

Susan D. Ritenour
Secretary and Treasurer
and Regulatory Manager

Energy Place
Pensacola, Florida 32520-0781

Tel 850.444.6231
Fax 850.444.6026
SDRITENO@southernco.com

ORIGINAL

031003 - E

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October 23, 2003

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

RECEIVED FPSC
03 OCT 27 AM 10:09
COMMISSION
CLERK

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
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 MicroSoft Word format as prepared on a Windows NT based computer.

Sincerely,

Susan D. Ritenour

lw

Enclosure

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

03 OCT 27 AM 9:33

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DOCUMENT NUMBER DATE

10540 OCT 27 8

FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Gulf Power Company's application)
 for authority to receive common equity) Docket No. 031003-EU ^{EL}
 contributions and to issue or sell) Filed: Oct. 23, 2003
 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, 2004. 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
 Gulf Power Company
 One Energy Place
 Pensacola, FL 32520-0780

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(4) Capital Stock and Funded Debt of the Company at June 30, 2003, 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</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			
7.000% Series (1)				1,800,000
7.375% Series (1)				1,200,000
Var. Rate Series 2002 (2)				40,000
(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.
- (2) Company obligated mandatorily redeemable preferred securities of subsidiary trust holding company junior subordinated notes--\$1,000 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
4.80% Series due 2028		13,000	
Variable Rate Series 2003 due 2023		32,550	
Variable Rate Series 2003 due 2026		29,075	
6-7/8% Series due 2026			30,000
Variable Rate Series 2002 due 2037		42,000	
Variable Rate Series 1997 due 2022		40,930	
6.70% Sr. Insured Notes due 2038	46,720		
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		
5.60% Sr. Insured Notes due 2012	65,000		
(d) Amount held as reacquired securities:		none	none
(e) Amount pledged (000):			12,075
* 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 \$190 million.

The Statement of Sources of Funds for Gross Property Additions Forecast for the Year Ending December 31, 2004, is included as Exhibit B (1).

The actual capital structure at June 30, 2003, is as follows:

<u>Component</u>	<u>Amount</u>	<u>Ratio</u>
Common Equity	\$556,503,000	44.85%
Preferred Equity	4,236,000	.34%
Trust Preferred Securities	115,000,000	9.27%
Long-Term Debt-Net	513,345,000	41.37%
Short Term Debt	<u>51,706,000</u>	<u>4.17%</u>
TOTAL	<u>\$1,240,790,000</u>	<u>100.00%</u>

Pretax Coverage Ratio (Excluding AFUDC): 3.8988

(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 6.26% as of June 30, 2003.

- (2) The dividend rate for comparable BBB+ rated preferred stock was 4.95% as of June 30, 2003.
- (3) The prime interest rate, or its equivalent, for The Chase Manhattan Bank, N.A., was 4.00% as of June 30, 2003.
- (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 1.01% as of June 30, 2003.

(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 2004 are estimated to cost \$161,664,000 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, 2004.

DATED: October 23, 2003

GULF POWER COMPANY

BY: Susan D. Ritenour
Susan D. Ritenour
Secretary and Treasurer

ATTEST:

Linda G. Malone
Linda G. Malone
Assistant Secretary and Assistant Treasurer

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

Susan D. Ritenour, being duly sworn, deposes and says that she is the Treasurer of Gulf Power Company, that she has read the foregoing petition and knows the contents thereof, and that the facts therein are true and correct to the best of her knowledge, information and belief.

Susan D. Ritenour
Susan D. Ritenour

STATE OF FLORIDA
COUNTY OF ESCAMBIA

The foregoing instrument was acknowledged before me this 23rd day of October, 2003, by Susan D. Ritenour of Gulf Power Company, a Maine corporation, on behalf of the corporation. She 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, 2002 and June 30, 2003.
- Exhibit A (2) - Summary of Utility Plant and Accumulated Provision for Depreciation as of December 31, 2002 and June 30, 2003.
- Exhibit A (3) - Income Statement of the Company for the twelve months ended December 31, 2002 and June 30, 2003.
- Exhibit A (4) - Statement of Retained Earnings of the Company for the twelve months ended December 31, 2002 and June 30, 2003.
- 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, 2002 and June 30, 2003
(Thousands of Dollars)

