



Date: July 8, 2015

To: R. W. Boles
W. E. Ray
J. O. Vick
B. Yablonski
R. L. McGee
A. T. Carter
V. L. Hawkins
G. M. Sammons
F. L. Ware

A. Collins
D. J. Echols
W. M. Feazell
A. J. McQuagge
M. F. Tutchtone
J. N. Floyd
B. H. Johnson
S. F. Sims

C. R. Byars
S. D. Ritenour
M. D. Neyman
J. T. Young
K. E. McDaniel
J. J. Hodnett
W. E. Oswald
J. L. Todd

From: Xia Liu

A handwritten signature in cursive script, appearing to read "Xia Liu".

Subject: 2016 Budget Message

All planning units will be using BUDWORKS to submit their 2016 O&M and Capital budgets. Training and individual assistance is available from Budgeting and Financial Planning. Budgeted merit increase percentages have been sent to the budget coordinators under separate correspondence for use in developing the labor budget for your area.

In developing your monthly spreads for your Budget, I would like to stress the importance of budgeting the dollars in the month you expect them to be booked. Do not spread budget dollars evenly, unless you expect them to be incurred in that manner. This is critical to the Company's financial planning efforts.

The following attachments are provided for your reference in preparing your 2016 budget and forecast.

- Attachment A – 2016 O&M budget guideline
- Attachment B – 2016 426 budget guideline
- Attachment C – 2016 Capital budget guideline
- Attachment D – Updated inflation and customer growth rates

BUDWORKS will be closed for O&M and Capital on August 21st. Prior to final submission, please ensure that you have your respective VP's approval.

Your assistance in meeting these deadlines is greatly appreciated. If you have any questions or need assistance, please contact Susan Ritenour (6231), Josh Mason (6070) or Rebecca Garcia (6419).

Attachments

cc: S. W. Connally C. L. Castleberry S. A. Jordan J. A. Van Norman
J. R. Fletcher S. G. Northcutt A. J. Williams S. A. Rosenstiel
W. E. Smith J. J. Mason J. D. Oerting V. L. Mack
B. C. Terry P. C. Pratofiorito J. H. Banks J. A. Keyes
M. L. Burroughs C. S. Boyett A. R. Gillespie D. C. Baggett
R. G. Garcia K. L. Harris S. K. Seckinger P. E. Baker
B. D. Day

