

December 2014

Earnings Surveillance
Report
(Rate of Return)



GULF POWER COMPANY
Earnings Surveillance Report Summary
December, 2014

	(1) Actual Per Books	(2) FPSC Adjustments	(3) FPSC Adjusted	(4) Pro Forma Adjustments	(5) Pro Forma Adjusted
I. Average Rate of Return					
(Jurisdictional)					
	(a)	(b)			
Net Operating Income	177,344,789	(68,012,772)	109,332,018	0	109,332,018
Average Rate Base	3,192,688,205	(1,285,513,507)	1,907,174,698	0	1,907,174,698
Average Rate of Return	5.55%		5.73%		5.73%
II. Year End Rate of Return					
(Jurisdictional)					
	(a)	(b)			
Net Operating Income	177,341,034	(67,599,351)	109,741,684	0	109,741,684
Year End Rate Base	3,307,397,424	(1,377,239,371)	1,930,158,053	0	1,930,158,053
Year End Rate of Return	5.36%		5.69%		5.69%
 (a) Includes AFUDC Earnings (b) Includes Reversal of AFUDC Earnings					
III. Required Rates of Return					
Average Capital Structure					
(FPSC Adjusted Basis)					
Low	5.38%				
Midpoint	5.75%				
High	6.12%				
IV. Financial Integrity Indicators					
A. Tie With AFUDC	5.05 x (System per Books Basis)				
B. Tie Without AFUDC	4.75 x (System per Books Basis)				
C. AFUDC To Net Income	10.93% (System per Books Basis)				
D. Internally Generated Funds	51.15% (System per Books Basis)				
E. LTD To Total Investor Funds	46.22% (FPSC Adjusted Basis)				
F. STD To Total Investor Funds	0.96% (FPSC Adjusted Basis)				
G. Return on Common Equity	10.20% (FPSC Adjusted Basis)				
H. Return on Common Equity	10.20% (Proforma Basis)				

I am aware that Section 837.06, Florida Statutes, provides:

Whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree, punishable as provided in s. 775.082, s. 775.083, or s. 775.084.

Name and Title	Signature	Date
Susan D. Ritenour Corporate Planning Manager, Corporate Treasurer & Secretary	_____	_____

GULF POWER COMPANY
AVERAGE RATE OF RETURN
RATE BASE
December, 2014

	PLANT IN SERVICE	ACCUMULATED DEPRECIATION & AMORTIZATION	NET PLANT IN SERVICE	PROPERTY HELD FOR FUTURE USE	CONSTRUCTION WORK IN PROGRESS	NUCLEAR FUEL (NET)	NET UTILITY PLANT	WORKING CAPITAL	TOTAL RATE BASE
SYSTEM PER BOOKS	4,409,793,532	1,490,929,047	2,918,864,485	15,924,915	369,868,821	0	3,304,658,221	223,231,323	3,527,889,544
JURISDICTIONAL PER BOOKS	3,933,483,714	1,347,500,587	2,585,983,127	15,459,035	357,138,760	0	2,958,580,921	234,107,283	3,192,688,205
FPSC ADJUSTMENTS:									
ENVIRONMENTAL RECOVERY CLAUSE	(1,016,450,165)	(154,554,859)	(861,895,306)		(12,539,688)		(874,434,994)	(7,117,602)	(881,552,596)
INT BEARING CWIP					(307,577,106)		(307,577,106)	0	(307,577,106)
ENERGY CONSERVATION CLAUSE	(11,772,364)	6,411,864	(18,184,228)		(10,363)		(18,194,591)	(1,220,212)	(19,414,803)
TRANSMISSION INVESTMENT PURSUANT TO STIP. & SI	(182,241)		(182,241)				(182,241)	0	(182,241)
CAPITALIZED DEF. EARNINGS ON TRANSM PURSUANT TO STIP. & SETT.								(1,778)	(1,778)
LOANS TO EMPLOYEES / RETIREES								(34,100)	(34,100)
INTEREST AND DIVIDENDS RECEIVABLE								(22,141)	(22,141)
FUNDED PROP RES. N. ESCAMBIA & OTHER INV.				(12,579,626)			(12,579,626)	(4,483,830)	(17,063,456)
FUEL RELATED DEFERRED DEBITS								(54,969,785)	(54,969,785)
ACCRUED PROVISION FOR REFUND								0	0
UNAMORTIZED RATE CASE EXPENSES								(4,695,501)	(4,695,501)
TOTAL FPSC ADJUSTMENTS	(1,028,404,770)	(148,142,995)	(880,261,775)	(12,579,626)	(320,127,157)	0	(1,212,968,557)	(72,544,950)	(1,285,513,507)
FPSC ADJUSTED	2,905,078,944	1,199,357,592	1,705,721,352	2,879,409	37,011,603	0	1,745,612,364	161,562,334	1,907,174,698
PRO FORMA REVENUE AND ANNUALIZATION ADJUSTMENTS	0	0	0	0	0	0	0	0	0
TOTAL PRO FORMA ADJUST	0	0	0	0	0	0	0	0	0
PRO FORMA ADJUSTED	2,905,078,944	1,199,357,592	1,705,721,352	2,879,409	37,011,603	0	1,745,612,364	161,562,334	1,907,174,698

