

One Energy Place
Pensacola, Florida 32520

850.444.6111



January 19, 1999

Ms. Blanca Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard, Room 110
Tallahassee, Florida 32399-0870

Dear Ms. Bayo:

990068-EI

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 6.1 format as prepared on a Windows NT based computer.

Sincerely,

Susan D. Ritenour

ts
Enclosure

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

DOCUMENT NUMBER-DATE

00712 JAN 20 99

REC'D-RECORDS/REPORTING

99 JAN 20 10 00 AM

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Gulf Power Company's application)
for authority to receive common equity) Docket No. 99_____-EU
contributions and to issue or sell) Filed: Jan. 19, 1999
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, 2000. 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

DOCUMENT NUMBER-DATE

00712 JAN 20 8

FPSC-REG/REGS/REPORTING

(4) Capital Stock and Funded Debt of the Company at
December 31, 1998, 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(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 Notes</u> \$	<u>PCB's</u> \$	<u>FMB's</u> \$
(b) Amount authorized:	Not Limited	Not Limited	Not Limited
(c) Amount outstanding (000):			
Variable Rate Note due 1999	13,500		
Variable Rate Note due 1999	13,500		
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		20,000	*
Variable Rate Series 1997		40,930	
7.50% Jr. Subordinated Notes	20,000		
6.70% Sr. Insured Notes	50,000		
(d) Amount held as reacquired securities:		none	none
(e) Amount pledged (000):			128,700
* 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, 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 Articles of Incorporation, or trust preferred securities.
- (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, 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 will not be extendable or renewable nor will they contain any other provision for automatic "roll over," either at the option of the holder or at the option of the Company. The notes will be sold at a discount, plus a commission to the commercial paper dealer, with the aggregate interest cost to the Company equaling or approximating the prime rate in effect at the time of the sale.

(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, 1999, is included as Exhibit B (1).

The actual capital structure at December 31, 1998, is as follows:

<u>Component</u>	<u>Amount</u>	<u>Ratio</u>
Common Equity	\$427,652,000	49.66%
Preferred Equity	4,236,000	.49%
Trust Preferred Securities	85,000,000	9.87%
Long-Term Debt-Net	344,341,000	39.98%
Short Term Debt	<u>0</u>	<u>0.00%</u>
TOTAL	<u>\$861,229,000</u>	<u>100.00%</u>

Pretax Coverage Ratio (Excluding AFUDC): 3.8286

(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 6.39% as of December 31, 1998.
- (2) The dividend rate for comparable A rated preferred stock was 5.20% as of December 31, 1998.
- (3) The prime interest rate, or its equivalent, for The Chase Manhattan Bank, N.A., was 7.75% as of December 31, 1998.
- (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 4.84% as of December 31, 1998.

(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 1999 are estimated to cost \$71,356,000 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
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.

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 March 31, 2000.

DATED: January 19, 1999

GULF POWER COMPANY

BY: W E Tate
W. E. Tate
Secretary and Treasurer

ATTEST:

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

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

W. E. Tate, being duly sworn, deposes and says that he is the Secretary and Treasurer of Gulf Power Company, that he has read the foregoing petition and knows the contents thereof, and that the facts therein are true and correct to the best of his knowledge, information and belief.

W E Tate
W. E. Tate

STATE OF FLORIDA
COUNTY OF ESCAMBIA

The foregoing instrument was acknowledged before me this 19th day of January, 1999, by W. E. Tate of Gulf Power Company, a Maine corporation, on behalf of the corporation. He is personally known to me and did take an oath.

Jackie L Whipple
My Commission CC662984
Expires August 23, 2001

Jackie L. Whipple
NOTARY PUBLIC

REQUIRED EXHIBITS

(1 Certified and 5 Uncertified Copies)

- Exhibit A (1) - Balance Sheet of the Company at December 31, 1998 and December 31, 1997.
- Exhibit A (2) - Summary of Utility Plant and Accumulated Provision for Depreciation as of December 31, 1998.
- Exhibit A (3) - Income Statement of the Company for the twelve months ended December 31, 1998.
- Exhibit A (4) - Statement of Retained Earnings of the Company for the twelve months ended December 31, 1998.
- 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.

Certified a True Copy.