GULF POWER COMPANY
Total O&M, ELCR, ECCR, & TRANSMISSION

Planning Unit	2016 Guideline			2017 Guideline			2018 Guideline			2019 Guideline			2020 Guideline		
	Gulf Only	SCS Only	Total	Gulf Only	SCS Only	Total	Gulf Only	SCS Only	Total	Gulf Only	SCS Only	Total	Gulf Only	SCS Only	Total
CUSTOMER SERVICE & SALES															
Customer Service	12,646,426	1,236,426	13,882,852	12,965,733	1,247,764	14,213,497	13,295,576	1,234,932	14,530,508	13,635,208	1,234,283	14,869,491	13,980,489	1,252,707	15,233,195
Marketing	26,612,633	2,062,019	28,674,652	26,786,068	2,084,413	28,870,481	27,000,444	2,145,037	29,145,481	27,900,044	2,145,037	30,045,081	27,490,624	2,169,670	29,660,294
Community & Economic Dev	1,706,494	5,160	1,711,654	1,732,464	5,148	1,737,612	1,759,224	5,232	1,764,456	1,786,784	5,256	1,792,040	1,816,221	5,335	1,821,556
Community Relations	404,732	-	404,732	412,134	-	412,134	419,774	-	419,774	427,634	-	427,634	435,727	-	435,727
Total Customer Service & Sales	41,370,320	3,303,605	44,673,925	41,896,399	3,337,325	45,233,724	42,517,329	3,348,098	45,865,427	43,149,670	3,384,576	46,534,246	43,723,061	3,427,712	47,150,772
POWER DELIVERY															
Customer Operations Support	640,256	4,368	644,624	657,768	4,356	662,124	675,784	4,428	680,212	694,332	4,440	698,772	713,478	4,507	717,984
Distribution	27,977,578	1,938,563	29,916,141	30,065,828	2,062,191	32,128,019	31,793,433	3,527,859	35,321,292	32,185,472	4,091,483	36,276,955	32,629,366	4,152,855	36,782,221
Transmission	10,122,499	4,837,957	14,960,456	10,126,548	4,884,451	15,010,999	10,250,540	4,936,810	15,187,350	10,381,412	5,053,997	15,435,409	10,523,997	5,132,486	15,656,483
Safety & Training	2,419,305	24,463	2,443,768	2,448,988	24,698	2,473,686	2,508,919	25,031	2,533,950	2,573,086	25,305	2,598,391	2,638,400	25,685	2,664,084
Supply Chain Management	1,197,635	686,431	1,884,066	1,214,193	569,483	1,783,676	1,257,753	617,021	1,874,774	1,297,240	713,776	2,011,016	1,334,221	724,483	2,058,703
Total Power Delivery	42,357,281	7,491,782	49,849,063	44,317,322	7,545,179	51,862,501	46,486,429	9,111,149	55,597,578	47,131,542	9,891,640	57,023,182	47,839,461	10,040,015	57,879,475
POWER GENERATION															
Power Generation Office	1,077,363	12,292,369	13,369,732	1,097,819	12,374,199	13,472,018	1,126,949	12,685,796	13,812,745	1,157,884	12,973,454	14,131,338	1,189,682	13,168,056	14,357,737
Plant Crist	54,567,882	2,201,196	56,769,078	48,001,592	1,912,963	49,914,555	49,768,593	1,879,039	51,647,632	58,362,267	2,082,102	60,444,369	58,917,232	2,109,301	61,025,533
Plant Smith	23,044,697	635,258	23,679,955	18,036,308	677,839	18,714,147	18,530,822	588,279	19,119,101	20,258,840	651,584	20,910,424	12,289,503	653,895	12,943,398
Plant Scholz	776,501	79,576	856,077	809,284	81,791	891,075	868,276	84,210	952,486	838,781	86,732	925,513	856,804	86,795	943,600
GoGen	455,000	-	455,000	455,000	-	455,000	455,000	-	455,000	455,000	-	455,000	455,000	-	455,000
Plant Daniel	33,611,409	-	33,611,409	36,973,065	-	36,973,065	36,536,396	-	36,536,396	39,721,866	-	39,721,866	39,721,866	-	39,721,866
Plant Scherer	8,275,825	-	8,275,825	13,266,254	-	13,266,254	9,031,643	-	9,031,643	13,823,349	-	13,823,349	13,823,349	-	13,823,349
Perdido Landfill	1,146,050	-	1,146,050	1,294,050	-	1,294,050	1,348,050	-	1,348,050	1,394,050	-	1,394,050	1,394,050	-	1,394,050
Total Power Generation	122,954,707	15,208,399	138,163,106	119,933,372	14,996,792	134,930,164	117,665,698	15,207,324	132,873,022	136,012,037	15,793,872	151,805,909	128,647,486	16,023,048	144,670,533
EXT AFFAIRS & CORPORATE SVCS															
Corporate Services	6,597,918	186,424	6,784,342	6,545,047	186,378	6,731,425	6,723,057	191,461	6,914,518	6,806,379	194,770	7,001,149	6,889,263	197,692	7,086,954
Corporate Communications	2,894,398	281,377	3,175,775	2,916,476	282,122	3,198,598	2,953,721	284,890	3,238,611	2,993,304	291,935	3,285,239	3,032,250	296,375	3,328,625
Environmental Affairs	4,763,948	2,500,034	7,263,982	4,463,316	2,433,257	6,896,573	4,681,515	2,472,644	7,154,159	4,918,353	2,842,915	7,761,268	4,940,485	2,867,086	7,807,572
Concerns & Compliance	1,362,202	180,176	1,542,378	1,597,705	183,426	1,781,131	1,453,334	185,668	1,639,002	1,453,001	188,584	1,641,585	1,496,641	191,413	1,688,054
Governmental Affairs	356,473	-	356,473	356,074	-	356,074	357,137	-	357,137	358,316	-	358,316	363,691	-	363,691
Regulatory Affairs	512,442	2,526	514,968	522,082	2,568	524,650	532,138	2,566	534,704	542,485	2,566	545,051	552,372	2,607	554,978
IT & Telecom	9,872,316	9,872,316	19,744,632	10,534,386	10,534,386	21,068,772	11,221,813	11,221,813	22,443,626	11,378,637	11,378,637	22,757,274	11,544,262	11,544,262	24,301,536
Total Ext Affairs & Corp Svcs	14,904,908	13,379,320	28,284,228	14,686,626	13,980,151	28,666,777	15,033,765	14,716,169	29,749,934	15,406,332	15,257,785	30,664,107	15,564,010	15,463,125	31,027,135
CFO															
Accounting	4,394,664	10,561,112	14,955,776	4,555,470	10,687,055	15,242,525	4,617,073	10,702,913	15,319,986	4,734,251	10,948,850	15,683,101	4,858,987	11,113,083	15,972,070
Corp. Sec., Treasurer & Corp. Planning	2,619,005	1,438,279	4,057,284	2,677,560	1,452,578	4,130,138	2,774,927	1,476,107	4,251,034	2,852,961	1,507,977	4,360,938	2,898,123	1,530,597	4,428,719
Regulatory, Pricing & Forecasting	1,564,692	480,935	2,045,627	1,653,411	487,101	2,140,512	1,608,648	494,873	2,103,521	1,654,422	503,279	2,157,701	1,698,455	510,828	2,209,283
Auditing - SCS	999,528	-	999,528	1,028,035	-	1,028,035	1,057,554	-	1,057,554	1,088,356	-	1,088,356	1,104,681	-	1,104,681
Total CFO	8,578,361	13,479,854	22,058,215	8,836,441	13,657,769	22,494,210	9,000,648	13,731,447	22,732,095	9,241,634	14,048,462	23,290,096	9,455,565	14,259,189	23,714,753
OTHER															
Executive	4,098,505	2,715,637	6,814,142	4,139,988	2,689,543	6,829,531	4,222,493	2,726,233	6,948,726	4,307,429	2,752,324	7,059,753	4,360,312	2,793,609	7,153,921
Human Resources	2,306,729	2,038,308	4,345,037	2,447,227	2,058,817	4,506,044	2,381,437	2,088,172	4,469,609	2,511,627	2,114,172	4,625,799	2,557,180	2,145,885	4,703,064
Total Other	6,405,234	4,754,035	11,159,269	6,587,215	4,748,340	11,335,555	6,603,930	4,814,405	11,418,335	6,819,056	4,866,496	11,685,552	6,917,492	4,939,493	11,819,986
CORPORATE															
SCS - Corporate	8,437,497	-	8,437,497	9,293,811	-	9,293,811	9,293,811	-	9,293,811	9,770,000	-	9,770,000	8,984,029	-	8,984,029
Corporate	31,062,660	97,709	31,160,369	30,234,441	94,704	30,329,145	29,557,824	95,805	29,653,629	29,543,169	96,071	29,644,240	29,543,169	99,542	29,642,712
PPP	14,137,916	-	14,137,916	14,538,775	-	14,538,775	14,990,780	-	14,990,780	15,445,670	-	15,445,670	15,445,670	-	15,445,670
Benefits	24,965,247	-	24,965,247	22,968,672	-	22,968,672	21,904,770	-	21,904,770	21,643,498	-	21,643,498	21,643,498	-	21,643,498
Stock Options Expense	2,425,523	-	2,425,523	2,417,072	-	2,417,072	2,446,621	-	2,446,621	2,440,398	-	2,440,398	2,440,398	-	2,440,398
Accruals/Reversals	534,240	-	534,240	334,884	-	334,884	345,915	-	345,915	373,127	-	373,127	373,127	-	373,127
Total Other	73,135,586	8,535,266	81,650,792	70,513,845	9,388,515	79,902,360	69,245,910	9,865,805	79,111,715	69,445,863	9,949,331	78,395,194	69,445,863	9,983,571	78,529,434
Total	309,686,337	66,152,201	375,838,538	307,021,220	67,654,071	374,675,291	306,553,709	70,794,397	377,348,106	327,206,124	72,192,162	399,398,286	321,592,938	73,336,152	394,829,090
Marketing	3,378,100	6,801	3,384,901	3,587,100	6,811	3,593,911	3,396,352	6,888	3,403,240	3,405,528	6,924	3,412,452	3,415,342	7,028	3,422,370
IT & Telecom	5,000	45,784	50,784	5,000	48,598	53,598	5,000	51,177	56,177	5,000	51,694	56,694	5,000	52,469	61,163
Executive	67,514	-	67,514	71,397	-	71,397	74,048	-	74,048	74,049	-	74,049	74,049	-	74,049
Stock Options Expense	18,236	-	18,236	18,069	-	18,069	18,278	-	18,278	18,231	-	18,231	18,278	-	18,278
Accruals/Reversals	1,967	-	1,967	1,967	-	1,9									