GULF POWER COMPANY
AVERAGE RATE OF RETURN
INCOME STATEMENT
December, 2014

	OPERATING REVENUES	O & M FUEL & NET INTERCHANGE	O & M OTHER	DEPRECIATION & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES CURRENT	DEFERRED INCOME TAXES (NET)	INVESTMENT TAX CREDIT (NET)	(GAIN)/LOSS ON DISPOSITION OF PROPERTY	TOTAL OPERATING EXPENSES	NET OPERATING INCOME
SYSTEM PER BOOKS	1,590,588,745	718,214,551	334,987,120	146,297,517	111,146,858	50,001,939	38,645,914	(1,271,904)	0	1,398,021,996	192,566,748 (a)
JURISDICTIONAL PER BOOKS	1,335,542,158	542,405,056	316,568,143	135,659,740	109,316,624	43,360,964	28,800,359	(923,742)	0	1,175,187,144	160,355,014 (a)
LESS FPSC ADJUSTMENTS:											
RETAIL FUEL REVENUES & EXPENSES	(480,491,092)	(480,157,544)				(128,666)				(480,286,210)	(204,882)
PURCHASED POWER CAPACITY REVENUES & EXPENSES	(61,674,779)	(62,047,874)				143,921				(61,903,953)	229,173
ENERGY CONSERVATION COST REVENUES & EXPENSES	(17,428,266)		(15,076,233)	(334,085)	(381,902)	(631,105)				(16,423,325)	(1,004,941)
ENVIRONMENTAL COST RECOVERY CLAUSE	(143,879,807)		(28,400,308)	(39,469,277)	(2,307,292)	(28,430,905)				(98,607,782)	(45,272,025)
FRANCHISE FEE REVENUE & EXPENSE	(41,890,987)				(40,813,388)	(415,684)				(41,229,072)	(661,915)
GROSS RECEIPTS TAX REVENUE & ADJUSTMENT	(31,480,152)				(31,071,298)	(157,715)				(31,229,013)	(251,138)
MARKETING SUPPORT ACTIVITIES			(196,099)			75,645				(120,454)	120,454
WHOLESALE EXPENSES		(199,638)				77,010				(122,628)	122,628
INSTITUTIONAL ADVERTISING EXPENSE			(388,800)			149,980				(238,820)	238,820
ECONOMIC DEVELOPMENT EXPENSE		(61,636)				23,776				(37,860)	37,860
MGMT FINANCIAL PLANNING SERVICES		(30,147)				11,629				(18,518)	18,518
DIRECTORS' & OFFICERS' INSURANCE		(48,018)				18,523				(29,495)	29,495
INDUSTRY ASSOCIATION DUES		(621)				240				(381)	381
TALLHASSEE LIAISON EXPENSES			(394,410)	11,276	(17,878)	159,040				(253,248)	253,248
TRANSMISSION DEFERRED RETURN PURSUANT TO STIP. & SETT.						(4,350)				6,926	(6,926)
DEPRECIATION CREDIT ADJUSTMENT						568,122				0	0
GRT, FPSC FEES ON CLAUSES & FEES					(1,472,773)	191,111			(495,428)	(304,317)	304,317
(GAIN)/LOSS ON DISPOSITION OF PROPERTY						5,880,716				5,880,716	(5,880,716)
INTEREST SYNCHRONIZATION											
TOTAL FPSC ADJUSTMENTS	(776,845,082)	(542,405,056)	(44,596,272)	(39,792,086)	(76,064,532)	(22,468,712)	0	0	(495,428)	(725,822,086)	(51,022,997)
FPSC ADJUSTED	558,697,076	0	271,971,871	95,867,654	33,252,092	20,892,252	28,800,359	(923,742)	(495,428)	449,365,058	109,332,018
PRO FORMA REVENUE ANNUALIZATION ADJUSTMENTS											
TOTAL PRO FORMA ADJUSTMENTS	0	0	0	0	0	0	0	0	0	0	0
PRO FORMA ADJUSTED	558,697,076	0	271,971,871	95,867,654	33,252,092	20,892,252	28,800,359	(923,742)	(495,428)	449,365,058	109,332,018
(a) THE ADDITION OF EARNINGS FROM AFUDC WOULD INCREASE THE SYSTEM NOI BY				17,393,869	AND THE JURISDICTIONAL NOI BY	16,989,775					
CURRENT MONTH SYSTEM PER BOOKS	115,369,891	46,952,372	33,646,446	12,557,862	8,501,672	188,273	3,376,041	(105,992)	0	105,116,674	10,253,217
CURRENT MONTH JURISDICTIONAL PER BOOKS	97,799,399	35,132,470	30,990,181	11,629,362	8,344,465	2,397,383	577,175	(76,958)	0	88,994,077	8,805,322

