

One Energy Place
Pensacola, Florida 32520
850.444.6111

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FLORIDA PUBLIC SERVICE COMMISSION
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MAIL ROOM



January 24, 2000

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

000089-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 32576-2950

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 8 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-DATE

01093 JAN 25 8

FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Gulf Power Company's application)
for authority to receive common equity) Docket No. 00____-EU
contributions and to issue or sell) Filed: Jan. 24, 2000
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 March 31, 2001. 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 32576-2950

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 December 31, 1999, was:

CAPITAL STOCK

(a) A brief description:	<u>Preferred Stock \$100 Par Value</u>	<u>Preferred Stock \$10 Par Value</u>	<u>Common Stock Without Par Value</u>	<u>Trust Preferred 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
(d) 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</u> <u>Notes</u> \$	<u>PCB's</u> \$ \$	<u>FMB's</u>
(b) Amount authorized:	Not Limited	Not Limited	Not Limited
(c) Amount outstanding (000):			
6-1/8% Series due 2003			30,000
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	49,926		
7.05% Sr. Notes due 2004	50,000		
(d) Amount held as reacquired securities:	none	none	
(e) Amount pledged (000):			128,700
<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, 2000, is included as Exhibit B (1).

The actual capital structure at December 31, 1999, is as follows:

<u>Component</u>	<u>Amount</u>	<u>Ratio</u>
Common Equity	\$422,314,000	45.22%
Preferred Equity	4,236,000	.45%
Trust Preferred Securities	85,000,000	9.10%
Long-Term Debt-Net	367,449,000	39.34%
Short Term Debt	55,000,000	5.89%
TOTAL	<u>\$933,999,000</u>	<u>100.00%</u>

Pretax Coverage Ratio (Excluding AFUDC): 3.6168

(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 7.95% as of December 31, 1999.
- (2) The dividend rate for comparable A rated preferred stock was 6.65% as of December 31, 1999.
- (3) The prime interest rate, or its equivalent, for The Chase Manhattan Bank, N.A., was 8.50% as of December 31, 1999.
- (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 5.75% as of December 31, 1999.

(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 2000 are estimated to cost \$104,687,000 and are expected to be apportioned as shown in Exhibit B (2). Of this

amount, \$26,474,000 relates to the planned construction of a combined cycle unit at Plant Smith (Smith Unit 3). In Order No. PSC-99-1478-FOF-EI, Docket 990325-EI, the Commission granted Gulf's petition for determination of need for Smith Unit 3 pursuant to the Florida Electrical Power Plant Siting Act. The total cost of this unit is estimated to be \$199 million. Through December 31, 1999, no capital expenditures had been made related to Smith Unit 3. At present, none of the remaining 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
3 West Garden Street
P. O. Box 12950
Pensacola, FL 32576-2950

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 four other operating companies and certain other companies including: Southern Communications Services; Southern Company Services; Southern Energy, Inc.; Southern Nuclear Operating Company; and Southern Company Energy Solutions.

REQUIRED EXHIBITS

(1 Certified and 5 Uncertified Copies)

- Exhibit A (1) - Balance Sheet of the Company at December 31, 1999 and December 31, 1998.
- Exhibit A (2) - Summary of Utility Plant and Accumulated Provision for Depreciation as of December 31, 1999.
- Exhibit A (3) - Income Statement of the Company for the twelve months ended December 31, 1999.
- Exhibit A (4) - Statement of Retained Earnings of the Company for the twelve months ended December 31, 1999.
- 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, 1999 and December 31, 1998
(Thousands of Dollars)

