



Gulf Power®

August 14, 2019

Mr. Adam Teitzman, Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

RECEIVED-FPSC  
2019 AUG 14 PM 2:49  
COMMISSION  
CLERK

RE: Gulf Power Company's Application for Authority to Issue and Sell Securities

Dear Mr. Teitzman:

Enclosed for official filing is Gulf Power Company's Application for Authority to Issue and Sell Securities. Included with this filing are the original and one copy of the Application, along with a DVD containing electronic copies of the Application in PDF format. As noted in paragraph 3 of the Application, the individuals authorized to receive notices and communications in respect to this Application are:

Russell A. Badders  
Gulf Power Company  
One Energy Place  
Pensacola, FL 32520

Holly J. Henderson  
Gulf Power Company  
134 West Jefferson Street  
Tallahassee, Florida 32301

Sincerely,

C. Shane Boyett  
Regulatory, Forecasting and Pricing Manager

md

Attachments

Cc w/att: Gulf Power Company  
Russell Badders, Esq., VP & Associate General Counsel

COM \_\_\_\_\_  
AFD \_\_\_\_\_  
APA \_\_\_\_\_  
ECO \_\_\_\_\_  
ENG 1 and 1 CD  
GCL \_\_\_\_\_  
IDM \_\_\_\_\_  
CLK \_\_\_\_\_

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Gulf Power Company's Application for  
Authority to Issue and Sell Securities

Docket No. \_\_\_\_\_  
Filed: August 14, 2019

**APPLICATION OF GULF POWER COMPANY  
FOR AUTHORITY TO ISSUE AND SELL SECURITIES**

Gulf Power Company ("Gulf" or "Applicant"), pursuant to Section 366.04, Florida Statutes, and Chapter 25-8, Florida Administrative Code, hereby files this Application for authority to: (a) issue and sell and/or exchange any combination of the long-term debt and equity securities described below and/or to assume liabilities or obligations as guarantor, endorser or surety in an aggregate amount not to exceed \$1.5 billion during calendar year 2020; and (b) issue and sell short-term securities during calendar year 2020 in an amount or amounts such that the aggregate principal amount of short-term securities outstanding at the time of and including any such sale shall not exceed \$800 million.

In support, Applicant states:

**1. Name and Principal Business Office Address.**

Physical Location

Gulf Power Company  
500 Bayfront Parkway  
Pensacola, Florida 32520

Mailing Address

Gulf Power Company  
One Energy Place  
Pensacola, Florida 32520

**2. State and Date Incorporated.**

Gulf is a Florida corporation that has had a continuous existence since it was organized under the laws of the State of Maine on November 2, 1925. Gulf 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. Gulf became a Florida corporation after being domesticated under the laws of the State of Florida on November 2, 2005.

**3. Persons Authorized to Receive Notices and Communications.**

Russell A. Badders	Holly J. Henderson
Vice President & Associate General Counsel	Sr. Manager Regulatory Affairs
Gulf Power Company	Gulf Power Company
One Energy Place	134 West Jefferson Street
Pensacola, Florida 32520	Tallahassee, Florida 32301

**4. Capital Stock and Funded Debt as of July 31, 2019.**

CAPITAL STOCK

	Serial Preferred Stock \$0.01 Par Value	Common Stock \$0.01 Par Value
(a) Brief description:		
(b) Shares authorized:	30,000,000	10,000,000
(c) Shares outstanding:	None	7,392,717
(d) The amount held as reacquired securities:	None	None
(e) The amount pledged by Applicant:	None	None
(f) The amount owned by affiliated corporations:	None	7,392,717
(g) The amount held in any fund:	None	None

FUNDED DEBT

	Long-Term Notes Payable \$	Pollution Control Revenue Bonds and Solid Waste Disposal Revenue Bonds \$
(a) Brief description:		
(b) Amount authorized:	Not Limited	Not Limited
(c) Amount outstanding (000):		
Daily Rate Series due 2022		37,000
Daily Rate Series due 2022		3,930
2.60% Series due 2023		32,550
2.00% Series due 2037		42,000
1.80% Series due 2039		65,000
Daily Rate Series due 2039		65,400
Daily Rate Series due 2042		13,000
Daily Rate Series due 2044		29,075
1.40% Series due 2049		21,000
4.75% Senior Notes due 2020	175,000	
3.10% Senior Notes due 2022	100,000	
3.30% Senior Notes due 2027	300,000	

	5.10% Senior Notes due 2040	125,000	
	5.00% Senior Notes due 2043	90,000	
	4.55% Senior Notes due 2044	200,000	
(d)	Amount held as reacquired securities:	None	None
(e)	Amount pledged:	None	None
(f)	Amount owned by affiliated corporations:	None	None
(g)	Amount held in any fund:	None	None

## 5. **Proposed Transactions.**

Through this Application, Gulf seeks authority to issue and sell and/or exchange any combination of the long-term debt and equity securities described below and/or to assume liabilities or obligations as guarantor, endorser or surety in an aggregate amount not to exceed \$1.5 billion during calendar year 2020. In addition, Gulf seeks permission to issue and sell short-term securities during the calendar year 2020 in an amount or amounts such that the aggregate principal amount of short-term securities outstanding at the time of and including any such sale shall not exceed \$800 million.