TOTALS MAY NOT ADD DUE TO ROUNDING.

GULF POWER COMPANY
AVERAGE RATE OF RETURN
SYSTEM ADJUSTMENTS
December, 2014

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<u>RATE BASE ADJUSTMENTS</u>	<u>AMOUNT</u>	<u>NET OPERATING INCOME STATEMENT ADJUSTMENTS</u>	<u>AMOUNT</u>	<u>TAX EFFECT</u>
ENVIRONMENTAL COST RECOVERY CLAUSE		FUEL & IIC FUEL REVENUES AND ECONOMY PROFITS	(657,965,844)	(253,810,324)
INVESTMENT	(1,047,094,830)	ENVIRONMENTAL COST RECOVERY CLAUSE REVENUES	(148,232,854)	(57,180,824)
ACCUMULATED DEPRECIATION	159,214,971	PURCHASED POWER CAPACITY COST CLAUSE REVENUES	(62,094,671)	(23,953,019)
CWIP	(12,917,971)	ENERGY CONSERVATION COST RECOVERY CLAUSE REVENUES	(17,428,266)	(6,722,954)
ENERGY CONSERVATION COST RECOVERY		FUEL EXPENSE	(654,303,873)	252,397,719
INVESTMENT	(11,772,364)	PURCHASED POWER CAPACITY COST EXPENSE	(63,919,790)	24,657,059
ACCUMULATED DEPRECIATION	(6,411,864)	CONSERVATION EXPENSES - DEPRECIATION AND O & M	(15,410,318)	5,944,530
CWIP	(10,363)	CONSERVATION EXPENSES - OTHER TAXES	(381,902)	147,319
TRANSMISSION PURSUANT TO STIP. & SETT.		ENVIRONMENTAL COST RECOVERY EXPENSE	(72,224,043)	27,860,425
INVESTMENT	(182,241)	FRANCHISE FEE REVENUES	(41,890,987)	(16,159,448)
FAS 143 NET PLANT	(15,202,031)	FRANCHISE FEE	(40,813,388)	15,743,764
INTEREST BEARING CWIP	(314,892,678)	GROSS RECEIPTS TAX REVENUES	(31,480,152)	(12,143,468)
PHFU - NORTH ESCAMBIA	(12,958,731)	GROSS RECEIPTS TAX EXPENSE	(31,071,298)	11,985,753
WORKING CAPITAL:		MARKETING SUPPORT ACTIVITIES	(196,099)	75,645
ECRC WORKING CAPITAL	(7,332,173)	WHOLESALE EXPENSE	(205,723)	79,358
CONSERVATION/AEM INVENTORY	(1,220,212)	INSTITUTIONAL ADVERTISING EXPENSE	(396,459)	152,934
CAPITALIZED DEF. EARNINGS ON TRANSMISSION		ECONOMIC DEVELOPMENT EXPENSE	(61,636)	23,776
PURSUANT TO STIP. & SETT.	(1,856)	MGMT FINANCIAL PLANNING SERVICES	(30,813)	11,886
FUNDED PROPERTY INSURANCE RESERVE	0	DIRECTORS' & OFFICERS' INSURANCE	(49,078)	18,932
LOANS TO EMPLOYEES AND RETIREES	(35,589)	INDUSTRY ASSOCIATION DUES	(633)	244
INTEREST & DIVIDENDS RECEIVABLE	(23,108)	TALLAHASSEE LIAISON EXPENSE	(421,396)	162,553
NORTH ESCAMBIA SITE	(4,679,745)	TRANSMISSION DEFERRED RETURN PURSUANT TO STIP. & SETT.	11,276	(4,350)
UNAMORTIZED RATE CASE EXPENSE	(4,900,665)	DEPRECIATION CREDIT ADJUSTMENT	0	0
FUEL RELATED DEFERRED DEBITS	(54,969,785)	GRT/FPSC FEES ON CLAUSE REV ADJ & FRAN FEES	(1,472,773)	568,122
UNREALIZED LOSS ON FWD CONTRACT	1,820	COMP SALES\TRANS REV\G/L SALE GAS\PROV RT REFN. ESC REV	11,742	4,530
ACCUM. PROV. FOR RATE REFUNDS	0	GAIN\LOSS ON DISPOSITION OF PROPERTY	(516,545)	199,257
FAS 143 WORKING CAPITAL	26,460,744	INTEREST SYNCHRONIZATION	6,319,074	6,319,074
FAS 158 REGULATORY ASSETS	(79,512,980)			
FAS 158 REGULATORY LIABILITIES	79,512,980			
PPA REGULATORY ASSETS	(191,512,522)			
PPA REGULATORY LIABILITIES	191,512,522			
FAS 133 REGULATORY ASSETS	(30,498,165)			
FAS 133 REGULATORY LIABILITIES	30,498,165			

