

**Terry A. Davis**  
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July 14, 2010

Mr. John Slemkewicz  
Division of Economic Regulation  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee FL 32399-0850

Dear Mr. Slemkewicz:

RE: Monthly Rate of Return Report

Enclosed is Gulf Power Company's Jurisdictional Rate of Return Report for the month of May, 2010.

Sincerely,

A handwritten signature in cursive script that reads "Terry A. Davis".

vm

enclosure

cc/enc.: Office of the Public Counsel  
c/o Florida Legislature  
111 W. Madison, Rm. 801  
Tallahassee FL 32399-1400

GOV 2-1-5-3

10 JUL 15 PM 1:03  
DIVISION OF ECONOMIC REGULATION

10 JUL 15 PM 1:03

10 JUL 15 PM 1:03  
DIVISION OF ECONOMIC REGULATION

GULF POWER COMPANY  
Earnings Surveillance Report Summary  
May, 2010

	(1) Actual Per Books	(2) FPSC Adjustments	(3) FPSC Adjusted	(4) Pro Forma Adjustments	(5) Pro Forma Adjusted
<b>I. Average Rate of Return (Jurisdictional)</b>					
	(a)	(b)			
Net Operating Income	159,220,105	(64,747,301)	94,472,804	0	94,472,804
Average Rate Base	2,281,898,294	(843,267,264)	1,438,631,031	0	1,438,631,031
Average Rate of Return	6.98%		6.57%		6.57%
<b>II. Year End Rate of Return (Jurisdictional)</b>					
	(a)	(b)			
Net Operating Income	159,228,744	(63,473,162)	95,755,582	0	95,755,582
Year End Rate Base	2,392,732,762	(892,800,137)	1,499,932,625	0	1,499,932,625
Year End Rate of Return	6.65%		6.38%		6.38%

(a) Includes AFUDC Earnings

(b) Includes Reversal of AFUDC Earnings

**III. Required Rates of Return  
Average Capital Structure  
(FPSC Adjusted Basis)**

Low	6.39%
Midpoint	6.89%
High	7.20%

**IV. Financial Integrity Indicators**

A. Tie With AFUDC	4.90 x (System per Books Basis)
B. Tie Without AFUDC	4.39 x (System per Books Basis)
C. AFUDC To Net Income	18.29% (System per Books Basis)
D. Internally Generated Funds	6.64% (System per Books Basis)
E. LTD To Total Investor Funds	49.25% (FPSC Adjusted Basis)
F. STD To Total Investor Funds	0.72% (FPSC Adjusted Basis)
G. Return on Common Equity	11.19% (FPSC Adjusted Basis)
H. Return on Common Equity	11.19% (Proforma Basis)

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

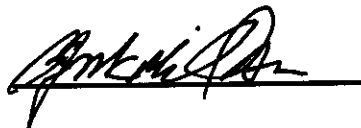
Whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree, punishable as provided in s. 775.082, s. 775.083, or s. 775.084.