GULF POWER COMPANY
O&M (Excluding ECCR, ECCR, & Transmission)

Planning Unit	2016 Guideline		2017 Guideline		2018 Guideline		2019 Guideline		2020 Guideline		Total
	Gulf Only	SCS Only	Gulf Only	SCS Only	Gulf Only	SCS Only	Gulf Only	SCS Only	Gulf Only	SCS Only	
CUSTOMER SERVICE & SALES											
Customer Service	12,119,771	1,230,462	12,423,217	1,241,812	12,736,774	1,226,896	13,059,608	1,228,235	13,404,889	1,246,659	14,651,547
Marketing	9,329,801	1,580,009	9,411,146	1,596,618	9,759,201	1,614,995	9,749,060	1,642,210	9,939,640	1,666,843	11,606,483
Community & Economic Dev	1,706,494	5,160	1,732,464	5,148	1,759,224	5,232	1,786,784	5,256	1,816,221	5,335	2,021,556
Community Relations	404,732	-	412,134	-	419,774	-	427,634	-	435,727	-	435,727
Total Customer Service & Sales	23,549,798	2,813,631	23,978,961	2,843,278	24,494,973	2,847,123	25,033,086	2,875,701	25,596,477	2,918,837	28,515,313
POWER DELIVERY											
Customer Operations Support	640,266	4,368	657,768	4,356	675,784	4,428	694,332	4,440	713,478	4,507	717,584
Distribution	27,959,328	1,935,993	30,051,578	2,062,191	31,775,183	3,427,859	32,167,222	4,094,483	32,611,116	4,152,855	36,763,971
Transmission	10,122,499	4,837,957	10,126,545	4,884,451	10,250,540	4,936,610	10,381,412	5,056,636	10,523,997	5,132,486	15,656,483
Safety & Training	2,419,305	24,463	2,443,768	24,698	2,508,919	25,031	2,575,086	25,305	2,638,400	25,685	2,664,084
Supply Chain Management	1,197,633	686,431	1,214,193	569,433	1,257,753	617,021	1,297,240	713,776	1,334,221	724,483	2,058,703
Total Power Delivery	42,339,031	7,491,782	44,499,072	7,545,179	46,468,179	9,111,149	47,113,232	9,891,640	47,821,211	10,040,015	57,861,226
POWER GENERATION											
Power Generation Office	1,077,363	12,292,369	1,097,819	12,374,199	1,126,949	12,685,796	1,157,884	12,973,454	1,189,682	13,168,056	14,357,737
Plant Crist	41,385,182	1,669,815	39,181,014	1,592,083	33,987,221	1,550,999	42,845,529	1,746,606	43,400,494	1,772,894	45,173,299
Plant Smith	18,529,284	544,667	19,073,901	535,951	13,753,126	463,997	15,140,832	554,083	17,171,485	562,394	7,733,879
Plant Schoiz	750,501	4,068	766,284	4,026	783,276	4,104	800,781	4,224	818,804	4,287	813,092
CoGen	450,000	-	450,000	-	450,000	-	450,000	-	450,000	-	450,000
Plant Daniel	22,142,476	-	25,274,022	-	25,066,068	-	27,096,650	-	27,096,650	-	27,096,650
Plant Scherer	8,275,825	-	13,266,254	-	9,031,643	-	13,823,349	-	13,823,349	-	13,823,349
Perdido Landfill	1,124,000	-	1,272,000	-	1,326,000	-	1,372,000	-	1,372,000	-	1,372,000
Total Power Generation	59,734,581	14,710,919	68,816,259	14,506,253	85,524,283	14,704,896	102,687,015	15,278,367	95,322,464	15,507,543	110,830,006
EXT AFFAIRS & CORPORATE SVCS											
Corporate Services	6,597,918	186,424	6,645,047	188,378	6,723,057	191,461	6,806,379	194,770	6,889,263	197,692	7,086,954
Corporate Communications	2,842,246	781,977	2,862,764	812,623	2,890,395	828,890	2,936,312	851,995	2,975,258	876,375	3,271,633
Environmental Affairs	851,462	1,690,041	869,407	1,593,732	890,395	1,602,749	912,834	1,611,421	934,966	1,635,592	2,570,559
Concerns & Compliance	136,202	180,176	139,705	183,426	143,334	185,668	145,801	188,584	149,641	191,413	341,054
Governmental Affairs	356,473	356,473	356,473	356,473	357,137	358,316	358,316	358,316	358,316	363,691	363,691
Regulatory Affairs	512,442	2,520	522,082	2,508	532,138	2,556	542,485	2,568	552,372	2,607	554,978
IT & Telecom.	9,568,639	9,568,639	9,568,639	9,568,639	9,568,639	9,568,639	9,568,639	9,568,639	9,568,639	9,568,639	9,568,639
Total Ext Affairs & Corp Svcs	10,940,270	12,265,650	11,039,005	12,823,740	11,187,319	13,512,711	11,343,811	13,689,330	11,501,499	13,894,670	25,396,169
CFO											
Accounting	4,394,664	10,561,112	4,555,470	10,687,055	4,674,073	10,702,913	4,734,251	10,948,850	4,858,987	11,113,083	15,972,070
Corp. Sec., Treasurer & Corp. Planning	2,619,005	1,436,279	2,677,560	1,455,578	2,774,927	1,476,107	2,852,961	1,507,577	2,898,123	1,530,597	4,428,283
Regulatory, Pricing & Forecasting	1,564,692	480,945	1,693,411	487,101	1,608,648	494,873	1,654,422	503,279	1,698,455	510,828	2,209,283
Auditing - SCS	-	993,528	-	1,028,035	-	1,057,554	-	1,088,356	-	1,104,681	1,104,681
Total CFO	8,578,361	13,479,854	8,886,441	13,657,769	9,000,648	13,731,447	9,241,634	14,048,462	9,455,565	14,259,189	23,714,753
OTHER											
Executive	4,039,505	2,715,637	4,041,988	2,689,533	4,164,493	2,726,233	4,249,429	2,752,324	4,302,312	2,793,609	7,095,921
Human Resources	2,306,729	2,038,398	2,447,227	2,058,817	2,381,437	2,088,172	2,511,627	2,114,172	2,557,180	2,145,885	4,703,064
Total Other	6,346,234	4,754,035	6,529,215	4,748,340	6,545,930	4,814,405	6,761,056	4,866,496	6,859,492	4,939,493	11,796,986
CORPORATE											
SCS - Corporate	-	8,437,497	-	9,293,811	-	9,770,000	-	8,851,260	-	8,984,029	8,984,029
Corporate	17,253,401	97,709	16,751,653	94,704	16,372,606	95,805	16,643,290	98,071	16,643,290	99,542	16,742,834
PPP	13,076,477	-	13,076,477	-	13,076,477	-	13,076,477	-	14,283,872	-	14,283,872
Stock Options Expense	2,425,823	-	2,425,823	-	2,425,823	-	2,425,823	-	2,425,823	-	2,425,823
Accruals/Reversals	495,041	-	310,474	-	310,474	-	310,474	-	346,217	-	346,217
Total Other	56,626,524	8,535,206	54,465,908	9,388,515	53,538,939	9,865,805	54,007,589	9,849,331	54,007,589	9,083,571	63,091,160
Total	242,119,799	64,053,077	238,114,861	65,513,074	236,760,271	68,587,536	256,177,483	69,599,337	250,564,296	70,643,317	321,207,613
Energy											
Marketing	3,378,100	6,801	3,357,100	6,811	3,396,352	6,888	3,405,528	6,924	3,415,342	7,028	3,422,370
IT & Telecom	45,784	-	42,598	-	5,000	-	5,000	-	5,000	-	5,000
Executive	5,000	-	5,000	-	5,000	-	5,000	-	5,000	-	5,000
Stock Options Expense	67,514	-	69,513	-	71,397	-	74,048	-	74,049	-	74,049
Accruals/Reversals	18,236	-	18,069	-	18,278	-	18,231	-	18,778	-	18,778
Total Energy Services	3,470,817	52,585	3,480,906	55,409	3,492,312	58,065	3,504,159	58,618	3,514,561	59,497	3,574,058
Grand Total	245,990,616	64,105,662	241,695,768	65,568,483	240,252,583	68,645,601	259,681,642	69,618,945	254,078,857	70,702,814	324,781,672