GULF POWER COMPANY
YEAR END RATE OF RETURN
RATE BASE
December, 2014

	PLANT IN SERVICE	ACCUMULATED DEPRECIATION & AMORTIZATION	NET PLANT IN SERVICE	PROPERTY HELD FOR FUTURE USE	CONSTRUCTION WORK IN PROGRESS	NUCLEAR FUEL (NET)	NET UTILITY PLANT	WORKING CAPITAL	TOTAL RATE BASE
SYSTEM PER BOOKS	4,479,495,606	1,538,710,889	2,940,784,717	15,560,289	465,261,809	0	3,421,606,815	223,231,323	3,644,838,138
JURISDICTIONAL PER BOOKS	3,988,623,332	1,390,986,389	2,607,636,943	15,105,075	451,732,779	0	3,074,474,797	232,922,627	3,307,397,424
<u>FPSC ADJUSTMENTS:</u>									
ENVIRONMENTAL RECOVERY CLAUSE	(1,020,143,904)	(174,036,544)	(846,107,360)		(15,315,817)		(861,423,177)	(7,117,602)	(868,540,779)
INT BEARING CWIP					(410,315,650)		(410,315,650)	0	(410,315,650)
ENERGY CONSERVATION CLAUSE	(12,292,820)	6,960,155	(19,252,975)		(75,000)		(19,327,975)	(1,220,212)	(20,548,187)
TRANSMISSION INVESTMENT PURSUANT TO STIP. & SETT.	(957,263)		(957,263)				(957,263)	0	(957,263)
CAPITALIZED DEF. EARNINGS ON TRANSM PURSUANT TO STIP. & SETT.								(10,804)	(10,804)
LOANS TO EMPLOYEES AND RETIREES								(34,100)	(34,100)
INTEREST AND DIVIDENDS RECEIVABLE								(22,141)	(22,141)
FUNDED PROP RES, N. ESCAMBIA SITE, & OTHER INV.				(12,661,331)			(12,661,331)	(4,483,830)	(17,145,161)
FUEL RELATED DEFERRED DEBITS								(54,969,785)	(54,969,785)
ACCRUED PROVISION FOR REFUND								0	0
UNAMORTIZED RATE CASE EXPENSES								(4,695,501)	(4,695,501)
TOTAL FPSC ADJUSTMENTS	(1,033,393,987)	(167,076,389)	(866,317,598)	(12,661,331)	(425,706,467)	0	(1,304,685,396)	(72,553,975)	(1,377,239,371)
FPSC ADJUSTED	2,965,229,345	1,223,910,000	1,741,319,345	2,443,744	26,026,312	0	1,769,789,401	160,368,652	1,930,158,053
PRO FORMA REVENUE AND ANNUALIZATION ADJUSTMENTS	0	0	0	0	0	0	0	0	0
TOTAL PRO FORMA ADJUSTMENTS	0	0	0	0	0	0	0	0	0
PRO FORMA ADJUSTED	2,965,229,345	1,223,910,000	1,741,319,345	2,443,744	26,026,312	0	1,769,789,401	160,368,652	1,930,158,053