Name and Title

Signature

Date

Richard J. McMillan  
Corporate Planning Manager



7-18-10

GULF POWER COMP.  
AVERAGE RATE OF RETURN  
RATE BASE  
May, 2010

	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
<b>SYSTEM PER BOOKS</b>	3,155,956,659	1,198,041,210	1,957,915,449	3,869,780	396,043,263	0	2,357,828,492	205,432,068	2,563,260,560
<b>JURISDICTIONAL PER BOOKS</b>	2,838,075,321	1,070,149,879	1,767,925,442	3,748,697	320,077,508	0	2,091,751,647	190,146,647	2,281,898,294
<b>FPSC ADJUSTMENTS:</b>									
ENVIRONMENTAL RECOVERY CLAUSE	(528,936,853)	(26,688,106)	(502,248,747)		(2,035,749)		(504,284,496)	(19,438,817)	(523,723,313)
INT BEARING CWIP					(276,637,710)		(276,637,710)	0	(276,637,710)
ENERGY CONSERVATION CLAUSE	(10,361,641)	384,727	(10,746,368)		(10,069)		(10,756,437)	(1,889,834)	(12,646,272)
LOANS TO EMPLOYEES / RETIREES								(53,461)	(53,461)
INTEREST AND DIVIDENDS RECEIVABLE								(299,036)	(299,036)
FUNDED PROP RES & OTHER INVESTMENTS								(7,367,066)	(7,367,066)
IVAN STORM RECOVERY								0	0
FUEL RELATED DEFERRED DEBITS								(22,802,153)	(22,802,153)
FLAME RESISTANT CLOTHING								(2,495)	(2,495)
ACCRUED PROVISION FOR REFUND								176,240	176,240
SALE OF RAILCARS								88,022	88,022
<b>TOTAL FPSC ADJUSTMENTS</b>	(539,298,494)	(26,303,379)	(512,995,115)	0	(278,683,528)	0	(791,678,643)	(51,588,620)	(843,267,264)
<b>FPSC ADJUSTED</b>	2,298,776,827	1,043,846,500	1,254,930,327	3,748,697	41,393,980	0	1,300,073,004	138,558,027	1,438,631,031
<b>PRO FORMA REVENUE AND ANNUALIZATION ADJUSTMENTS</b>	0	0	0	0	0	0	0	0	0
<b>TOTAL PRO FORMA ADJUST</b>	0	0	0	0	0	0	0	0	0
<b>PRO FORMA ADJUSTED</b>	2,298,776,827	1,043,846,500	1,254,930,327	3,748,697	41,393,980	0	1,300,073,004	138,558,027	1,438,631,031

GULF POWER COMPANIES  
AVERAGE RATE OF RETURN  
INCOME STATEMENT  
May, 2010

	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	TOTAL OPERATING EXPENSES	NET OPERATING INCOME
SYSTEM PER BOOKS	1,409,049,681	705,018,551	285,195,881	103,467,823	98,016,696	71,215,460	(4,936,231)	(1,578,324)	(5,957)	1,256,393,889	152,655,782 (a)
JURISDICTIONAL PER BOOKS	1,258,228,781	600,751,482	270,262,569	96,088,493	96,074,700	63,477,150	(4,317,243)	(1,215,109)	(5,809)	1,121,116,232	135,112,549 (a)
LESS FPSC ADJUSTMENTS:											