ASSETS AND OTHER DEBITS	Dec. 31, 1999 \$	Dec. 31, 1998 \$
Utility Plant		
Utility Plant in Service	1,844,910	1,801,207
Construction Work in Progress	34,164	34,863
Utility Plant Held for Future Use	3,148	2,833
Utility Plant Acquisition Adjustment	5,606	5,861
Total Gross Utility Plant	<u>1,887,828</u>	<u>1,844,764</u>
Accumulated Prov. for Depreciation	(821,970)	(784,112)
Net Utility Plant	<u>1,065,858</u>	<u>1,060,652</u>
Other Property and Investments		
Nonutility Property	467	603
Accumulated Prov. for Depreciation	(12)	(41)
Net Nonutility Property	455	562
Other Special Funds	1,026	26
Total Other Property and Investments	<u>1,481</u>	<u>588</u>
Current and Accrued Assets		
Cash	17,115	783
Special Deposits	11	915
Working Funds	185	185
Temporary Cash Investments	4,200	0
Customer Accounts Receivable	42,160	38,426
Other Accounts Receivable	3,961	2,598
Accumulated Prov. for Uncollectible Accounts	(1,026)	(996)
Receivables from Associated Companies	6,890	1,720
Materials and Supplies	59,957	52,238
Prepayments	18,708	14,913
Interest and Dividends Receivable	353	0
Accrued Utility Revenues	21,176	17,471
Vacation Accrual	4,199	4,035
Total Current and Accrued Assets	<u>177,889</u>	<u>132,288</u>
Deferred Debits		
Unamortized Debt Expense	2,526	2,565
Regulatory Tax Assets	25,264	25,308
Regulatory Assets	19,538	18,601
Preliminary Survey & Investigation Charges	3,441	1,727
Clearing Accounts	(49)	(16)
Miscellaneous Deferred Debits	77,453	78,832
Total Deferred Debits	<u>128,173</u>	<u>127,017</u>
Total Assets and Other Debits	<u>1,373,401</u>	<u>1,320,545</u>

GULF POWER COMPANY
Balance Sheet
At December 31, 1999 and December 31, 1998
(Thousands of Dollars)

LIABILITIES AND OTHER CREDITS	Dec. 31, 1999 \$	Dec. 31, 1998 \$
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	221,255	218,960
Capital Stock Expense	0	0
Retained Earnings	162,987	170,620
Total Proprietary Capital	<u>426,550</u>	<u>431,888</u>
Company Obligated Mandatorily Redeemable Preferred Securities of Gulf Power Capital Trust I & II Holding Company Junior Subordinated Notes	<u>85,000</u>	<u>85,000</u>
Long-Term Debt		
Bonds	85,000	85,000
Other Long-Term Debt	289,556	266,630
Unamortized Premium	0	0
Unamortized Discount	(7,107)	(7,289)
Total Long-Term Debt	<u>367,449</u>	<u>344,341</u>
Other Noncurrent Liabilities		
Accumulated Prov. for Property Insurance	5,529	1,605
Accumulated Prov. for Injuries & Damages	1,761	1,342
Accumulated Prov. for Pensions & Benefits	26,640	23,680
Total Other Noncurrent Liabilities	<u>33,930</u>	<u>26,627</u>
Current and Accrued Liabilities		
Notes Payable	55,000	31,500
Accounts Payable	27,048	22,442
Payables to Associated Companies	14,664	17,327
Customer Deposits	12,778	12,560
Taxes Accrued	12,533	3,049
Interest Accrued	9,255	7,134
Dividends Declared	0	54
Tax Collections Payable	1,280	1,255
Misc. Current and Accrued Liabilities	4,273	5,409
Total Current And Accrued Liabilities	<u>136,831</u>	<u>100,730</u>
Deferred Credits		
Regulatory Tax Liabilities	49,693	52,465
Regulatory Liabilities	4,800	6,963
Unamortized Investment Tax Credit	27,712	29,632
Other Deferred Credits	19,224	18,031
Total Deferred Credits	<u>101,429</u>	<u>107,091</u>
Accumulated Deferred Income Taxes	<u>222,212</u>	<u>224,868</u>
Total Liabilities and Other Credits	<u>1,373,401</u>	<u>1,320,545</u>

Exhibit A (2)

GULF POWER COMPANY
Summary of Utility Plant and Accumulated Provision
for Depreciation, as of December 31, 1999
(Thousands of Dollars)

1. Utility Plant - Electric	<u>\$</u>
Plant in Service	1,844,910
Construction Work in Progress	34,164
Utility Plant Held for Future Use	3,148
Utility Plant Acquisition Adjustment	<u>5,606</u>
Total	<u>1,887,828</u>
2. Reserves - Electric	
Accumulated Provision for Depreciation	<u>(821,970)</u>
Total	<u><u>1,065,858</u></u>