GULF POWER COMPANY
YEAR END RATE OF RETURN
INCOME STATEMENT
December, 2014

	O & M OPERATING REVENUES	FUEL & NET INTERCHANGE	O & M OTHER	DEPRECIATION & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES CURRENT	DEFERRED INCOME TAXES (NET)	INVESTMENT TAX CREDIT (NET)	(GAIN)/LOSS ON DISPOSITION OF PROPERTY	TOTAL OPERATING EXPENSES	NET OPERATING INCOME
SYSTEM PER BOOKS	1,590,588,745	718,214,551	334,987,120	146,297,517	111,146,858	50,001,939	38,645,914	(1,271,904)	0	1,398,021,996	192,566,748 (a)
JURISDICTIONAL PER BOOKS	1,335,542,158	542,405,056	316,588,143	135,659,740	109,316,624	43,362,250	28,802,828	(923,742)	0	1,175,190,899	160,351,259 (a)
LESS FPSC ADJUSTMENTS:											
RETAIL FUEL REVENUES & EXPENSES	(480,491,092)	(480,157,544)				(128,666)				(480,286,210)	(204,882)
PURCHASED POWER CAPACITY REVENUES & EXPENSES	(61,674,779)	(62,047,874)				143,921				(61,903,953)	229,173
ENERGY CONSERVATION COST REVENUES & EXPENSES	(17,428,266)		(15,076,233)	(334,085)	(381,902)	(631,105)				(16,423,325)	(1,004,941)
ENVIRONMENTAL COST RECOVERY CLAUSE	(143,879,807)		(28,400,308)	(39,469,277)	(2,307,292)	(28,430,905)				(98,607,782)	(45,272,025)
FRANCHISE FEE REVENUE & EXPENSE	(41,890,987)				(40,813,388)	(415,684)				(41,229,072)	(661,915)
GROSS RECEIPTS TAX REVENUE & ADJUSTMENT	(31,480,152)				(31,071,298)	(157,715)				(31,229,013)	(251,138)
MARKETING SUPPORT ACTIVITIES			(199,638)			75,645				(120,454)	120,454
WHOLESALE EXPENSES						77,010				(122,628)	122,628
INSTITUTIONAL ADVERTISING EXPENSE			(388,800)			149,980				(238,820)	238,820
ECONOMIC DEVELOPMENT EXPENSE			(61,636)			23,776				(37,860)	37,860
MGMT FINANCIAL PLANNING SERVICES			(30,147)			11,629				(18,518)	18,518
DIRECTORS' & OFFICERS' INSURANCE			(48,018)			18,523				(29,495)	29,495
INDUSTRY ASSOCIATION DUES			(621)			240				(381)	381
TALLAHASSEE LIAISON EXPENSES			(394,410)	11,276	(17,878)	159,040				(253,248)	253,248
TRANSMISSION DEFERRED RETURN PURSUANT TO STIP. & SETT.						(4,350)				6,926	(6,926)
DEPRECIATION CREDIT ADJUSTMENT										0	0
GRT, FPSC FEES ON CLAUSES & FEES						568,122				(904,651)	904,651
(GAIN) / LOSS ON DISPOSITION OF PROPERTY						191,111			(485,428)	(304,317)	304,317
INTEREST SYNCRONIZATION						5,467,295				5,467,295	(5,467,295)
TOTAL FPSC ADJUSTMENTS	(776,845,082)	(542,405,056)	(44,596,272)	(39,792,086)	(76,064,532)	(22,882,133)	0	0	(485,428)	(726,235,507)	(50,609,576)
FPSC ADJUSTED	558,697,076	0	271,971,871	95,867,654	33,252,092	20,480,117	28,802,828	(923,742)	(495,428)	448,955,392	109,741,684
PRO FORMA REVENUE ANNUALIZATION											
TOTAL PRO FORMA ADJUSTMENTS	0	0	0	0	0	0	0	0	0	0	0
PRO FORMA ADJUSTED	558,697,076	0	271,971,871	95,867,654	33,252,092	20,480,117	28,802,828	(923,742)	(495,428)	448,955,392	109,741,684
(a) THE ADDITION OF EARNINGS FROM AFUDC WOULD INCREASE THE SYSTEM NOI BY				17,393,869	AND THE JURISDICTIONAL NOI BY	16,989,775					

