

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application for ) DOCKET NO. 941067-EI  
authority to issue and sell ) ORDER NO. PSC-94-1454-FOF-EI  
securities during 1995 pursuant ) ISSUED: November 28, 1994  
to Section 366.04, F.S., and )  
Chapter 25-8, F.A.C., by FLORIDA )  
POWER CORPORATION. )  
\_\_\_\_\_ )

The following Commissioners participated in the disposition of this matter:

J. TERRY DEASON, Chairman  
SUSAN F. CLARK  
JOE GARCIA  
JULIA L. JOHNSON  
DIANE K. KIESLING

ORDER AUTHORIZING FLORIDA POWER CORPORATION TO  
ISSUE AND SELL LONG-TERM AND SHORT-TERM SECURITIES

BY THE COMMISSION:

On October 5, 1994, Florida Power Corporation ("FPC" or the "Company") filed an application with the Commission seeking authorization to issue, sell or otherwise incur, and have outstanding, securities and other debt obligations during calendar year 1995. Specifically, the Company requested authority to issue, sell or otherwise incur, and have outstanding, during 1995 not more than \$1.38 billion of additional long-term securities and debt obligations, consisting of (i) up to \$400 million outstanding at any time of commercial paper backed by, or borrowings under, the Company's long-term credit agreements, and (ii) \$980 million of other long-term securities and debt obligations. In addition, the Company proposes to issue, sell and have outstanding at any given time during 1995 short-term unsecured securities and debt obligations, including commercial paper classified as short-term debt for accounting purposes, in an aggregate amount not in excess of \$400 million, which amount shall be in addition to and in excess of the authority conferred on the Company by Section 366.04, Florida Statutes, to issue short-term securities aggregating not more than five percent of the par value of the Company's other outstanding securities.

FPC advises that the long-term securities and debt obligations may take the form of preferred stock, first mortgage bonds, debentures, notes, notes to be sold in the commercial paper market

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("commercial paper") backed by long-term credit agreements, installment contracts, credit agreements or other forms of securities and debt obligations, with maturities greater than one year. Long-term securities may be issued through negotiated underwritten public offerings, public offerings at competitive biddings, private sales or sales through agents, and may be issued in both domestic and foreign markets.

The Company states that short-term securities and debt obligations may include commercial paper classified as short-term debt for accounting purposes, bank loans, credit agreements or other forms of securities and debt obligations, with maturities less than one year. The Company proposes to continue to regularly issue commercial paper for terms up to but not exceeding nine months from the date of issuance. The commercial paper will not be extendable or renewable nor will it contain any other provision for automatic "roll over," either at the option of the holder or at the option of the Company. The commercial paper will be sold at a discount, including the underwriting discount of the commercial paper dealer, at rates comparable to interest rates being paid in the commercial paper market by borrowers of similar creditworthiness.

According to FPC, it has executed a number of credit agreements, and may extend the terms of these agreements or enter into additional agreements as the need arises. The Company has executed a \$200 million 364-day revolving credit facility and a \$200 million five-year revolving long-term credit facility with a group of banks under which borrowings may be made from time to time. These facilities were effective November 26, 1991 and January 1, 1992, respectively. The 364-day revolving credit facility was extended twice to its current expiration date of November 22, 1994 and the five-year facility was extended once to its current expiration date of December 31, 1998. To date, no borrowings have been made under these credit agreements. These credit facilities have been and will continue to be used primarily to back up the Company's \$400 million commercial paper program, and are extendable at the request of the Company with the consent of the participating banks. The Company is currently in the process of requesting that the 364-day and five-year facilities be extended from November 22, 1994 to November 21, 1995 and from December 31, 1998 to November 30, 1999, respectively.

In addition to these two credit facilities, FPC indicates that it is considering other long-term credit facilities for an additional \$200 million. In November 1993, the Commission approved the Company's petition to implement a self-insurance program for storm damage to its transmission and distribution lines in Order

No. PSC-93-1522-FOF-EI (the "Petition to Self-Insure"). The Company now self-insures against casualties to its transmission and distribution system, and is considering establishing an additional long-term credit facility with a group of banks that would provide a committed source of bank loans to fund, or to back up commercial paper to fund, repairs in the event of any loss.