**GULF POWER COMPANY
ECCR**

Planning Unit	2016 Guideline		2017 Guideline		2018 Guideline		2019 Guideline		2020 Guideline	
	Gulf Only	SCS Only	Gulf Only	SCS Only	Gulf Only	SCS Only	Gulf Only	SCS Only	Gulf Only	SCS Only
CUSTOMER SERVICE & SALES										
Customer Service	526,690	5,964	542,516	5,952	558,802	6,036	575,600	6,048	575,600	6,048
Marketing	17,288,832	482,010	17,374,922	485,095	17,463,554	494,939	17,550,984	502,827	17,550,984	502,827
Community & Economic Dev	-	-	-	-	-	-	-	-	-	-
Community Relations	-	-	-	-	-	-	-	-	-	-
Total Customer Service & Sales	17,815,522	487,974	17,917,438	494,047	18,022,356	500,975	18,126,584	508,875	18,126,584	508,875
POWER DELIVERY										
Customer Operations Support	-	-	-	-	-	-	-	-	-	-
Distribution	-	-	-	-	-	-	-	-	-	-
Transmission	-	-	-	-	-	-	-	-	-	-
Safety & Training	-	-	-	-	-	-	-	-	-	-
Supply Chain Management	-	-	-	-	-	-	-	-	-	-
Total Power Delivery	-	-	-	-	-	-	-	-	-	-
POWER GENERATION										
Power Generation Office	-	-	-	-	-	-	-	-	-	-
Plant Crest	-	-	-	-	-	-	-	-	-	-
Plant Smith	-	-	-	-	-	-	-	-	-	-
Plant Scholz	-	-	-	-	-	-	-	-	-	-
CoGen	-	-	-	-	-	-	-	-	-	-
Plant Daniel	-	-	-	-	-	-	-	-	-	-
Plant Scherer	-	-	-	-	-	-	-	-	-	-
Perdido Landfill	-	-	-	-	-	-	-	-	-	-
Total Power Generation	-	-	-	-	-	-	-	-	-	-
EXT AFFAIRS & CORPORATE SVCS										
Corporate Services	-	-	-	-	-	-	-	-	-	-
Corporate Communications	52,152	-	53,712	-	55,326	-	56,992	-	56,992	-
Environmental Affairs	-	-	-	-	-	-	-	-	-	-
Concerns & Compliance	-	-	-	-	-	-	-	-	-	-
Governmental Affairs	-	-	-	-	-	-	-	-	-	-
Regulatory Affairs	-	-	-	-	-	-	-	-	-	-
IT & Telecom	-	303,677	-	316,866	-	333,563	-	336,961	-	336,961
Perdido Landfill	-	303,677	-	316,866	-	333,563	-	336,961	-	336,961
Total Ext Affairs & Corp Svcs	52,152	303,677	53,712	316,866	55,326	333,563	56,992	336,961	56,992	336,961
CFO										
Accounting	-	-	-	-	-	-	-	-	-	-
Corp. Sec., Treasurer & Corp. Planning	-	-	-	-	-	-	-	-	-	-
Regulatory, Pricing & Forecasting	-	-	-	-	-	-	-	-	-	-
Auditing - SCS	-	-	-	-	-	-	-	-	-	-
Total CFO	-	-	-	-	-	-	-	-	-	-
OTHER										
Executive	5,000	-	5,000	-	5,000	-	5,000	-	5,000	-
Human Resources	-	-	-	-	-	-	-	-	-	-
Total Other	5,000	-	5,000	-	5,000	-	5,000	-	5,000	-
CORPORATE										
SCS - Corporate	-	-	-	-	-	-	-	-	-	-
Corporate	-	-	-	-	-	-	-	-	-	-
PPP	682,641	-	702,829	-	722,227	-	748,458	-	748,458	-
Benefits	916,785	-	835,170	-	791,290	-	778,428	-	778,428	-
Stock Options Expense	-	-	-	-	-	-	-	-	-	-
Accruals/Reversals	22,596	-	14,081	-	14,782	-	15,513	-	15,513	-
Total Other	1,622,022	-	1,552,080	-	1,528,300	-	1,542,399	-	1,542,399	-
Total	19,494,696	791,651	19,528,230	810,933	19,610,982	834,538	19,730,975	845,836	19,730,975	845,836
Energy Services										
Marketing	-	-	-	-	-	-	-	-	-	-
IT & Telecom	-	-	-	-	-	-	-	-	-	-
Executive	-	-	-	-	-	-	-	-	-	-
PPP	-	-	-	-	-	-	-	-	-	-
Stock Options Expense	-	-	-	-	-	-	-	-	-	-
Accruals/Reversals	-	-	-	-	-	-	-	-	-	-
Total Energy Services	-	-	-	-	-	-	-	-	-	-
Grand Total	19,494,696	791,651	19,528,230	810,933	19,610,982	834,538	19,730,975	845,836	19,730,975	845,836

**GULF POWER COMPANY
ECRC**

Planning Unit	2016 Guideline		2017 Guideline		2018 Guideline		2019 Guideline		2020 Guideline			
	Gulf Only	SCS Only	Total	Gulf Only	SCS Only	Total	Gulf Only	SCS Only	Total	Gulf Only	SCS Only	Total
CUSTOMER SERVICE & SALES												
Customer Service	-	-	-	-	-	-	-	-	-	-	-	-
Marketing	-	-	-	-	-	-	-	-	-	-	-	-
Community & Economic Dev	-	-	-	-	-	-	-	-	-	-	-	-