GULF POWER COMPANY
Income Statement for the Twelve Months Ended December 31, 1999
(Thousands of Dollars)

	\$
1. Utility Operating Income	
Operating Revenues	674,099
Operating Revenue Deductions:	
Operating Expenses	438,567
Depreciation	62,114
Amortization	2,474
Taxes - Federal Income	33,164
- State Income	5,116
- Other	51,782
- Net Provision for Deferred Taxes	(6,450)
Total Operating Revenue Deductions	586,767
Total Utility Operating Income	87,332
2. Other Income and Deductions	
Allowances for Funds Used During Construction -	
Equity	0
Other - Net	(387)
Total Other Income	(387)
Income Before Interest Charges	86,945
3. Interest Charges	
Distributions on Preferred Securities of Gulf Capital Trust I & II	6,200
Interest on Long-Term Debt	21,375
Amortization of Debt Discount, Premium and	
Expenses - Net	1,989
Other Interest Charges	3,497
Allowance for Funds Used During Construction -	
Borrowed Funds	0
Total Interest Charges	33,061
4. Extraordinary Income	
Extraordinary Income - Net	0
Balance Transferred to Retained Earnings	53,884

GULF POWER COMPANY
Statement of Retained Earnings for
the Twelve Months ended December 31, 1999
(Thousands of Dollars)

	<u>\$</u>
Retained Earnings - At Beginning of Period	170,620
Balance Transferred from Income	<u>53,884</u>
Total Credits	<u>224,504</u>
Deduct:	
Dividends Declared - Preferred Stock	217
Dividends Declared - Common Stock	61,300
Preferred Stock Transactions, Net	<u>0</u>
Total Debits	<u>61,517</u>
Retained Earnings - At End of Period	<u><u>162,987</u></u>

GULF POWER COMPANY
Statement of Sources and Uses of Funds
Forecast for the Year Ended December 31, 2000
(Thousands of Dollars)

	\$
Net Income Before Dividends	53,892
Add (Deduct) Non-Cash Items:	
Depreciation & Amortization (Including Fuel Buyouts)	70,525
Deferred Income Tax - Net	(7,575)
Deferred Investment Tax Credits	0
Allowance for Equity Funds Used During Construction	(130)
Subtotal	116,712
Less:	
Dividends on Common Stock	55,100
Dividends on Preferred Stock	216
Subtotal	61,396
Decrease (Increase) in Net Current Assets*	
Cash and Temporary Cash Investments	0
Receivables - Net	(3,441)
Fuel Inventory	(6,495)
Other Materials and Supplies	(810)
Accrued Unbilled Revenue	3,613
Accounts Payable	(1,267)
Taxes Accrued	87
Interest Accrued	1,544
Other - Net	26,309
Subtotal	19,540
Other - Net (Including Allowance for Equity Funds Used During Construction)	(4,100)
Total Funds From Internal Sources	76,836
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	12,615
Pollution Control Obligations	0
Pollution Control Obligations - Retirements	0
Other Long-Term Debt	16,396
Other Long-Term Debt - Retirements	0
Interim Indebtedness	(1,160)
Total Funds From External Sources	27,851
GROSS PROPERTY ADDITIONS	104,687

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

GULF POWER COMPANY
Construction Budget for Gross Property Additions
Forecast for the Year Ended December 31, 2000
(Thousands of Dollars)

	<u>\$</u>
Generating Facilities	26,474
Miscellaneous Generating Facilities	
Crist 7 Finishing Heater	3,100
Crist 7 Reheater	1,100
Crist 6 Division Wall	2,100
Crist 6 Condenser Tubes	1,100
Other Miscellaneous Generating Projects	<u>6,664</u>
Total	14,064
New Business Facilities	23,320
Transmission Plant Additions	16,103
Distribution Plant Additions	10,851
Joint Line and Substation Additions	6,953
General Plant Additions	<u>6,922</u>
Total Gross Property Additions Projected for 1999	<u><u>104,687</u></u>