Linda G. Malone
ASST Secretary

GULF POWER COMPANY

GULF POWER COMPANY
Balance Sheet

At December 31, 1998 and December 31, 1997
(Thousands of Dollars)

Exhibit A (1)
Page 1 of 2

ASSETS AND OTHER DEBITS	Dec. 31, 1998 \$	Dec. 31, 1997 \$
Utility Plant		
Utility Plant in Service	1,801,207	1,752,195
Construction Work in Progress	34,863	31,030
Utility Plant Held for Future Use	2,833	3,934
Utility Plant Acquisition Adjustment	5,861	6,116
Total Gross Utility Plant	1,844,764	1,793,275
Accumulated Prov. for Depreciation	(784,112)	(737,767)
Net Utility Plant	1,060,652	1,055,508
Other Property and Investments		
Nonutility Property	603	631
Accumulated Prov. for Depreciation	(41)	(35)
Net Nonutility Property	562	596
Other Special Funds	26	26
Total Other Property and Investments	588	622
Current and Accrued Assets		
Cash	783	790
Special Deposits	915	5
Working Funds	185	167
Temporary Cash Investments	0	3,750
Notes Receivable	0	0
Customer Accounts Receivable	38,426	43,217
Other Accounts Receivable	2,598	2,731
Accumulated Prov. for Uncollectible Accounts	(996)	(796)
Receivables from Associated Companies	1,720	6,993
Materials and Supplies	52,238	47,930
Prepayments	14,913	11,689
Interest and Dividends Receivable	0	9
Accrued Utility Revenues	17,471	20,474
Vacation Accrual	4,035	4,057
Coal Contract Buyouts	0	1,586
Total Current and Accrued Assets	132,288	142,602
Deferred Debits		
Unamortized Debt Expense	2,565	2,447
Regulatory Tax Assets	25,308	26,586
Regulatory Assets	18,601	13,444
Preliminary Survey & Investigation Charges	1,727	1,606
Clearing Accounts	(16)	14
Miscellaneous Deferred Debits	78,832	79,834
Total Deferred Debits	127,017	123,931
Total Assets and Other Debits	1,320,545	1,322,663

Certified a True Copy.

Linda G. Malone
ASST Secretary

GULF POWER COMPANY At December 31, 1998 and December 31, 1997
(Thousands of Dollars)

GULF POWER COMPANY
Balance Sheet

Exhibit A (1)
Page 2 of 2

LIABILITIES AND OTHER CREDITS	Dec. 31, 1998	Dec. 31, 1997
	\$	\$
Proprietary Capital		
Common Capital Stock	38,060	38,060
Preferred Capital Stock (\$100 par value)	4,236	4,241
Preferred Capital Stock (\$10 par value)	0	9,450
Premium on Capital Stock	12	12
Miscellaneous Paid-in Capital	218,960	218,438
Capital Stock Expense	0	(318)
Retained Earnings	170,620	172,526
Total Proprietary Capital	<u>431,888</u>	<u>442,409</u>
Company Obligated Mandatorily Redeemable Preferred Securities of Gulf Power Capital Trust I & II Holding Company Junior Subordinated Notes	<u>85,000</u>	<u>40,000</u>
Long-Term Debt		
Bonds	85,000	130,000
Other Long-Term Debt	266,630	224,957
Unamortized Premium	0	0
Unamortized Discount	(7,289)	(4,637)
Total Long-Term Debt	<u>344,341</u>	<u>350,320</u>
Other Noncurrent Liabilities		
Accumulated Prov. for Property Insurance	1,605	(703)
Accumulated Prov. for Injuries & Damages	1,342	1,442
Accumulated Prov. for Pensions & Benefits	23,680	20,601
Total Other Noncurrent Liabilities	<u>26,627</u>	<u>21,340</u>
Current and Accrued Liabilities		
Notes Payable	31,500	47,000
Accounts Payable	22,442	19,566
Payables to Associated Companies	17,327	13,998
Customer Deposits	12,560	13,778
Taxes Accrued	3,049	11,009
Interest Accrued	7,134	7,227
Dividends Declared	54	10,210
Tax Collections Payable	1,255	640
Misc. Current and Accrued Liabilities	5,409	11,354
Total Current And Accrued Liabilities	<u>100,730</u>	<u>134,782</u>
Deferred Credits		
Regulatory Tax Liabilities	52,465	56,935
Regulatory Liabilities	6,963	5,810
Unamortized Investment Tax Credit	29,632	31,552
Other Deferred Credits	18,031	17,875
Total Deferred Credits	<u>107,091</u>	<u>112,172</u>
Accumulated Deferred Income Taxes	<u>224,868</u>	<u>221,640</u>
Total Liabilities and Other Credits	<u>1,320,545</u>	<u>1,322,663</u>

Certified a True Copy.

Linda G. Melrose
ASST. Secretary
GULF POWER COMPANY

Exhibit A (2)

GULF POWER COMPANY
Summary of Utility Plant and Accumulated Provision
for Depreciation, as of December 31, 1998
(Thousands of Dollars)

1. Utility Plant - Electric	<u>\$</u>
Plant in Service	1,801,207
Construction Work in Progress	34,863
Utility Plant Held for Future Use	2,833
Utility Plant Acquisition Adjustment	<u>5,861</u>
Total	<u>1,844,764</u>
2. Reserves - Electric	
Accumulated Provision for Depreciation	<u>(784,112)</u>
Total	<u><u>1,060,652</u></u>

Certified a True Copy.

