

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Application for authority to issue and sell securities and to receive common equity contributions during 12 months ending 12/31/05, pursuant to Section 366.04, F.S., and Chapter 25-8, F.A.C., by Gulf Power Company.

DOCKET NO. 041274-EI  
ORDER NO. PSC-04-1209-FOF-EI  
ISSUED: December 8, 2004

The following Commissioners participated in the disposition of this matter:

BRAULIO L. BAEZ, Chairman  
J. TERRY DEASON  
RUDOLPH "RUDY" BRADLEY  
CHARLES M. DAVIDSON

FINAL ORDER GRANTING APPROVAL FOR  
AUTHORITY TO ISSUE AND SELL SECURITIES

BY THE COMMISSION:

Gulf Power Company (Gulf), pursuant to Chapter 25-8, Florida Administrative Code, and Section 366.04, Florida Statutes, requests authority to: receive equity funds from and/or issue common equity securities to 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 twelve months ending December 31, 2005. The maximum amount of common equity contributions and common equity issued to Southern, the maximum amount of equity securities issued and the maximum principal amount of long-term debt securities issued will total not more than \$350 million. The maximum principal amount of short-term debt at any one time will total not more than \$200 million.

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. The common equity funds from Southern may take the form of common equity contributions or the issuance of shares of common stock to Southern. 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. 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.

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FPSC-COMMISSION CLERK

Gulf 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. Gulf 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.

Gulf 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 Gulf expected not to exceed the prime rate in effect at the time of the sale. Gulf 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 Gulf's "grid" note issued to the affiliate.

In connection with this application, Gulf confirms that the capital raised pursuant to this application will be used in connection with the activities of Gulf Power Company and not the unregulated activities of its affiliates.

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. It appears that Gulf has complied with the requirements of Section 366.04, Florida Statutes, and Chapter 25-8, Florida Administrative Code, in applying for the authority to issue and sell securities. Therefore, Gulf's application is hereby granted.

Further, 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. Our approval of the proposed issuance and/or sale of securities by Gulf Power Company does not indicate specific approval of any rates, terms, or conditions associated with the issuance. Such matters are properly reserved for our review within the context of a rate proceeding. Our approval of the issuance of securities constitutes approval only as to the legality of the issue. In approving the subject financing, we retain the right to disallow any of the costs incurred for ratemaking purposes.

Based upon the foregoing, it is therefore

ORDERED by the Florida Public Service Commission that the application by Gulf Power Company to receive common equity contributions and issue and sell securities pursuant to Section 366.04, Florida Statutes, and Chapter 25-8, Florida Administrative Code, is granted. It is further

ORDERED that Gulf Power Company is authorized to: (1) receive equity funds from and/or issue common equity securities to the Southern Company (Gulf's parent company); (2)

issue and sell long-term debt and equity securities; and (3) issue and sell short-term debt securities during the twelve months ending December 31, 2005. It is further

ORDERED that 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 shall total not more than \$350 million. It is further

ORDERED that the maximum principal amount of short-term debt, at any one time, shall total not more than \$200 million. It is further

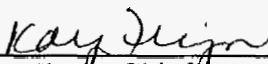
ORDERED that Gulf Power Company shall file a Consummation Report in accordance with Rule 25-8.009, Florida Administrative Code, within 90 days after the end of any fiscal year in which it issues securities. It is further

ORDERED that this docket shall remain open to monitor the issuance and/or sale of securities until Gulf Power Company submits and we have reviewed the Consummation Report, at which time it shall be closed administratively.

By ORDER of the Florida Public Service Commission this 8th day of December, 2004.

BLANCA S. BAYÓ, Director  
Division of the Commission Clerk  
and Administrative Services

By:

  
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Kay Flynn, Chief  
Bureau of Records

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water and/or wastewater utility by filing a notice of appeal with the Director, Division of the Commission Clerk and Administrative Services and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.