, 2001 and June 30, 2002.
- Exhibit A (2) - Summary of Utility Plant and Accumulated Provision for Depreciation as of December 31, 2001 and June 30, 2002.
- Exhibit A (3) - Income Statement of the Company for the twelve months ended December 31, 2001 and June 30, 2002.
- Exhibit A (4) - Statement of Retained Earnings of the Company for the twelve months ended December 31, 2001 and June 30, 2002.
- 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, 2001 and June 30, 2002
(Thousands of Dollars)

ASSETS AND OTHER DEBITS	Dec. 31, 2001	June 30, 2002
	<u> </u>	<u> </u>
Utility Plant		
Utility Plant in Service	1,926,664	2,197,665
Construction Work in Progress	281,116	61,381
Utility Plant Held for Future Use	3,163	3,163
Utility Plant Acquisition Adjustment	5,094	4,967
Total Gross Utility Plant	<u>2,216,037</u>	<u>2,267,176</u>
Accumulated Prov. for Depreciation	<u>(912,581)</u>	<u>(930,944)</u>
Net Utility Plant	<u>1,303,456</u>	<u>1,336,232</u>
Other Property and Investments		
Nonutility Property	463	463
Accumulated Prov. for Depreciation	<u>(13)</u>	<u>(13)</u>
Net Nonutility Property	450	450
Other Investments	1,173	1,221
Other Special Funds	<u>5,426</u>	<u>8,426</u>
Total Other Property and Investments	<u>7,049</u>	<u>10,097</u>
Current and Accrued Assets		
Cash	1,962	2,235
Special Deposits	76	5
Working Funds	282	293
Temporary Cash Investments	0	0
Customer Accounts Receivable	38,898	51,180
Other Accounts Receivable	11,252	18,392
Accumulated Prov. for Uncollectible Accounts	<u>(1,342)</u>	<u>(1,147)</u>
Receivables from Associated Companies	2,617	3,385
Materials and Supplies	76,512	89,735
Prepayments	31,470	35,447
Interest and Dividends Receivable	9	12
Accrued Utility Revenues	25,215	34,870
Vacation Accrual/Other Misc. Current and Accrued	<u>4,907</u>	<u>5,111</u>
Total Current and Accrued Assets	<u>191,858</u>	<u>239,518</u>
Deferred Debits		
Unamortized Debt Expense	3,036	2,582
Regulatory Tax Assets	16,766	17,098
Regulatory Assets	33,184	34,207
Preliminary Survey & Investigation Charges	1,991	2,327
Clearing Accounts	3	(70)
Miscellaneous Deferred Debits	<u>71,215</u>	<u>71,236</u>
Total Deferred Debits	<u>126,195</u>	<u>127,380</u>
Total Assets and Other Debits	<u>1,628,558</u>	<u>1,713,227</u>

Certified a True Copy.

Susan D. Ritenour

ASST. Secretary

GULF POWER COMPANY

GULF POWER COMPANY
Balance Sheet
At December 31, 2001 and June 30, 2002
(Thousands of Dollars)

LIABILITIES AND OTHER CREDITS	Dec. 31, 2001	June 30, 2002
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	305,960	343,741
Capital Stock Expense	0	0
Retained Earnings	160,862	153,316
Total Proprietary Capital	<u>509,130</u>	<u>539,365</u>
Company Obligated Mandatorily Redeemable Preferred Securities of Gulf Power Capital Trust I & II Holding Company Junior Subordinated Notes		
	<u>115,000</u>	<u>115,000</u>
Long-Term Debt		
Bonds	55,000	55,000
Other Long-Term Debt	421,841	466,644
Unamortized Premium	0	0
Unamortized Discount	(9,057)	(9,706)
Total Long-Term Debt	<u>467,784</u>	<u>511,938</u>
Other Noncurrent Liabilities		
Accumulated Prov. for Property Insurance	13,565	16,284
Accumulated Prov. for Injuries & Damages	1,252	947
Accumulated Prov. for Pensions & Benefits	31,508	32,780
Accumulated Prov. for Rate Refund	1,530	0
Total Other Noncurrent Liabilities	<u>47,855</u>	<u>50,011</u>
Current and Accrued Liabilities		
Notes Payable	87,311	84,124
Accounts Payable	36,798	33,230
Payables to Associated Companies	18,128	13,181
Customer Deposits	14,506	16,325
Taxes Accrued	1,790	21,598
Interest Accrued	8,305	8,643
Dividends Declared	54	54
Tax Collections Payable	1,510	1,906
Misc. Current and Accrued Liabilities	9,947	8,726
Total Current And Accrued Liabilities	<u>178,349</u>	<u>187,787</u>
Deferred Credits		
Regulatory Tax Liabilities	28,293	26,404
Regulatory Liabilities	5,019	3,317
Unamortized Investment Tax Credit	24,056	23,096
Other Deferred Credits	27,019	32,771
Total Deferred Credits	<u>84,387</u>	<u>85,588</u>
Accumulated Deferred Income Taxes	<u>226,053</u>	<u>223,538</u>
Total Liabilities and Other Credits	<u>1,628,558</u>	<u>1,713,227</u>

Certified a True Copy.