Linda G. Maltese

ASST. Secretary
GULF POWER COMPANY

Exhibit A (3)

GULF POWER COMPANY
Income Statement for the Twelve Months Ended December 31, 1998
(Thousands of Dollars)

	<u>\$</u>
1. Utility Operating Income	
Operating Revenues	<u>650,518</u>
Operating Revenue Deductions:	
Operating Expenses	417,572
Depreciation	60,320
Amortization	(1,191)
Taxes - Federal Income	33,488
- State Income	5,166
- Other	51,462
- Net Provision for Deferred Taxes	<u>(4,564)</u>
Total Operating Revenue Deductions	<u>562,253</u>
Total Utility Operating Income	<u>88,265</u>
2. Other Income and Deductions	
Allowances for Funds Used During Construction -	
Equity	0
Other - Net	<u>482</u>
Total Other Income	<u>482</u>
Income Before Interest Charges	88,747
3. Interest Charges	
Distributions on Preferred Securities of Gulf Capital Trust I & II	6,034
Interest on Long-Term Debt	19,718
Amortization of Debt Discount, Premium and	
Expenses - Net	2,100
Other Interest Charges	3,738
Allowance for Funds Used During Construction -	
Borrowed Funds	<u>0</u>
Total Interest Charges	<u>31,590</u>
4. Extraordinary Income	
Extraordinary Income - Net	<u>0</u>
Balance Transferred to Retained Earnings	<u><u>57,157</u></u>

Certified a True Copy.

Linda G. Melone
ASST. Secretary
GULF POWER COMPANY

Exhibit A (4)

GULF POWER COMPANY
Statement of Retained Earnings for
the Twelve Months ended December 31, 1998
(Thousands of Dollars)

	<u>\$</u>
Retained Earnings - At Beginning of Period	172,526
Balance Transferred from Income	<u>57,157</u>
Total Credits	<u>229,683</u>
Deduct:	
Dividends Declared - Preferred Stock	636
Dividends Declared - Common Stock	57,200
Preferred Stock Transactions, Net	<u>1,227</u>
Total Debits	<u>59,063</u>
Retained Earnings - At End of Period	<u><u>170,620</u></u>

Certified a True Copy.

Exhibit B (1)

Linda G. Melrose
ASST. Secretary
GULF POWER COMPANY

GULF POWER COMPANY
Statement of Sources and Uses of Funds
Forecast for the Year Ended December 31, 1999
(Thousands of Dollars)

	<u>\$</u>
Net Income Before Dividends	55,140
Add (Deduct) Non-Cash Items:	
Depreciation & Amortization (Including Fuel Buyouts)	71,387
Deferred Income Tax - Net	(5,566)
Deferred Investment Tax Credits	0
Allowance for Equity Funds Used During Construction	0
Subtotal	<u>120,961</u>
Less:	
Dividends on Common Stock	58,800
Dividends on Preferred Stock	222
Subtotal	<u>61,939</u>
Decrease (Increase) in Net Current Assets*	
Cash and Temporary Cash Investments	0
Receivables - Net	(11,632)
Fuel Inventory	(543)
Other Materials and Supplies	(4,838)
Accrued Unbilled Revenue	(2,490)
Accounts Payable	(7,201)
Taxes Accrued	4,604
Interest Accrued	45
Other - Net	2,820
Subtotal	<u>(19,235)</u>
Other - Net (Including Allowance for Equity Funds Used During Construction)	<u>(5,515)</u>
Total Funds From Internal Sources	<u>37,189</u>
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	0
Pollution Control Obligations	0
Pollution Control Obligations - Retirements	0
Other Long-Term Debt	27,000
Other Long-Term Debt - Retirements	(27,000)
Interim Indebtedness	34,167
Total Funds From External Sources	<u>34,167</u>
GROSS PROPERTY ADDITIONS	<u>71,356</u>

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

Certified a True Copy.

Linda G. Melave
ASST. Secretary
GULF POWER COMPANY

Exhibit B (2)

GULF POWER COMPANY
Construction Budget for Gross Property Additions
Forecast for the Year Ended December 31, 1999
(Thousands of Dollars)

	<u>\$</u>
Generating Facilities	300
Miscellaneous Generating Facilities	
Crist 1-7 Laboratory Equipment	1,500
Smith 1 Turbine Generator Rotor	1,500
Daniel 1 & 2 Coal Contract Improvements	1,800
Daniel 2 Economizer	2,000
Daniel 2 Precipitator	4,800
Other Miscellaneous Generating Projects	<u>4,478</u>
Total	16,078
New Business Facilities	23,120
Transmission Plant Additions	9,075
Distribution Plant Additions	9,009
Joint Line and Substation Additions	7,789
General Plant Additions	<u>5,985</u>
Total Gross Property Additions Projected for 1999	<u><u>71,356</u></u>