The long-term debt securities may include first mortgage bonds, medium-term notes, extendible commercial notes, debentures, convertible or exchangeable debentures, notes, convertible or exchangeable notes or other similar rights exercisable for or convertible into debt securities, or other straight debt or hybrid debt securities, whether subordinated or unsubordinated, secured or unsecured, including renewals and extensions thereof, with maturities ranging from one to one hundred years. Gulf may issue long-term debt securities by extending the maturity of short-term securities. Gulf may enter into warrants, options, rights, interest rate swaps, currency swaps or other derivative instruments, or other arrangements. Gulf may also enter into debt purchase contracts, obligating holders to purchase from Gulf, and obligating Gulf to sell, debt securities at a future date or dates.

In addition, Gulf may enter into forward refunding or forward swap contracts during calendar year 2020. In conjunction with these forward contracts, Gulf may issue and sell long-term debt through December 31, 2020, which Gulf may commit to deliver under these forward contracts. Moreover, Gulf may enter into installment purchase and security agreements, loan agreements, or other arrangements with political subdivisions of the States of Florida, Mississippi, Georgia or other states, if any, where Gulf becomes qualified to do business, and/or pledge debt securities and/or issue guaranties in connection with such political subdivisions' issuance, for the ultimate benefit of Gulf, of pollution control revenue bonds, solid waste disposal revenue bonds or similar bonds issued by certain political subdivisions of the States of Florida, Mississippi and Georgia (such bonds collectively referred to as "Revenue Bonds") or other "private activity bonds" with maturities ranging from one to one hundred years, bond anticipation notes or commercial paper. Such obligations may or may not bear interest exempt from federal, state or local tax. Gulf has agreed in the past and may in the future be required or permitted to provide credit enhancement for the payment of principal and interest on such obligations, including through letters of credit. In the event Gulf provide such security, in order to avoid double-counting, Gulf would only count the total amount of its Revenue Bonds or other "private activity bonds", and would not count any credit enhancement provided in accordance with applicable bond documents.

Contemplated to be included as long-term or short-term debt securities, as appropriate, are borrowings from banks and other lenders, and obligations pursuant to issuances of letters of credit, obtained under Gulf's various credit facilities and other loan agreements, as those may be entered into and amended from time to time. Also contemplated to be included as long-term or short-term debt securities, as appropriate, are borrowings from banks and other lenders, and

obligations pursuant to issuances of letters of credit, obtained under credit facilities and other loan agreements or other arrangements, as those may be entered into and amended from time to time by one or more wholly-owned, special purpose subsidiaries of Gulf, with the proceeds of such borrowings to be used solely for the benefit of Gulf's regulated utility operations and/or Gulf's customers. In furtherance of the foregoing:

- On June 24, 2019, Gulf entered into a syndicated revolving credit and letter of credit agreement (referred to as the 2019 Revolving Credit Agreement), which provides for \$900 million in commitments and has an expiration date of February 8, 2024. Borrowings and letter of credit issuances under the 2019 Revolving Credit Agreement are available for general corporate purposes of Gulf, including, without limitation, to pay any interest or fees owing under that agreement, provide backup for Gulf's self-insurance program covering its and its subsidiaries operating facilities, and fund the cost of the prompt restoration, reconstruction and/or repair of such facilities that may be damaged or destroyed due to the occurrence of any man-made or natural disaster or event or otherwise. Borrowings and/or letter of credit issuances available to Gulf under the 2019 Revolving Credit Agreement also can be used to support the purchase of Revenue Bonds that are tendered by individual bond holders and not remarketed prior to maturity.
- On June 6, 2019, Gulf entered into a revolving credit agreement with a commercial bank, which provides for a \$100 million commitment and has a maturity date of November 30, 2019.
- On June 6, 2019, Gulf entered into a revolving credit agreement with a

commercial bank, which provides for a \$100 million commitment and has a maturity date of November 30, 2019.