Community Relations	-	-	-	-	-	-	-	-	-	-	-	-
Total Customer Service & Sales	-	-	-	-	-	-	-	-	-	-	-	-
POWER DELIVERY												
Customer Operations Support	-	-	-	-	-	-	-	-	-	-	-	-
Distribution	18,250	-	18,250	18,250	-	18,250	18,250	-	18,250	18,250	-	18,250
Transmission	-	-	-	-	-	-	-	-	-	-	-	-
Safety & Training	-	-	-	-	-	-	-	-	-	-	-	-
Supply Chain Management	-	-	-	-	-	-	-	-	-	-	-	-
Total Power Delivery	18,250	-	18,250	18,250	-	18,250	18,250	-	18,250	18,250	-	18,250
POWER GENERATION												
Power Generation Office	-	-	-	-	-	-	-	-	-	-	-	-
Plant Crist	13,182,680	331,381	13,514,061	14,820,578	320,880	15,141,458	15,781,372	328,040	16,109,412	15,516,738	335,496	15,852,234
Plant Smith	4,515,483	90,591	4,606,054	4,527,442	91,898	4,619,330	4,777,696	94,282	4,871,978	5,118,018	97,501	5,215,519
Plant Scholz	26,000	75,508	101,508	43,000	77,771	120,771	85,000	80,106	165,106	38,000	82,508	120,508
CoGen	5,000	-	5,000	5,000	-	5,000	5,000	-	5,000	5,000	-	5,000
Plant Daniel	11,468,933	-	11,468,933	11,699,043	-	11,699,043	11,470,297	-	11,470,297	12,625,216	-	12,625,216
Plant Scherer	-	-	-	-	-	-	-	-	-	-	-	-
Perdido Landfill	22,050	-	22,050	22,050	-	22,050	22,050	-	22,050	22,050	-	22,050
Total Power Generation	29,220,126	497,480	29,717,606	31,117,113	490,539	31,607,652	32,141,415	502,428	32,643,843	33,325,022	515,505	33,840,527
EXT AFFAIRS & CORPORATE SVCS												
Corporate Services	-	-	-	-	-	-	-	-	-	-	-	-
Corporate Communications	-	-	-	-	-	-	-	-	-	-	-	-
Environmental Affairs	3,912,486	809,993	4,722,479	3,593,909	839,525	4,433,434	3,791,120	869,895	4,661,015	4,005,519	1,231,494	5,237,013
Concerns & Compliance	-	-	-	-	-	-	-	-	-	-	-	-
Governmental Affairs	-	-	-	-	-	-	-	-	-	-	-	-
Regulatory Affairs	-	-	-	-	-	-	-	-	-	-	-	-
IT & Telecom	-	-	-	-	-	-	-	-	-	-	-	-
Total Ext Affairs & Corp Svcs	3,912,486	809,993	4,722,479	3,593,909	839,525	4,433,434	3,791,120	869,895	4,661,015	4,005,519	1,231,494	5,237,013
CFO												
Accounting	-	-	-	-	-	-	-	-	-	-	-	-
Corp. Sec., Treasurer & Corp. Planning	-	-	-	-	-	-	-	-	-	-	-	-
Regulatory, Pricing & Forecasting	-	-	-	-	-	-	-	-	-	-	-	-
Auditing - SCS	-	-	-	-	-	-	-	-	-	-	-	-
Total CFO	-	-	-	-	-	-	-	-	-	-	-	-
OTHER												
Executive	54,000	-	54,000	53,000	-	53,000	53,000	-	53,000	53,000	-	53,000
Human Resources	-	-	-	-	-	-	-	-	-	-	-	-
Total Other	54,000	-	54,000	53,000	-	53,000	53,000	-	53,000	53,000	-	53,000
CORPORATE												
SCS - Corporate	-	-	-	-	-	-	-	-	-	-	-	-
Corporate	-	-	-	-	-	-	-	-	-	-	-	-
PPP	378,798	-	378,798	390,411	-	390,411	402,452	-	402,452	413,340	-	413,340
Benefits	672,379	-	672,379	612,329	-	612,329	580,144	-	580,144	571,259	-	571,259
Stock Options Expense	-	-	-	-	-	-	-	-	-	-	-	-
Accruals/Reversals	16,604	-	16,604	10,329	-	10,329	10,857	-	10,857	11,397	-	11,397
Total Other	1,067,781	-	1,067,781	1,013,069	-	1,013,069	993,453	-	993,453	995,996	-	995,996
Total	34,272,643	1,307,473	35,580,116	35,795,341	1,330,064	37,125,405	36,997,238	1,372,323	38,369,561	38,397,787	1,746,999	40,144,786
Energy Services												
Marketing	-	-	-	-	-	-	-	-	-	-	-	-
IT & Telecom	-	-	-	-	-	-	-	-	-	-	-	-
Executive	-	-	-	-	-	-	-	-	-	-	-	-
PPP	-	-	-	-	-	-	-	-	-	-	-	-
Stock Options Expense	-	-	-	-	-	-	-	-	-	-	-	-
Accruals/Reversals	-	-	-	-	-	-	-	-	-	-	-	-
Total Energy Services	-	-	-	-	-	-	-	-	-	-	-	-
Grand Total	34,272,643	1,307,473	35,580,116	35,795,341	1,330,064	37,125,405	36,997,238	1,372,323	38,369,561	38,397,787	1,746,999	40,144,786