ASSETS AND OTHER DEBITS	Dec. 31, 2002	June 30, 2003
	<u> </u>	<u> </u>
Utility Plant		
Utility Plant in Service	2,240,154	2,272,978
Construction Work in Progress	32,364	32,426
Utility Plant Held for Future Use	3,163	3,163
Utility Plant Acquisition Adjustment	4,839	4,712
Total Gross Utility Plant	<u>2,280,520</u>	<u>2,313,279</u>
Accumulated Prov. for Depreciation	<u>(946,408)</u>	<u>(974,598)</u>
Net Utility Plant	<u>1,334,112</u>	<u>1,338,681</u>
Other Property and Investments		
Nonutility Property	469	469
Accumulated Prov. for Depreciation	<u>(13)</u>	<u>(13)</u>
Net Nonutility Property	456	456
Other Investments	1,275	1,336
Other Special Funds	<u>8,426</u>	<u>9,526</u>
Total Other Property and Investments	<u>10,157</u>	<u>11,318</u>
Current and Accrued Assets		
Cash	12,219	3,253
Special Deposits	5	19
Working Funds	276	261
Temporary Cash Investments	0	0
Customer Accounts Receivable	48,609	55,611
Other Accounts Receivable	20,185	23,178
Accumulated Prov. for Uncollectible Accounts	(889)	(1,197)
Receivables from Associated Companies	11,407	10,562
Materials and Supplies	72,031	77,650
Prepayments	42,156	46,879
Interest and Dividends Receivable	9	8
Accrued Utility Revenues	28,077	32,171
Vacation Accrual/Other Misc. Current and Accrued	<u>8,174</u>	<u>9,558</u>
Total Current and Accrued Assets	<u>242,259</u>	<u>257,953</u>
Deferred Debits		
Unamortized Debt Expense	3,900	4,947
Regulatory Tax Assets	18,798	18,182
Regulatory Assets	45,521	45,493
Preliminary Survey & Investigation Charges	3,434	1,553
Clearing Accounts	20	151
Miscellaneous Deferred Debits	<u>74,054</u>	<u>80,973</u>
Total Deferred Debits	<u>145,727</u>	<u>151,299</u>
Total Assets and Other Debits	<u>1,732,255</u>	<u>1,759,251</u>

Certified a True Copy

Susan C. Ransom
Secretary

GULF POWER COMPANY

GULF POWER COMPANY
Balance Sheet
At December 31, 2002 and June 30, 2003
(Thousands of Dollars)

LIABILITIES AND OTHER CREDITS	Dec. 31, 2002	June 30, 2003
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	349,562	361,380
Other Comprehensive Inc-Reclass to Income	(734)	(3,004)
Retained Earnings	<u>162,398</u>	<u>160,055</u>
Total Proprietary Capital	<u>553,534</u>	<u>560,739</u>
Company Obligated Mandatorily Redeemable Preferred Securities of Gulf Power Capital Trust I & II Holding Company Junior Subordinated Notes		
	<u>155,000</u>	<u>115,000</u>
Long-Term Debt		
Bonds	55,000	55,000
Other Long-Term Debt	466,387	466,350
Unamortized Premium		0
Unamortized Discount	(9,347)	(8,005)
Total Long-Term Debt	<u>512,040</u>	<u>513,345</u>
Other Noncurrent Liabilities		
Accumulated Prov. for Property Insurance	15,418	17,488
Accumulated Prov. for Injuries & Damages	701	212
Accumulated Prov. for Pensions & Benefits	33,666	36,143
Accumulated Prov. for Rate Refund	304	762
Accumulated Prov. For Asset Retirement Obligation		4,132
Total Other Noncurrent Liabilities	<u>50,089</u>	<u>58,737</u>
Current and Accrued Liabilities		
Notes Payable	28,479	51,706
Accounts Payable	34,610	15,809
Payables to Associated Companies	28,846	24,766
Customer Deposits	16,047	17,227
Taxes Accrued	(3,534)	26,172
Interest Accrued	7,875	7,055
Dividends Declared	54	0
Tax Collections Payable	1,732	1,898
Misc. Current and Accrued Liabilities	5,983	12,894
Total Current And Accrued Liabilities	<u>120,092</u>	<u>157,527</u>
Deferred Credits		
Regulatory Tax Liabilities	29,692	27,808
Regulatory Liabilities	6,328	9,595
Unamortized Investment Tax Credit	22,289	21,308
Other Deferred Credits	46,435	54,939
Total Deferred Credits	<u>104,744</u>	<u>113,650</u>
Accumulated Deferred Income Taxes	<u>236,756</u>	<u>240,253</u>
Total Liabilities and Other Credits	<u>1,732,255</u>	<u>1,759,251</u>

Certified a True Copy.

Jusan D. Ritenour
Secretary

GULF POWER COMPANY

GULF POWER COMPANY -
 Summary of Utility Plant and Accumulated Provision for Depreciation
 At December 31, 2002 and June 30, 2003
 (Thousands of Dollars)

	<u>Dec. 31, 2002</u>	<u>June 30, 2003</u>
1. Utility Plant - Electric		
Plant in Service	2,240,154	2,272,978
Construction Work in Progress	32,364	32,426
Utility Plant Held for Future Use	3,163	3,163
Utility Plant Acquisition Adjustment	<u>4,839</u>	<u>4,712</u>
Total	<u>2,280,520</u>	<u>2,313,279</u>
2. Reserves - Electric		
Accumulated Provision for Depreciation	<u>(946,408)</u>	<u>(974,598)</u>
Total	<u><u>1,334,112</u></u>	<u><u>1,338,681</u></u>

Certified a True Copy.