ENVIRONMENTAL RECOVERY CLAUSE	(108,330,579)		(31,942,073)	(18,460,028)	(535,783)	(22,910,732)				(71,848,616)	(36,481,963)
GROSS RECEIPTS TAX REVENUE	(31,161,461)		(57,751)			(12,020,534)				(12,020,534)	(19,140,927)
MARKETING SUPPORT ACTIVITIES						22,277				(35,474)	35,474
GAIN/LOSS ON DISPOSITION						(419)				(1,507,546)	(667)
IVAN STORM RECOVERY	(1,508,213)		(1,507,127)			(14,865,131)				(14,865,131)	(23,670,529)
FRANCHISE FEE REVENUES	(38,535,660)					(218,863,668)				(218,863,668)	(348,508,122)
RETAIL FUEL REVENUES	(567,371,790)					(17,427,167)				(17,427,167)	(27,750,194)
ECCR and PPCC REVENUES	(45,177,361)									0	0
INT ON TAX ASSESSMENT										0	0
ECON DEV EXPENSE TOTAL			(1,056,175)			407,420				(648,755)	648,755
ECON DEV EXPENSE ALLOWED			1,003,366			(387,048)				616,318	(616,318)
LIAISON EXPENSES			(211,038)		(10,821)	85,582				(136,277)	136,277
CORPORATE ADVERTISING			(39,492)			15,234				(24,258)	24,258
INDUSTRY ASSOCIATION DUES			(744)			287				(457)	457
RETAIL FUEL EXPENSES						218,690,686				(348,232,673)	348,232,673
ECCR AND PPCC EXPENSES	(566,923,359)		(8,942,767)	(290,515)	(304,667)	16,728,462				(26,637,610)	26,637,610
FRANCHISE FEE	(33,828,123)				(37,565,433)	14,490,866				(23,074,567)	23,074,567
GRT, FPSC FEES ON CLAUSES & FEES					(1,475,513)	569,179				(906,334)	906,334
GROSS RECEIPTS TAX ADJUST					(31,036,851)	11,972,465				(19,064,386)	19,064,386
INTEREST SYNCHRONIZATION						3,231,816				3,231,816	(3,231,816)
TOTAL FPSC ADJUSTMENTS	(792,085,063)	(600,751,482)	(42,753,800)	(16,750,543)	(70,929,068)	(20,260,425)	0	0	0	(751,445,318)	(40,639,745)
FPSC ADJUSTED	464,143,718	0	227,508,769	79,337,949	25,145,632	43,216,725	(4,317,243)	(1,215,109)	(5,809)	369,670,914	94,472,804
PRO FORMA REVENUE ANNUALIZATION ADJUSTMENTS	0	0	0	0	0	0	0	0	0	0	0
TOTAL PRO FORMA ADJUSTMENTS	0	0	0	0	0	0	0	0	0	0	0
PRO FORMA ADJUSTED	464,143,718	0	227,508,769	79,337,949	25,145,632	43,216,725	(4,317,243)	(1,215,109)	(5,809)	369,670,914	94,472,804
(a) THE ADDITION OF EARNINGS FROM AFUDC WOULD INCREASE THE SYSTEM NOI BY			24,884,777			24,107,556					
CURRENT MC. SYSTEM PER BOOKS	138,524,740	74,761,633	22,664,702	9,641,930	7,879,901	6,729,112	443,383	(128,650)	0	121,992,011	16,532,728
CURRENT MC. JURIS PER BOOKS	114,863,427	55,555,015	21,362,416	8,989,222	7,693,654	6,136,811	394,602	(96,340)	0	100,035,380	14,828,047