GULF POWER COMPANY
YEAR END RATE OF RETURN
SYSTEM ADJUSTMENTS
December, 2014

SCHEDULE 3
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<u>RATE BASE ADJUSTMENTS</u>	<u>AMOUNT</u>	<u>NET OPERATING INCOME STATEMENT ADJUSTMENTS</u>	<u>AMOUNT</u>	<u>TAX EFFECT</u>
ENVIRONMENTAL COST RECOVERY CLAUSE INVESTMENT	(1,051,266,819)	FUEL & IIC FUEL REVENUES AND ECONOMY PROFITS	(657,965,844)	(253,810,324)
ACCUMULATED DEPRECIATION	179,346,114	ENVIRONMENTAL COST RECOVERY CLAUSE REVENUES	(148,232,854)	(57,180,824)
CWIP	(15,783,077)	PURCHASED POWER CAPACITY COST CLAUSE REVENUES	(62,094,671)	(23,953,019)
ENERGY CONSERVATION COST RECOVERY INVESTMENT	(12,292,820)	ENERGY CONSERVATION COST RECOVERY CLAUSE REVENUES	(17,428,266)	(6,722,954)
ACCUMULATED DEPRECIATION	(6,960,155)	FUEL EXPENSE	(654,303,873)	252,397,719
CWIP	(75,000)	PURCHASED POWER CAPACITY COST EXPENSE	(63,919,790)	24,657,059
TRANSMISSION PURSUANT TO STIP. & SETT. INVESTMENT	(957,263)	CONSERVATION EXPENSES - DEPRECIATION AND O & M	(15,410,318)	5,944,530
FAS 143 NET PLANT	(15,120,037)	CONSERVATION EXPENSES - OTHER TAXES	(381,902)	147,319
INTEREST BEARING CWIP	(420,074,808)	ENVIRONMENTAL COST RECOVERY EXPENSE	(72,224,043)	27,860,425
PHFU - NORTH ESCAMBIA	(13,042,899)	FRANCHISE FEE REVENUES	(41,890,987)	(16,159,448)
		FRANCHISE FEE	(40,813,388)	15,743,764
		GROSS RECEIPTS TAX REVENUES	(31,480,152)	(12,143,468)
		GROSS RECEIPTS TAX EXPENSE	(31,071,298)	11,985,753
		MARKETING SUPPORT ACTIVITIES	(196,099)	75,645
		WHOLESALE EXPENSE	(205,723)	79,358
		INSTITUTIONAL ADVERTISING EXPENSE	(396,459)	152,934
		ECONOMIC DEVELOPMENT EXPENSE	(61,636)	23,776
		MGMT FINANCIAL PLANNING SERVICES	(30,813)	11,886
		DIRECTORS' & OFFICERS' INSURANCE	(49,078)	18,932
		INDUSTRY ASSOCIATION DUES	(633)	244
		TALLAHASSEE LIAISON EXPENSE	(421,396)	162,553
		TRANSMISSION DEFERRED RETURN PURSUANT TO STIP. & SETT.	11,276	(4,350)
		DEPRECIATION CREDIT ADJUSTMENT	0	0
		GRT/FPSC FEES ON CLAUSE REV ADJ & FRAN FEES	(1,472,773)	568,122
		COMP SALES\TRANS REV\G/L SALE GAS\PROV RT REFN. ESC REV	11,742	4,530
		GAIN\LOSS ON DISPOSITION OF PROPERTY	(516,545)	199,257
		INTEREST SYNCHRONIZATION	5,934,030	5,934,030
WORKING CAPITAL:				
ECRC WORKING CAPITAL	(7,332,173)			
CONSERVATION/AEM INVENTORY	(1,220,212)			
CAPITALIZED DEF. EARNINGS ON TRANSMISSION PURSUANT TO STIP. & SETT.	(1,856)			
FUNDED PROPERTY INSURANCE RESERVE	0			
LOANS TO EMPLOYEES AND RETIREES	(35,589)			
INTEREST & DIVIDENDS RECEIVABLE	(23,108)			
NORTH ESCAMBIA SITE	(4,679,745)			
UNAMORTIZED RATE CASE EXPENSE	(4,900,665)			
FUEL RELATED DEFERRED DEBITS	(54,969,785)			
UNREALIZED LOSS ON FWD CONTRACT	1,820			
ACCUM. PROV. FOR RATE REFUNDS	0			
FAS 143 WORKING CAPITAL	26,460,744			
FAS 158 REGULATORY ASSETS	(79,512,980)			
FAS 158 REGULATORY LIABILITIES	79,512,980			
PPA REGULATORY ASSETS	(191,512,522)			
PPA REGULATORY LIABILITIES	191,512,522			
FAS 133 REGULATORY ASSETS	(30,498,165)			
FAS 133 REGULATORY LIABILITIES	30,498,165			