Susan R. Ritzen

ASST Secretary

GULF POWER COMPANY

GULF POWER COMPANY
 Summary of Utility Plant and Accumulated Provision for Depreciation
 At December 31, 2001 and June 30, 2002
 (Thousands of Dollars)

	<u>Dec. 31, 2001</u>	<u>June 30, 2002</u>
1. Utility Plant - Electric		
Plant in Service	1,926,664	2,197,665
Construction Work in Progress	281,116	61,381
Utility Plant Held for Future Use	3,163	3,163
Utility Plant Acquisition Adjustment	<u>5,094</u>	<u>4,967</u>
Total	<u>2,216,037</u>	<u>2,267,176</u>
2. Reserves - Electric		
Accumulated Provision for Depreciation	<u>(912,581)</u>	<u>(930,944)</u>
Total	<u>1,303,456</u>	<u>1,336,232</u>

Certified a True Copy.

Susan O'Rourke
 ASST Secretary
 GULF POWER COMPANY

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

	Dec. 31, 2001	June 30, 2002
1. Utility Operating Income		
Operating Revenues	<u>725,203</u>	<u>750,665</u>
Operating Revenue Deductions:		
Operation and Maintenance Expenses	484,465	504,897
Depreciation	65,304	68,278
Amortization	2,914	2,706
Taxes - Federal Income	24,639	25,422
- State Income	3,810	3,974
- Other	55,261	57,346
- Net Provision for Deferred Taxes	<u>3,374</u>	<u>870</u>
Total Operating Revenue Deductions	<u>639,767</u>	<u>663,493</u>
Total Utility Operating Income	<u>85,436</u>	<u>87,172</u>
2. Other Income and Deductions		
Allowances for Funds Used During Construction - Equity	5,373	7,105
Other - Net	<u>(775)</u>	<u>(463)</u>
Total Other Income	<u>4,598</u>	<u>6,642</u>
Income Before Interest Charges	90,034	93,814
3. Interest Charges		
Distributions on Preferred Securities of Gulf Capital Trust I, II & III	6,477	7,583
Interest on Long-Term Debt	24,520	27,848
Amortization of Debt Discount, Premium and Expenses - Net	2,059	2,213
Other Interest Charges	964	727
Allowance for Funds Used During Construction - Borrowed Funds	<u>(2,510)</u>	<u>(3,319)</u>
Total Interest Charges	<u>31,510</u>	<u>35,052</u>
4. Extraordinary Income		
Extraordinary Income - Net	<u>0</u>	<u>0</u>
Balance Transferred to Retained Earnings	<u>58,524</u>	<u>58,762</u>

Certified a True Copy.

Susan D. Ritenour

ASST. Secretary
GULF POWER COMPANY

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, 2001</u>	<u>June 30, 2002</u>
Retained Earnings - At Beginning of Period	155,830	153,996
Balance Transferred from Income	<u>58,524</u>	<u>58,762</u>
Total Credits	<u>214,354</u>	<u>212,758</u>
Deduct:		
Dividends Declared - Preferred Stock	217	217
Dividends Declared - Common Stock	53,275	59,225
Preferred Stock Transactions, Net	<u>0</u>	<u>0</u>
Total Debits	<u>53,492</u>	<u>59,442</u>
Retained Earnings - At End of Period	<u><u>160,862</u></u>	<u><u>153,316</u></u>

Certified a True Copy.

Susan O'Brien

ASST Secretary

GULF POWER COMPANY

GULF POWER COMPANY
Statement of Sources and Uses of Funds
Forecast for the Year Ended December 31, 2003
(Thousands of Dollars)

	Amount
Net Income Before Dividends	67,254
Add (Deduct) Non-Cash Items:	
Depreciation & Amortization (Including Fuel Buyouts)	88,907
Deferred Income Tax - Net	2,275
Deferred Investment Tax Credits	(1,920)
Allowance for Equity Funds Used During Construction	(644)
Subtotal	155,872
Less:	
Dividends on Common Stock	70,300
Dividends on Preferred Stock	216
Subtotal	85,356
Decrease (Increase) in Net Current Assets*	
Cash and Temporary Cash Investments	0
Receivables - Net	(12,722)
Fuel Inventory	(3,519)
Other Materials and Supplies	(395)
Accrued Unbilled Revenue	2,170
Accounts Payable	578
Taxes Accrued	4,276
Interest Accrued	40
Other - Net	34,274
Subtotal	24,702
Other - Net (Including Allowance for Equity Funds Used During Construction)	(7,373)
Total Funds From Internal Sources	102,685
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	21,392
Pollution Control Obligations	0
Pollution Control Obligations - Retirements	0
Other Long-Term Debt	50,000
Other Long-Term Debt - Retirements	(60,000)
Interim Indebtedness	(5,310)
Total Funds From External Sources	6,082
GROSS PROPERTY ADDITIONS	108,767

Certified a True Copy.

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

Susan O. Rtenow

Assistant Secretary
GULF POWER COMPANY

GULF POWER COMPANY
Construction Budget for Gross Property Additions
Forecast for the Year Ended December 31, 2003
(Thousands of Dollars)

	Amount
Generating Facilities	0
Miscellaneous Generating Facilities	
Smith #2 Boiler Tubes	10,150
Smith #3 Long Term Service Agreement	4,225
Crist #7 ECRC Precipitator/ Selective Catalytic Reduction	23,909
Other Miscellaneous Generating Projects	14,436
Total	52,720
 New Business Facilities	 25,143
Transmission Plant Additions	
Bulk Transmission Stability Improvement	6,300
Other Transmission Plant Additions	4,569
Total	10,869
 Distribution Plant Additions	 9,188
 Joint Line and Substation Additions	 2,404
 General Plant Additions	 8,443
 Total Gross Property Additions Projected for 2002	 108,767

Certified a True Copy.

Susan D. Riterow

ASST. Secretary
 GULF POWER COMPANY