GULF POWER COMPANY  
AVERAGE RATE OF RETURN  
SYSTEM ADJUSTMENTS  
May, 2010

<u>BASE ADJUSTMENTS</u>	<u>AMOUNT</u>	<u>INCOME STATEMENT ADJUSTMENTS</u>	<u>AMOUNT</u>	<u>TAX EFFECT</u>
PLANT SCHERER		FRANCHISE FEE REVENUES	(38,535,660)	(14,865,131)
INVESTMENT	(242,720,246)	IIC FUEL REVENUES	(47,035,273)	(18,143,857)
ACCUMULATED DEPRECIATION	99,907,647	FUEL REVENUES	(623,148,496)	(240,379,532)
ENERGY CONSERVATION COST RECOVERY		ECONOMY PROFITS	(1,058,212)	(408,205)
INVESTMENT	(10,361,641)	ECCR, PPCC, AND ECRC REVENUES	(154,153,141)	(59,464,574)
ACCUMULATED DEPRECIATION	(384,727)	GROSS RECEIPTS TAX REVENUES/STORM RECOVERY REV	(32,669,674)	(12,602,327)
ENVIRONMENTAL RECOVERY CLAUSE		COMPETITIVE SALES REV/TRANS REV/G/L ON SALE OF GAS	(924,591)	(356,661)
INVESTMENT	(547,419,694)	CORPORATE ADVERTISING	(40,344)	15,563
ACCUMULATED DEPRECIATION	27,632,760	INDUSTRY ASSOCIATION DUES	(760)	293
PROPERTY HELD FOR FUTURE USE	0	FUEL AND PPCC EXPENSES	(705,929,532)	272,312,317
INTEREST BEARING CWIP	(285,556,440)	GAIN/LOSS ON DISPOSITION OF PROPERTY	0	0
SCHERER CWIP	(65,640,668)	ECON DEVELOP EXPENSE - TOTAL	(1,056,175)	407,419
ECRC CWIP	(2,107,574)	ECON DEV EXPENSE - ALLOWED	1,003,366	(387,049)
ECCR CWIP	(10,069)	INTEREST ON TAX ADJUSTMENT	0	0
TALLAHASSEE OFFICE INVESTMENT	(357)	CONSERVATION EXPENSES - O & M	(8,942,767)	3,449,672
ACCUM. DEPRECIATION	357	CONSERVATION EXPENSES - OTHER TAXES	(185,841)	71,688
WORKING CAPITAL:		TALLAHASSEE OFFICE DEPRECIATION	0	0
ECRC WORKING CAPITAL	(20,115,689)	IVAN STORM RECOVERY EXPENSE	(1,507,127)	581,374
LOANS TO EMPLOYEES AND RETIREES	(55,686)	MARKETING SUPPORT ACTIVITIES	(57,751)	22,277
FAS 133 ASSOCIATED AMOUNTS (NET)	(7,036)	FRANCHISE FEE	(37,565,433)	14,490,866
CONSERVATION/AEM INVENTORY	(1,889,834)	GROSS RECEIPTS TAX EXPENSE	(31,036,851)	11,972,465
INTEREST & DIVIDENDS RECEIVABLE	(311,481)	LIAISON EXPENSE	(226,719)	87,457
PLANT SCHERER	(7,583,984)	ECRC/ECCR EXPENSES	(51,023,614)	19,682,359
TEMPORARY CASH INVESTMENTS	230,769	COMPETITIVE SALES EXPENSES	0	0
FUNDED PROP RES & OTHER INVESTMENTS	(7,588,635)	GRT/FPSC FEES ON CLAUSE REV ADJ & FRAN FEES	(1,475,513)	569,179
FUEL RELATED DEFERRED DEBITS	(22,802,153)	INTEREST SYNCHRONIZATION	3,821,773	3,821,773
FLAME RESISTANT CLOTHING	(3,077)			
SALE OF RAIL CARS	108,555			
IVAN STORM RECOVERY	0			
ACCUM. PROV. FOR RATE REFUNDS	217,352			

GULF POWER COMF.  
YEAR END RATE OF RETURN  
RATE BASE  
May, 2010

	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	3,526,447,290	1,212,648,256	2,313,799,033	5,664,735	170,116,732	0	2,489,580,501	205,432,068	2,695,012,569
JURISDICTIONAL PER BOOKS	3,196,345,092	1,082,216,407	2,114,128,685	5,487,489	82,870,017	0	2,202,486,191	190,246,571	2,392,732,762
<u>FPSC ADJUSTMENTS:</u>									
ENVIRONMENTAL RECOVERY CLAUSE	(817,102,191)	(33,302,012)	(783,800,179)		(2,999,210)		(786,799,389)	(19,438,817)	(806,238,206)
INT BEARING CWIP					(43,336,555)		(43,336,555)	0	(43,336,555)
ENERGY CONSERVATION CLAUSE	(10,456,909)	618,664	(11,075,573)				(11,075,573)	(1,889,834)	(12,965,407)
LOANS TO EMPLOYEES AND RETIREES							(53,461)	(53,461)	(53,461)
INTEREST AND DIVIDENDS RECEIVABLE							(299,036)	(299,036)	(299,036)
NOTES RECEIVABLE							0	0	0
FUNDED PROP RES & OTHER INVESTMENTS							(7,367,086)	(7,367,086)	(7,367,086)
IVAN STORM RECOVERY							0	0	0
FUEL RELATED DEFERRED DEBITS							(22,802,153)	(22,802,153)	(22,802,153)
FLAME RESISTANT CLOTHING							(2,495)	(2,495)	(2,495)
ACCRUED PROVISION FOR REFUND							176,240	176,240	176,240
SALE OF RAILCARS							88,022	88,022	88,022
<u>TOTAL FPSC ADJUSTMENTS</u>	<u>(827,559,100)</u>	<u>(32,683,348)</u>	<u>(794,875,752)</u>	<u>0</u>	<u>(46,335,765)</u>	<u>0</u>	<u>(841,211,517)</u>	<u>(51,588,620)</u>	<u>(892,800,137)</u>
FPSC ADJUSTED	2,368,785,992	1,049,533,059	1,319,252,933	5,487,489	36,534,252	0	1,361,274,674	138,657,951	1,499,932,625
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	2,368,785,992	1,049,533,059	1,319,252,933	5,487,489	36,534,252	0	1,361,274,674	138,657,951	1,499,932,625