GULF POWER COMPANY
CAPITAL STRUCTURE
FPSC ADJUSTED BASIS
December, 2014

AVERAGE	ADJUSTMENTS										LOW POINT			MIDPOINT			HIGH POINT		
	SYSTEM PER BOOKS	RETAIL PER BOOKS	PRO RATA	SPECIFIC	ADJUSTED RETAIL	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)			
LONG TERM DEBT	1,260,476,598	1,155,459,705	(465,237,744)	0	690,221,961	36.19	4.56	1.65	4.56	1.65	4.56	1.65	4.56	1.65	4.56	1.65			
SHORT TERM DEBT	86,179,131	24,091,189	(9,700,148)	0	14,391,041	0.75	0.22	0.00	0.22	0.00	0.22	0.00	0.22	0.00	0.22	0.00			
PREFERENCE STOCK	146,503,864	134,280,601	(54,067,142)	0	80,213,459	4.21	6.14	0.26	6.14	0.26	6.14	0.26	6.14	0.26	6.14	0.26			
CUSTOMER DEPOSITS	34,833,774	35,441,854	(14,270,414)	0	21,171,440	1.11	2.38	0.03	2.38	0.03	2.38	0.03	2.38	0.03	2.38	0.03			
COMMON EQUITY	1,288,017,637	1,186,281,198	(477,647,802)	0	708,633,396	37.16	9.25	3.44	10.25	3.81	11.25	3.81	11.25	4.18	11.25	4.18			
DEFERRED INCOME TAXES	748,214,885	696,935,257	(280,616,092)	0	416,319,165	21.83													
FASB 109 DEFERRED TAXES	(45,992,548)	(42,840,403)	17,249,388	0	(25,591,015)	(1.34)													
TAX CREDITS - ZERO COST	0	0	0	0	0	0.00													
TAX CREDITS - WEIGHTED COST	3,419,342	3,038,804	(1,223,553)	0	1,815,251	0.10	6.89	0.01	7.37	0.01	7.85	0.01	7.85	0.01	7.85	0.01			
TOTAL	3,521,652,683	3,192,688,205	(1,285,513,507)	0	1,907,174,698	100.00	5.38	5.38	5.38	5.75	6.12	5.75	6.12	6.12	6.12	6.12			