Additionally, debt securities may be issued by Gulf or its affiliates in connection with one or more facilities secured by accounts receivable or involving the sale of accounts receivable or interests therein to be used solely for the benefit of Gulf's regulated utility operations.

Equity securities that may be issued by Gulf include preferred stock, convertible preferred stock, or warrants, options or rights to acquire such securities, or other similar rights exercisable for or convertible into preferred stock, or purchase contracts obligating holders to purchase such securities, or other equity securities, with such par values, terms and conditions and relative rights and preferences as deemed appropriate by Gulf and as are permitted by its First Amended and Restated Articles of Incorporation, and as the same may be amended from time to time.

Gulf may also enter into financings, whereby Gulf would establish and make an equity investment in one or more special purpose limited partnerships, limited liability companies, statutory trusts or other entities. Gulf, or a wholly-owned subsidiary of NextEra Energy, Inc. ("NEE"), would act as or appoint the general partner, managing member, sponsor or other members of each such entity. The entity would offer preferred or debt securities to the public and use the proceeds to acquire debt securities from Gulf. Gulf would issue debt securities to the entity equal to the aggregate of Gulf's equity investment and the amount of preferred or debt securities sold to the public by the entity. Gulf may also guarantee, among other things, the distributions to be paid by the affiliated entity to the preferred or debt securities holders. Payments by Gulf on the debt securities sold to the entity would be used by that entity to make payments on the preferred or debt securities as well as on Gulf's equity investment.

Consequently, in the event of such a financing, to avoid double-counting, Gulf would only count the total amount of its debt securities issued to the entity, and would not count the equity securities issued by the entity to Gulf, the preferred or debt securities issued by the entity to the public, or the related Gulf guaranties with respect to such preferred or debt securities issued by the entity to the public, against the total amount of proposed long-term debt and equity securities.

In connection with the issuance (i) by Gulf of long-term or short-term debt securities or preferred or (ii) by an affiliated entity of preferred or debt securities, the terms of which preferred or debt securities or stock permit Gulf or the affiliated entity (as applicable) to defer principal, interest or other distributions for certain payment periods, Gulf may agree to sell additional equity securities and/or long-term or short-term debt securities and to use the proceeds from the sale of those other securities to make principal, interest or other distributions on such preferred or debt securities or stock as to which such principal, interest or other distributions have been deferred. In addition, in connection with the issuance (i) by Gulf of long-term or short-term debt securities or preferred or (ii) by an affiliated entity of preferred or debt securities, Gulf may covenant, pledge or make other commitments in favor of holders of such new stock or preferred or debt securities or the holders of previously-issued stock or preferred or debt securities, providing that such stock or preferred or debt securities will not be acquired (by redemption, purchase, exchange or otherwise), or otherwise satisfied, discharged or defeased, in certain circumstances unless such acquisition (by redemption, purchase, exchange or otherwise), satisfaction, discharge or defeasance is accomplished by (1) the issuance of, or (2) proceeds from the issuance of, a security or securities satisfying the provisions set forth in such covenant, pledge or other commitment.

The exchange of Gulf's securities may be by way of an exchange of a security of Gulf for



another security or securities of Gulf or of one of its affiliates, or the exchange of a security of Gulf or of one of its affiliates for the security or securities of another entity.

The manner of issuance and sale and/or exchange of securities will be dependent upon the type of security being offered, the type of transaction in which the securities are being issued and sold and/or exchanged and market conditions at the time of the issuance and sale and/or exchange.

The short-term securities will have maturities of not more than twelve months and may be secured or unsecured, subordinated or unsubordinated. Gulf may enter into warrants, options, rights, interest rate swaps, currency swaps or other derivative instruments, refunding transactions or other arrangements relating to, as well as contracts for the purchase or sale of, short-term securities. Consistent with Securities and Exchange Commission “no-action” letters, Gulf may issue and sell commercial paper without compliance with the registration requirements of the Securities Act of 1933, as amended, subject to certain conditions.

The short-term securities are issued to provide funds to temporarily finance portions of Gulf’s construction program and capital commitments and for other corporate purposes. Also, during the 2020 period, Gulf may need short-term financing for, among other purposes, seasonal fuel requirements, for contingency financing such as fuel adjustment under-recoveries or storm restoration costs, and for the temporary funding of maturing or called long-term debt or equity securities.