The Company's existing \$200 million five-year revolving long-term credit facility and the proposed additional long-term credit facility proposed in the Petition to Self-Insure, and any amendments thereto or other long-term credit agreements that the Company may execute, are hereinafter collectively referred to as the "Long-Term Credit Agreements". For accounting purposes, the Company classifies monies borrowed under, and commercial paper backed by, the Long-Term Credit Agreements as long-term debt. As such, commercial paper could be outstanding from time to time that is backed by the Long-Term Credit Agreements and monies could be borrowed under the Long-Term Credit Agreements, repaid and reborrowed from time to time, but no more than \$400 million of such debt, which would be classified as long-term debt, is expected to be outstanding at any one time. In connection therewith, it may be impracticable for the Company to file Consummation Reports each time that it issues commercial paper backed by, or borrows under, the Long-Term Credit Agreements, given the revolving nature and frequency of such occurrences. As such, the Company will undertake to file Consummation Reports with the Commission in connection with its Long-Term Credit Agreements not later than 90 days after the earlier of (i) the close of the calendar year or (ii) the expiration or termination of the Long-Term Credit Agreements.

FPC advises that it may issue, sell or otherwise incur, and have outstanding, up to \$216 million of new securities and debt obligations during 1995 for the purpose of funding its construction program, first mortgage bond and medium-term note maturities, preferred stock redemptions, or for other general corporate purposes. The Company estimates that construction costs for its 1995 construction program will approximate \$378 million. The Company detailed this and the other possible long-term financing activity in Exhibit F to its application.

After due consideration, we find that Florida Power Corporation's application for authorization to issue, sell or otherwise incur, and have outstanding, long-term and short-term securities and other debt obligations should be granted for the amounts and under the terms and conditions below.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Florida Power Corporation is hereby authorized to issue, sell and have outstanding, short-term securities during 1995 under the following terms and conditions:

1. Florida Power Corporation is hereby authorized to issue, sell or otherwise incur, and have outstanding, short-term securities or debt obligations, or borrow short term from banks, in one or more transactions or of one or more types over a period of 12 months commencing January 1, 1995.
2. Florida Power Corporation shall file with the Commission on or before the tenth day of the first month of each quarter hereafter a statement showing the total amount of short-term borrowings classified as short-term debt outstanding at the end of the previous quarter.
3. The maximum aggregate principal amount of all outstanding short-term borrowings classified as short-term debt at any given time during 1995 shall not be in excess of \$400 million, which amount shall be in addition to and in excess of the authority imparted on the Company under Section 366.04, Florida Statutes, to issue short-term securities aggregating not more than five percent of the par value of the Company's other outstanding securities.

It is further

ORDERED by the Florida Public Service Commission that the application of Florida Power Corporation for authorization to issue, sell or otherwise incur, and have outstanding, long-term debt securities and debt obligations during 1995 is approved, under the following terms and conditions:-----

1. The maximum aggregate principal amount of commercial paper backed by, or borrowings under, Florida Power Corporation's Long-Term Credit Agreements shall not exceed \$400 million outstanding at any given time.
2. The maximum amount of other long-term securities and debt obligations that Florida Power Corporation shall issue, sell or otherwise incur, and have outstanding, during 1995 shall not exceed \$980 million.

It is further

ORDER NO. PSC-94-1454-FOF-EI  
DOCKET NO. 941067-EI  
PAGE 5

ORDERED that Florida Power Corporation shall file a consummation report in compliance with the Rule 25-8.009, Florida Administrative Code, within 90 days after the issuance of any long-term debt pursuant to the authorization of this Order, provided that (A) with respect to continuous offering transactions which involve the issuance and sale of medium-term notes or other long-term securities from time to time, the Company shall file with the Commission a consummation report not later than 90 days after the earlier of the (i) close of the calendar year or (ii) closing of the final sale which terminates the continuous offering transaction, and (B) with respect to the Long-Term Credit Agreements, the Company shall file with the Commission a consummation report not later than 90 days after the earlier of (i) the close of the calendar year, or (ii) the expiration or termination of the Long-Term Credit Agreements. It is further

ORDERED that the foregoing authorization relates only to Florida Power Corporation's issuance of securities for utility purposes; provided however that nothing contained in the Order is intended to create a duty or obligation on the part of the purchaser of any security authorized hereunder to make inquiry into the use of the proceeds of the sale of the security. It is further

ORDERED that the foregoing authorization is without prejudice to the authority of this Commission with respect to rates, service, accounts, valuations, estimates or determinations or costs, or any other matter whatsoever now pending or which may come before this Commission as provided in Section 366.04, Florida Statutes.

By ORDER of the Florida Public Service Commission, this 28th day of November, 1994.

BLANCA S. BAYÓ, Director  
Division of Records and Reporting

by: Kay Hegan  
Chief, Bureau of Records

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ORDER NO. PSC-94-1454-FOF-EI  
DOCKET NO. 941067-EI  
PAGE 6

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), 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 Records and Reporting 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 or sewer utility by filing a notice of appeal with the Director, Division of Records and Reporting 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 Civil Procedure. The notice of appeal must be in the form specified in Rule 9.900 (a), Florida Rules of Appellate Procedure.