YEAR-END	ADJUSTMENTS										LOW POINT			MIDPOINT			HIGH POINT		
	SYSTEM PER BOOKS	RETAIL PER BOOKS	PRO RATA	SPECIFIC	ADJUSTED RETAIL	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)			
LONG TERM DEBT	1,344,462,718	1,231,484,216	(512,804,580)	0	718,679,636	37.23	4.53	1.69	4.53	1.69	4.53	1.69	4.53	1.69	4.53	1.69			
SHORT TERM DEBT	109,977,188	46,114,991	(19,202,827)	0	26,912,164	1.39	0.21	0.00	0.21	0.00	0.21	0.00	0.21	0.00	0.21	0.00			
PREFERENCE STOCK	146,503,864	134,192,786	(55,879,462)	0	78,313,324	4.06	6.14	0.25	6.14	0.25	6.14	0.25	6.14	0.25	6.14	0.25			
CUSTOMER DEPOSITS	35,094,351	35,547,968	(14,802,594)	0	20,745,374	1.07	2.26	0.02	2.26	0.02	2.26	0.02	2.26	0.02	2.26	0.02			
COMMON EQUITY	1,310,326,696	1,188,648,815	(494,967,413)	0	693,681,402	35.94	9.25	3.32	10.25	3.68	11.25	3.68	11.25	4.04	11.25	4.04			
DEFERRED INCOME TAXES	770,446,864	714,736,596	(297,624,765)	0	417,111,831	21.62													
FASB 109 DEFERRED TAXES	(49,461,158)	(45,884,670)	19,106,919	0	(26,777,751)	(1.39)													
TAX CREDITS - ZERO COST	0	0	0	0	0	0.00													
TAX CREDITS - WEIGHTED COST	2,783,390	2,556,722	(1,064,649)	0	1,492,073	0.08	6.81	0.01	7.28	0.01	7.74	0.01	7.74	0.01	7.74	0.01			
TOTAL	3,670,133,912	3,307,397,424	(1,377,239,371)	0	1,930,158,053	100.00	5.29	5.29	5.29	5.65	6.01	5.65	6.01	6.01	6.01	6.01			

GULF POWER COMPANY
Financial Integrity Indicators
December, 2014

A. Times Interest Earned with AFUDC

Earnings Before Interest	202,411,685
AFUDC - Debt	5,372,954
Income Taxes	<u>88,062,085</u>
Total	295,846,724
Interest Charges (Before Deducting AFUDC - Debt)	<u>58,606,579</u>
T.I.E. With AFUDC	<u>5.05 x</u>

B. Times Interest Earned without AFUDC

Earnings Before Interest	202,411,685
AFUDC - Other	(12,020,915)
Income Taxes	<u>88,062,085</u>
Total	278,452,855
Interest Charges (Before Deducting AFUDC - Debt)	<u>58,606,579</u>
T.I.E. Without AFUDC	<u>4.75 x</u>

C. Percent AFUDC To Net Income Available
for Common Stockholders

AFUDC - Debt	5,372,954
X (1 - Income Tax Rate)	0.61425
Subtotal	3,300,337
AFUDC - Other	<u>12,020,915</u>
Total	<u>15,321,252</u>
Net Income Available for Common Stockholders	<u>140,175,560</u>
Percent AFUDC to Available Net Income	<u>10.93%</u>

D. Percent Internally Generated Funds

Net Income	149,178,060
Preference Dividends	(9,002,500)
Common Dividends	(123,200,000)
AFUDC (Debt & Other)	(17,393,869)
Depreciation & Amortization	155,141,768
Deferred Income Taxes	38,625,644
Investment Tax Credits	0
Other	<u>(16,199,713)</u>
Total	177,149,391
Construction Expenditures (Excluding AFUDC Other & Debt)	<u>346,365,640</u>
Percent Internally Generated Funds	<u>51.15%</u>

E. Long Term Debt as Percent of Total
Investor Capital
(See calculation in item F. below)F. Short Term Debt as Percent of Total Investor Capital
Reconciled Average Retail Amounts

Long Term Debt	690,221,961
Short Term Debt	14,391,041
Preference Stock	80,213,459
Common Equity	<u>708,633,396</u>
Total	<u>1,493,459,857</u>
% Long Term Debt To Total	<u>46.22%</u>
% Short Term Debt To Total	<u>0.96%</u>

G. FPSC Adjusted Average Jurisdictional Return
On Common Equity

	G. FPSC ADJ.	H. PROFORMA
FPSC Adjusted Average Earned Rate of Return	5.73%	5.73%
Less: Reconciled Average Retail Weighted Cost Rates For:		
Long Term Debt	(1.65)	(1.65)
Short Term Debt	(0.00)	(0.00)
Preference Stock	(0.26)	(0.26)
Customer Deposits	(0.03)	(0.03)
Tax Credits - Weighted Cost (Common Equity at Midpoint)	<u>(0.01)</u>	<u>(0.01)</u>
Subtotal	<u>(1.94)</u>	<u>(1.94)</u>
Total	3.79	3.79
Divided by Common Equity Ratio	<u>37.16</u>	<u>37.16</u>
Jurisdictional Return on Common Equity	<u>10.20%</u>	<u>10.20%</u>