GULF POWER COMPAL.  
YEAR END RATE OF RETURN  
INCOME STATEMENT  
May, 2010

	O & M OPERATING REVENUES	FUEL & NET INTERCHANGE	O & M OTHER	O & M OTHER	DEPRECIATION & TAXES OTHER AMORTIZATION THAN INCOME	INCOME TAXES CURRENT	DEFERRED INCOME TAXES (NET)	INVESTMENT TAX CREDIT (NET)	GAIN/LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME
SYSTEM PER BOOKS	1,409,049,681	705,018,551	285,195,881	103,467,823	98,016,686	71,215,460	(4,936,231)	(1,578,324)	(5,957)	1,256,393,899	152,655,782 (a)
JURISDICTIONAL PER BOOKS	1,256,228,781	600,751,482	270,262,569	96,088,493	96,074,700	63,467,466	(4,316,198)	(1,215,109)	(5,809)	1,121,107,593	135,121,188 (a)
LESS FPSC ADJUSTMENTS:											
ENVIRONMENTAL RECOVERY CLAUSE	(108,330,579)				(16,460,028)	(22,910,732)				(71,848,616)	(36,481,963)
GROSS RECEIPTS TAX REVENUE	(31,161,461)					(12,020,534)				(12,020,534)	(19,140,927)
MARKETING SUPPORT ACTIVITIES			(57,751)			22,277				(35,474)	35,474
GAIN/LOSS ON DISPOSITION			(1,507,127)			(419)				(1,507,546)	(667)
IVAN STORM RECOVERY	(1,508,213)					(14,865,131)				(14,865,131)	(23,670,529)
FRANCHISE FEE REVENUES	(38,535,660)					(218,863,668)				(218,863,668)	(348,508,122)
RETAIL FUEL REVENUES	(567,371,790)					(17,427,167)				(17,427,167)	(27,750,194)
ECCR & PPCC REVENUES	(45,177,361)										0
INT. ON TAX ASSESSMENT											0
ECON DEV EXPENSE TOTAL			(1,056,175)			407,420				(648,755)	648,755
ECON DEV EXPENSE ALLOWED			1,005,366			(387,048)				616,318	(616,318)
LIASON EXPENSES			(211,038)		(10,821)	85,562				(136,277)	136,277
CORPORATE ADVERTISING			(39,492)			15,234				(24,258)	24,258
INDUSTRY ASSOCIATION DUES			(744)			287				(457)	457
RETAIL FUEL EXPENSES		(566,923,359)				218,890,886				(348,232,673)	348,232,673
ECCR AND PPCC EXPENSES		(33,828,123)			(290,515)	16,728,462				(26,637,610)	26,637,610
FRANCHISE FEE			(8,942,767)			14,490,866				(23,074,567)	23,074,567
GRT, FPSC FEES ON CLAUSES & FFEEES						(37,565,433)				(906,334)	906,334
GROSS RECEIPTS TAX ADJUST						569,179				(19,084,386)	19,084,386
INTEREST SYNCHRONIZATION						11,972,465				1,957,677	(1,957,677)
						1,957,677					
TOTAL FPSC ADJUSTMENTS	(792,065,063)	(600,751,482)	(42,753,800)	(16,750,543)	(70,929,068)	(21,534,564)	0	0	0	(752,719,457)	(39,365,606)
FPSC ADJUSTED	464,143,718	0	227,508,769	79,337,949	25,145,632	41,932,902	(4,316,198)	(1,215,109)	(5,809)	368,388,136	95,755,582
PRO FORMA REVENUE ANNUALIZATION ADJUSTMENTS	0	0	0	0	0	0	0	0	0	0	0
TOTAL PRO FORMA ADJUSTMENTS	0	0	0	0	0	0	0	0	0	0	0
PRO FORMA ADJUSTED	464,143,718	0	227,508,769	79,337,949	25,145,632	41,932,902	(4,316,198)	(1,215,109)	(5,809)	368,388,136	95,755,582