The interest rate that Gulf could pay on debt securities will vary depending on the type of debt instruments and the terms thereof, including specifically the tenor (*i.e.*, the term) of the debt and whether the debt is secured or unsecured and subordinated or unsubordinated, as well as market conditions. Based upon current rates for comparable 30-year senior notes, it is estimated

that an issuance of new debt securities as of June 30, 2019, would have carried an interest rate of approximately 3.66%. The dividend rate for preferred stock is similarly affected by the terms of the offering. It is estimated that a new issue of Gulf preferred stock as of June 30, 2019, would have carried a dividend yield of approximately 4.875% to 5.375%. The actual interest rates and dividend rates will be determined by market conditions at the time of the sale of the securities.

In addition, Gulf may from time to time issue instruments of guaranty, collateralize debt and other obligations, issue other securities, and arrange for the issuance of letters of credit and guaranties, in any such case to be issued or arranged (i) by Gulf or by one or more of its affiliates for the benefit of Gulf's regulated utility operations. Gulf confirms that any such issuances described above will be used in connection with the regulated activities of Gulf, and not the nonregulated activities of its affiliates.

Gulf will file a consummation report with the Florida Public Service Commission ("Commission") in compliance with Rule 25-8.009, Florida Administrative Code, within 90 days after the end of any fiscal year in which it issues securities.

**6. Purposes of Issues.**

It is expected that the net proceeds to be received from the issuance and sale and/or exchange (if there are any net proceeds from an exchange) of the additional long-term debt and equity securities (with the exception of the proceeds of the issuance and sale of any Revenue Bonds or other "private activity bonds" (whether structured as variable rate demand notes or otherwise) or similar securities which will be used for specific purposes) will be added to Gulf's general funds and will be used to finance the acquisition or construction of additional regulated utility facilities and equipment, as well as capital improvements to and maintenance of existing facilities; to acquire (by redemption, purchase, exchange or otherwise), or to otherwise satisfy,

discharge or defease, any of its outstanding debt securities or equity securities; to repay all or a portion of any maturing long-term debt obligations; to satisfy Gulf's obligations under guaranties; to repay all or a portion of short-term bank borrowings, commercial paper and other short-term debt outstanding at the time of such transactions, and/or for other corporate purposes. Proceeds, if any, may be temporarily invested in short-term instruments pending their application to the foregoing purposes.

Gulf maintains a continuous construction program, principally for electric generation, transmission and distribution facilities. As of June 30, 2019, Gulf estimated its capital expenditures under its 2020 construction program to be approximately \$1.0 billion. *See* Exhibit B.

At present, none of the planned expenditures in 2020 require certification of need by the Commission under the Florida Electrical Power Plant Siting Act or the Transmission Line Siting Act. Gulf's long-range construction program is subject to periodic review and revision. The construction program referred to herein has been necessitated by continued growth in the demand for service on Gulf's system and the replacement and improvements required to its existing system. It is manifestly in the public interest for Gulf to raise the funds which are required to perform such service.

Under future market conditions, the interest rate on new issue long-term debt or the dividend rate on new issue preferred stock of Gulf may be such that it becomes economically attractive to acquire (by redemption, purchase, exchange or otherwise), or otherwise satisfy, discharge or defease, a portion or all of certain of its long-term debt securities or equity securities, providing an opportunity for Gulf to reduce interest or dividend expense even after accounting for such other considerations as the (i) redemption or other reacquisition premium,

(ii) other associated reacquisition or discharge expenses and (iii) related income tax effects. This reduction would be beneficial to Gulf's customers and, with proper regulatory treatment, would not be detrimental to Gulf's common shareholder. Other important considerations in making such a decision would include an assessment of anticipated future interest and dividend rates and Gulf's ability to raise enough new capital to finance its construction program while concurrently pursuing any refinancing opportunities. Gulf might also consider acquiring or otherwise satisfying, discharging or defeasing a portion or all of certain of its long-term debt securities or equity securities for reasons other than interest or dividend expense reduction.

Under future market conditions, it may be economical to enter into forward refunding or forward swap contracts. The forward refunding contracts would be for the purpose of refunding long-term debt (including but not limited to refunding Revenue Bonds) which may be issued on Gulf's behalf and which can be callable. Under federal tax law, the refunding of Revenue Bonds with tax-exempt bonds issued more than 90 days prior to the redemption or retirement of the outstanding issue is heavily restricted. However, through a forward refunding contract, Gulf could lock-in prevailing tax-exempt fixed rates for refunding Revenue Bonds which would be issued 90 days prior to a call date of the outstanding issue. Alternatively, Gulf could enter into a forward swap contract, to become effective on a call date of the outstanding issue, to lock-in prevailing tax-exempt fixed rates. Any anticipated savings generated by such forward transactions would be spread over the combined life of the outstanding bonds and the refunding bonds starting with the execution of the forward contract.

In connection with this Application, Gulf confirms that the capital raised pursuant to this Application will be used in connection with the regulated activities of Gulf and Gulf's affiliates, and not the nonregulated activities of its affiliates.