GULF POWER COMPANY

Transmission
(565-00200 recovered through Fuel Clause & 567-00119 recovered through PPCC)

Planning Unit	2016 Guideline		2017 Guideline		2018 Guideline		2019 Guideline		2020 Guideline	
	Gulf Only	SCS Only	Gulf Only	SCS Only	Gulf Only	SCS Only	Gulf Only	SCS Only	Gulf Only	SCS Only
CUSTOMER SERVICE & SALES										
Customer Service	-	-	-	-	-	-	-	-	-	-
Marketing	-	-	-	-	-	-	-	-	-	-
Community & Economic Dev	-	-	-	-	-	-	-	-	-	-
Community Relations	-	-	-	-	-	-	-	-	-	-
Total Customer Service & Sales	-	-	-	-	-	-	-	-	-	-
POWER DELIVERY										
Customer Operations Support	-	-	-	-	-	-	-	-	-	-
Distribution	-	-	-	-	-	-	-	-	-	-
Transmission	-	-	-	-	-	-	-	-	-	-
Safety & Training	-	-	-	-	-	-	-	-	-	-
Supply Chain Management	-	-	-	-	-	-	-	-	-	-
Total Power Delivery	-	-	-	-	-	-	-	-	-	-
POWER GENERATION										
Power Generation Office	-	-	-	-	-	-	-	-	-	-
Plant Crist	-	-	-	-	-	-	-	-	-	-
Plant Smith	-	-	-	-	-	-	-	-	-	-
Plant Schoz	-	-	-	-	-	-	-	-	-	-
CoGen	-	-	-	-	-	-	-	-	-	-
Plant Daniel	-	-	-	-	-	-	-	-	-	-
Plant Scherer	-	-	-	-	-	-	-	-	-	-
Perdido Landfill	-	-	-	-	-	-	-	-	-	-
Total Power Generation	-	-	-	-	-	-	-	-	-	-
EXT AFFAIRS & CORPORATE SVCS										
Corporate Services	-	-	-	-	-	-	-	-	-	-
Corporate Communications	-	-	-	-	-	-	-	-	-	-
Environmental Affairs	-	-	-	-	-	-	-	-	-	-
Concerns & Compliance	-	-	-	-	-	-	-	-	-	-
Governmental Affairs	-	-	-	-	-	-	-	-	-	-
Regulatory Affairs	-	-	-	-	-	-	-	-	-	-
IT & Telecom	-	-	-	-	-	-	-	-	-	-
Total Ext Affairs & Corp Svcs	-	-	-	-	-	-	-	-	-	-
CFO										
Accounting	-	-	-	-	-	-	-	-	-	-
Corp. Sec., Treasurer & Corp. Planning	-	-	-	-	-	-	-	-	-	-
Regulatory, Pricing & Forecasting	-	-	-	-	-	-	-	-	-	-
Auditing - SCS	-	-	-	-	-	-	-	-	-	-
Total CFO	-	-	-	-	-	-	-	-	-	-
OTHER										
Executive	-	-	-	-	-	-	-	-	-	-
Human Resources	-	-	-	-	-	-	-	-	-	-
Total Other	-	-	-	-	-	-	-	-	-	-
CORPORATE										
SCS - Corporate	-	-	-	-	-	-	-	-	-	-
Corporate	13,799,259	-	13,482,788	-	13,185,218	-	12,899,879	-	12,899,879	-
PPP	-	-	-	-	-	-	-	-	-	-
Benefits	-	-	-	-	-	-	-	-	-	-
Stock Options Expense	-	-	-	-	-	-	-	-	-	-
Accruals/Reversals	-	-	-	-	-	-	-	-	-	-
Total Other	13,799,259	-	13,482,788	-	13,185,218	-	12,899,879	-	12,899,879	-
Total	13,799,259	-	13,482,788	-	13,185,218	-	12,899,879	-	12,899,879	-
ENERGY SERVICES										
Marketing	-	-	-	-	-	-	-	-	-	-
IT & Telecom	-	-	-	-	-	-	-	-	-	-
Executive	-	-	-	-	-	-	-	-	-	-
PPP	-	-	-	-	-	-	-	-	-	-
Stock Options Expense	-	-	-	-	-	-	-	-	-	-
Accruals/Reversals	-	-	-	-	-	-	-	-	-	-
Total Energy Services	-	-	-	-	-	-	-	-	-	-
Grand Total	13,799,259	-	13,482,788	-	13,185,218	-	12,899,879	-	12,899,879	-