Susan O. Ritenour

Secretary

GULF POWER COMPANY

GULF POWER COMPANY
Income Statement
For the Twelve Months Ended December 31, 2002 and June 30, 2003
(Thousands of Dollars)

	Dec. 31, 2002	June 30, 2003
1. Utility Operating Income		
Operating Revenues	820,467	862,594
Operating Revenue Deductions:		
Operation and Maintenance Expenses	536,933	553,233
Depreciation	74,390	78,254
Amortization & Accretion	2,624	2,962
Taxes - Federal Income	25,340	28,862
- State Income	4,215	4,886
- Other	61,033	64,858
- Net Provision for Deferred Taxes	9,559	12,041
Total Operating Revenue Deductions	714,094	745,096
Total Utility Operating Income	106,373	117,498
2. Other Income and Deductions		
Allowances for Funds Used During Construction -		
Equity	2,980	153
Other - Net	(2,124)	(1,978)
Total Other Income	856	(1,825)
Income Before Interest Charges	107,229	115,673
3. Interest Charges		
Distributions on Preferred Securities of Gulf Capital Trust I, II & III	8,524	8,240
Interest on Long-Term Debt	28,815	28,504
Amortization of Debt Discount, Premium and		
Expenses - Net	2,591	2,886
Other Interest Charges	1,438	1,305
Allowance for Funds Used During Construction -		
Borrowed Funds	(1,392)	(68)
Total Interest Charges	39,976	40,867
4. Extraordinary Income		
Extraordinary Income - Net	0	0
Balance Transferred to Retained Earnings	67,253	74,806

Certified a True Copy

Susan D. Riemers
Secretary

GULF POWER COMPANY

GULF POWER COMPANY
Statement of Retained Earnings for
For the Twelve Months Ended December 31, 2002 and June 30, 2003
(Thousands of Dollars)

	<u>Dec. 31, 2002</u>	<u>June 30, 2003</u>
Retained Earnings - At Beginning of Period	160,862	153,316
Balance Transferred from Income	<u>67,253</u>	<u>74,806</u>
Total Credits	<u>228,115</u>	<u>228,122</u>
Deduct:		
Dividends Declared - Preferred Stock	217	217
Dividends Declared - Common Stock	65,500	67,850
Preferred Stock Transactions, Net	<u>0</u>	<u>0</u>
Total Debits	<u>65,717</u>	<u>68,067</u>
Retained Earnings - At End of Period	<u><u>162,398</u></u>	<u><u>160,055</u></u>

Certified a True Copy

Susan D. Ritenour
Secretary
GULF POWER COMPANY

GULF POWER COMPANY
Statement of Sources and Uses of Funds
Forecast for the Year Ended December 31, 2004
(Thousands of Dollars)

	Amount
Net Income Before Dividends	72,554
Add (Deduct) Non-Cash Items:	
Depreciation & Amortization (Including Fuel Buyouts)	91,066
Deferred Income Tax - Net	2,817
Deferred Investment Tax Credits	(1,965)
Allowance for Equity Funds Used During Construction	(1,989)
Subtotal	162,483
Less:	
Dividends on Common Stock	72,500
Dividends on Preferred Stock	216
Subtotal	89,767
Decrease (Increase) in Net Current Assets*	
Cash and Temporary Cash Investments	(463)
Receivables - Net	(5,397)
Fuel Inventory	(2,601)
Other Materials and Supplies	3,016
Accrued Unbilled Revenue	(2,685)
Accounts Payable	(874)
Taxes Accrued	4,708
Interest Accrued	286
Other - Net	29,473
Subtotal	25,463
Other - Net (Including Allowance for Equity Funds Used During Construction)	(10,801)
Total Funds From Internal Sources	104,429
External Sources:	
First Mortgage Bonds	0
First Mortgage Bonds - Retirements	0
Preferred Stock and Trust Preferred Securities	20,000
Preferred Stock and Trust Preferred Securities - Retirements	0
Capital Contributions by the Parent Company	26,869
Pollution Control Obligations	0
Pollution Control Obligations - Retirements	0
Other Long-Term Debt	65,000
Other Long-Term Debt - Retirements	(50,000)
Interim Indebtedness	(4,634)
Total Funds From External Sources	57,235
GROSS PROPERTY ADDITIONS	161,664

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

Certified a True Copy.

Susan P. Ritenour
Secretary

GULF POWER COMPANY

GULF POWER COMPANY
 Construction Budget for Gross Property Additions
 Forecast for the Year Ended December 31, 2004
 (Thousands of Dollars)

	Amount
Generating Facilities	0
Miscellaneous Generating Facilities	
Smith #2 Precipitator	7,777
Smith #3 Long Term Service Agreement	4,737
Crist #7 Precipitator/ Selective Catalytic Reduction	45,773
Crist #4-6 NOX Reduction	8,627
Other Miscellaneous Generating Projects	30,229
Total	97,143
 New Business Facilities	 23,984
 Transmission Plant Additions	
Bulk Transmission Stability Improvement	3,876
Other Transmission Plant Additions	12,508
Total	16,384
 Distribution Plant Additions	 10,743
 Joint Line and Substation Additions	 5,846
 General Plant Additions	 7,564
 Total Gross Property Additions Projected for 2004	 161,664

Certified a True Copy.

Susan D. Ritenour

Secretary

GULF POWER COMPANY