7. **Facts Supporting Legality, Necessity, or Appropriateness.**

In addition to the reasons shown under “Purposes of Issues”, the proposed issues are consistent with the proper performance by Gulf of service as a public utility, will enable and permit Gulf to perform that service, and are necessary and appropriate for such purpose and other corporate purposes.

8. **Name and Address of Counsel Passing upon the Legality of the Proposed Issues.**

Hogan Lovells U.S. LLP  
555 Thirteenth Street, NW  
Washington, District of Columbia 20004  
Attention: Richard J. Parrino, Esq.

Squire Patton Boggs (US) LLP  
200 South Biscayne Boulevard  
Suite 4700  
Miami, Florida 33131  
Attention: James E. Morgan III, Esq.

Morgan, Lewis & Bockius LLP  
101 Park Avenue  
New York, New York 10178  
Attention: Thomas P. Giblin, Jr., Esq.

9. **Other State or Federal Regulatory Body.**

If required, a Registration Statement and/or prospectus supplement with respect to each public sale or exchange of securities hereunder subject to the Securities Act of 1933, as amended, will be filed with the Securities and Exchange Commission, 100 F Street, N.E., Washington, D.C. 20549. In addition, certain state securities or “blue sky” laws may require the filing of consents to service of process or other documents with applicable state securities commissions in connection with a public or private sale of securities.

10. **Control or Ownership.**

There is no measure of control or ownership exercised by or over Gulf by any other public utility. Gulf is an indirect wholly-owned subsidiary of NEE, which is a holding company as defined in the Public Utility Holding Company Act of 2005.

11. **Exhibits**

Exhibit A – Gulf Power Company’s FERC Form No. 1 for the year ended December 31, 2018, which contains the information required by Rule 25-8.003(1)(a).

Exhibit B - 2020 Sources and Uses of Funds Forecast and Construction Budget for Gross Property Additions, which contains the information required by Rule 25-8.003(1)(b).

WHEREFORE, Gulf Power Company respectfully requests that the Commission:

(a) Publish notice of intent to consider this Application pursuant to Section 366.04(1), Florida Statutes, as soon as possible;

(b) Schedule this matter for agenda as early as possible;


(c) Authorize Applicant to issue and sell and/or exchange any combination of long-term debt and equity securities and/or to assume liabilities or obligations as guarantor, endorser or surety in an aggregate amount not to exceed \$1.5 billion during calendar year 2020, for the purposes and in the manner described herein;

(d) Authorize Applicant to issue and sell short-term securities in an amount or amounts such that the aggregate principal amount of short-term securities outstanding at the time of and including any such sale shall not exceed \$800 million during calendar year 2020 for the purposes and in the manner described herein; and

(e) Grant such other relief as the Commission deems appropriate.

Respectfully submitted this 14th day of August, 2019.

Gulf Power Company

By:   
Russell A. Badders  
Vice President & Associate General Counsel  
Gulf Power Company  
One Energy Place  
Pensacola, Florida 32520  
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*Attorneys for Gulf Power Company*

# **Exhibit A**

**Gulf Power Company's FERC Form 1  
For the year ended December 31, 2018**



# **Exhibit B**

## **2020 Sources and Uses of Funds Forecast and Construction Budget for Gross Property Additions**

**GULF POWER**  
**2020 Sources and Uses of Funds Forecast**  
**(Millions of Dollars)**

<u>Selected cash flow items (1)</u>	<u>2020</u>
Depreciation and amortization	\$229
Deferred income taxes	(26)
Deferred investment tax credit – net	99
Total	\$302

<b>Capital requirements</b>	<u>2020</u>
Construction expenditures (2)	\$1,047
Long-term debt maturities	175
Total capital requirements	\$1,222

**GULF POWER**  
**Construction Budget Forecast for Gross Property Additions**  
**(Millions of Dollars)**

	<u>2020</u>
Construction expenditures (2):	\$1,047

NOTES

- (1) Projected amounts do not include any effect of potential changes in retail base rates or other regulated activities which could cause the projections to change.
- (2) Amounts include AFUDC. All of the estimated construction expenditures are subject to continuing review and adjustment and actual construction expenditures may vary from these estimates due to factors such as changes in customers, energy sales, demand, business and economic conditions, construction and design requirements, fuel supply and costs, availability and cost of labor, supplies and materials, regulatory treatment, environmental and conservation requirements, pending requests for proposals, and existing and proposed legislation. Gulf Power is keeping its construction program as flexible as possible with the intention of accommodating those factors that may develop or change.