GULF POWER COMPANY
426 - Below the Line

Planning Unit	2016 Guideline		2017 Guideline		2018 Guideline		2019 Guideline		2020 Guideline			
	Gulf Only	SCS Only	Total	Gulf Only	SCS Only	Total	Gulf Only	SCS Only	Total	Gulf Only	SCS Only	Total
CUSTOMER SERVICE & SALES												
Customer Service	177,440	-	177,440	178,240	-	178,240	178,440	-	178,440	183,793	-	183,793
Marketing	29,086	10,415	39,501	30,500	10,646	41,146	31,198	10,824	42,022	32,134	10,824	42,958
Community & Economic Dev	-	117,667	117,667	-	104,317	104,317	-	103,489	103,489	-	103,489	103,489
Community Relations	365,948	-	365,948	361,424	-	361,424	362,434	-	362,434	373,307	-	373,307
Total Customer Service & Sales	572,474	128,082	700,556	569,250	114,963	684,213	570,664	114,963	685,627	589,234	114,313	703,547
POWER DELIVERY												
Customer Operations Support	-	-	-	-	-	-	-	-	-	-	-	-
Distribution	-	-	-	-	-	-	-	-	-	-	-	-
Transmission	-	19,086	19,086	-	19,086	19,086	-	19,086	19,086	-	19,086	19,086
Safety & Training	-	-	-	-	-	-	-	-	-	-	-	-
Supply Chain Management	1,000	-	1,000	1,000	-	1,000	1,000	-	1,000	1,030	-	1,030
Total Power Delivery	1,000	19,086	20,086	1,000	19,086	20,086	1,000	19,086	20,086	1,030	19,086	20,116
POWER GENERATION												
Power Generation Office	-	42,631	42,631	-	42,631	42,631	-	42,732	42,732	-	42,732	42,732
Plant Crist	-	-	-	-	-	-	-	-	-	-	-	-
Plant Smith	-	-	-	-	-	-	-	-	-	-	-	-
Plant Scholz	-	-	-	-	-	-	-	-	-	-	-	-
CoGen	-	-	-	-	-	-	-	-	-	-	-	-
Plant Daniel	-	-	-	-	-	-	-	-	-	-	-	-
Plant Scherer	-	-	-	-	-	-	-	-	-	-	-	-
Major Generation - Renewables	-	-	-	-	-	-	-	-	-	-	-	-
Total Power Generation	-	42,631	42,631	-	42,631	42,631	-	42,732	42,732	-	42,732	42,732
EXT AFFAIRS & CORPORATE SVCS												
Corporate Services	-	-	-	-	-	-	-	-	-	-	-	-
Corporate Communications	-	389,383	389,383	-	390,636	390,636	-	391,109	391,109	-	391,109	391,109
Environmental Affairs	-	-	-	-	-	-	-	-	-	-	-	-
Concerns & Compliance	-	-	-	-	-	-	-	-	-	-	-	-
Governmental Affairs	1,364,866	518,219	1,883,085	1,388,172	485,727	1,873,899	1,388,172	485,727	1,873,899	1,390,934	498,446	1,889,378
Regulatory Affairs	342,500	-	342,500	342,500	-	342,500	342,500	-	342,500	352,775	-	352,775
IT & Telecom	-	5,690	5,690	-	5,954	5,954	-	6,012	6,012	-	6,012	6,012
Total Ext Affairs & Corp Svcs	1,707,366	913,292	2,620,658	1,668,782	882,317	2,551,099	1,730,672	882,317	2,612,989	1,743,707	895,567	2,639,274
CFO												
Accounting	16,712	-	16,712	17,120	-	17,120	17,558	-	17,558	18,516	-	18,516
Corp. Sec, Treasurer & Corp. Planning	5,250	-	5,250	5,250	-	5,250	5,250	-	5,250	5,408	-	5,408
Regulatory, Pricing & Forecasting	-	-	-	-	-	-	-	-	-	-	-	-
Auditing - SCS	-	-	-	-	-	-	-	-	-	-	-	-
Total CFO	21,962	-	21,962	22,370	-	22,370	22,808	-	22,808	23,924	-	23,924
OTHER												
Human Resources	-	-	-	-	-	-	-	-	-	-	-	-
Executive	105,592	67,430	173,022	107,376	68,575	175,951	109,242	68,599	177,841	111,170	68,628	183,133
Total Other	105,592	67,430	173,022	107,376	68,575	175,951	109,242	68,599	177,841	111,170	68,628	183,133
CORPORATE												
SCS - Corporate	-	28,488	28,488	-	29,816	29,816	-	30,965	30,965	-	31,762	31,762
Corporate	67,093	-	67,093	69,105	-	69,105	71,040	-	71,040	72,959	-	72,959
PPP	183,912	-	183,912	189,483	-	189,483	195,164	-	195,164	200,812	-	200,812
Benefits	131,334	-	131,334	119,649	-	119,649	113,274	-	113,274	114,795	-	114,795
Stock Options Expense	71,139	-	71,139	72,558	-	72,558	73,634	-	73,634	73,446	-	73,446
Accruals/Reversals	3,206	-	3,206	2,007	-	2,007	2,089	-	2,089	2,197	-	2,197
Total Other	456,685	28,488	485,173	452,702	29,816	482,518	455,200	30,965	486,165	460,866	31,762	492,628
Total	2,865,079	1,198,965	4,064,044	2,821,480	1,158,610	4,048,196	2,889,586	1,158,610	4,033,342	2,861,254	1,172,088	4,033,342
Energy Services	-	-	-	-	-	-	-	-	-	-	-	-
Marketing	-	-	-	-	-	-	-	-	-	-	-	-
IT & Telecom	-	-	-	-	-	-	-	-	-	-	-	-
Executive	-	-	-	-	-	-	-	-	-	-	-	-
Accruals/Reversals	-	-	-	-	-	-	-	-	-	-	-	-
Total Energy Services	-	-	-	-	-	-	-	-	-	-	-	-
Grand Total	2,865,079	1,198,965	4,064,044	2,821,480	1,164,585	4,064,044	2,889,586	1,158,610	4,033,342	2,861,254	1,172,088	4,033,342

**GULF POWER COMPANY
CAPITAL EXPENDITURES
(Based on 2015 Budget*)**

Production	2016	2017	2018	2019	2020	2021	2022	2023	2024
Plant Crist	14,337,170	9,304,057	12,376,059	36,578,264	58,651,023	76,518,663	40,157,118	16,179,064	8,614,763
Plant Smith excl LTSA	5,901,400	3,138,667	2,850,000	5,877,750	4,315,000	3,875,000	1,400,000	24,575,000	1,150,000
Plant Smith - LTSA	27,461,875	-	-	26,110,393	-	-	30,441,170	-	-
Plant Daniel	2,071,990	2,426,175	5,203,635	9,861,320	1,250,000	1,150,000	1,000,000	1,700,000	1,000,000
Plant Scherer	8,520,438	13,812,861	7,131,220	12,350,727	1,217,253	1,374,003	1,283,253	1,419,628	1,328,878
Renewables (Perdido Landfill)	4,600,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000
Environmental Cost Recovery Clause	35,397,213	31,301,209	78,491,388	128,098,255	144,723,081	62,121,111	13,236,251	2,650,456	591,875
Total Production (including ECR)	98,320,086	60,162,969	106,232,302	219,056,709	210,336,357	145,218,777	87,697,792	46,704,148	12,865,516
Power Delivery									
Transmission	19,517,108	29,259,535	24,249,363	20,379,814	26,378,924	31,150,129	22,853,334	22,800,000	26,750,000
Distribution	24,834,000	26,934,000	29,170,000	25,011,000	25,832,000	27,860,000	28,276,000	27,390,000	27,815,000
Transportation	3,296,000	3,304,000	3,649,000	3,748,000	3,845,000	3,949,000	4,055,000	4,166,000	4,283,000
Non-Utility	175,020	167,415	166,500	165,600	165,600	165,600	165,600	-	-
New Business Distribution	29,066,806	30,481,378	31,945,865	32,511,849	28,438,849	29,378,849	30,328,849	26,946,000	27,944,000
T&D Warehouse Equipment Replacement	147,000	150,000	-	-	-	-	-	-	-
Energy Conservation Cost Recovery	2,107,992	2,044,764	2,082,959	2,154,542	2,154,542	2,154,542	2,154,542	-	-
Total Customer Operations (including ECCR)	79,143,926	92,341,092	91,263,687	83,970,805	86,814,915	94,658,120	87,834,325	81,302,000	86,792,000
Ext. Affairs & Corp. Svcs.									
Telecommunications/Mobile Systems/Data Network	3,310,860	12,072,470	6,257,470	2,987,470	2,439,470	1,645,470	1,872,470	1,645,470	1,645,470
Corporate Services	5,616,160	2,757,609	2,382,600	1,937,980	1,943,980	1,968,780	1,974,780	1,968,780	1,968,780
Total Ext. Affairs & Corp. Svcs.	8,927,040	14,830,070	8,640,070	4,925,450	4,383,450	3,614,250	3,847,250	3,626,250	3,634,250
Accounting & Finance									
Accounting	-	302,828	482,892	200,802	-	-	-	-	-
Total Accounting & Finance	-	302,828	482,892	200,802	-	-	-	-	-
Total Capital Expenditures	186,391,052	167,636,959	206,618,951	308,153,765	301,534,722	243,491,147	179,379,367	131,632,998	103,291,766

* Reflects decision to close Plant Smith Units 1 & 2

GULF POWER COMPANY 2016 Budget Assumptions

Budget and cost estimates should be based on business needs and the actual expectations and projections of costs. The following information is provided for your use, only if applicable and in the absence of more appropriate factors or estimates.

I. Projected Inflation

The following escalation rates are based on the Bureau of Labor Statistics: Consumer Price Index (Urban Consumer); Moody's Analytics.

Escalation Factors	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
	3.2	3.7	3.6	3.1	2.8
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
	2.8	2.8	2.9	2.9	2.8

II. Projected Customer Growth

Customer growth projections for 2016 are based on input from Gulf's field market managers. Customer growth projections for 2017-2025 are based primarily on household growth projections from Moody's Analytics.

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
1.4	1.6	1.5	1.3	1.2
<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
1.1	0.9	0.8	0.7	0.7