(a) THE ADDITION OF EARNINGS FROM AFUDC WOULD INCREASE THE SYSTEM NOI BY 24,884,777 AND THE JURISDICTIONAL NOI BY 24,107,556

GULF POWER COMPANY  
YEAR END RATE OF RETURN  
SYSTEM ADJUSTMENTS  
May, 2010

<u>BASE ADJUSTMENTS</u>	<u>AMOUNT</u>	<u>INCOME STATEMENT ADJUSTMENTS</u>	<u>AMOUNT</u>	<u>TAX EFFECT</u>
PLANT SCHERER		FRANCHISE FEE REVENUES	(38,535,660)	(14,865,131)
INVESTMENT	(245,074,841)	IIC FUEL REVENUES	(47,035,273)	(18,143,857)
ACCUMULATED DEPRECIATION	102,133,692	FUEL REVENUES	(623,148,496)	(240,379,532)
ENERGY CONSERVATION COST RECOVERY		ECONOMY PROFITS	(1,058,212)	(408,205)
INVESTMENT	(10,456,909)	ECCR, PPCC, AND ECRC REVENUES	(154,153,141)	(59,464,574)
ACCUMULATED DEPRECIATION	(618,664)	GROSS RECEIPTS TAX REVENUES/STORM RECOVERY REV	(32,669,674)	(12,602,327)
ENVIRONMENTAL RECOVERY CLAUSE		COMPETITIVE SALES REV/TRANS REV/G/L ON SALE OF GAS	(924,591)	(356,661)
INVESTMENT	(843,725,174)	CORPORATE ADVERTISING	(40,344)	15,563
ACCUMULATED DEPRECIATION	34,413,841	INDUSTRY ASSOCIATION DUES	(760)	293
PROPERTY HELD FOR FUTURE USE	0	FUEL AND PPCC EXPENSES	(705,929,532)	272,312,317
INTEREST BEARING CWIP	(44,733,715)	GAIN/LOSS ON DISPOSITION OF PROPERTY	0	0
SCHERER CWIP	(84,574,583)	ECON DEVELOP EXPENSE- TOTAL	(1,056,175)	407,419
ECRC CWIP	(3,096,329)	ECON DEV EXPENSE - ALLOWED	1,003,366	(387,049)
ECCR CWIP	(0)	INTEREST ON TAX ADJUSTMENT	0	0
TALLAHASSEE OFFICE INVESTMENT	(357)	CONSERVATION EXPENSES - O & M	(8,942,767)	3,449,672
ACCUM. DEPRECIATION	357	CONSERVATION EXPENSES - OTHER TAXES	(185,841)	71,688
WORKING CAPITAL:		TALLAHASSEE OFFICE DEPRECIATION	0	0
ECRC WORKING CAPITAL	(20,115,689)	IVAN STORM RECOVERY EXPENSE	(1,507,127)	581,374
LOANS TO EMPLOYEES AND RETIREES	(55,686)	MARKETING SUPPORT ACTIVITIES	(57,751)	22,277
FAS 133 ASSOCIATED AMOUNTS (NET)	(7,036)	FRANCHISE FEE	(37,565,433)	14,490,866
CONSERVATION/AEM INVENTORY	(1,889,834)	GROSS RECEIPTS TAX EXPENSE	(31,036,851)	11,972,465
INTEREST & DIVIDENDS RECEIVABLE	(311,481)	LIAISON EXPENSE	(226,719)	87,457
PLANT SCHERER	(8,178,374)	ECRC/ECCR EXPENSES	(51,023,614)	19,682,359
TEMPORARY CASH INVESTMENTS	230,769	COMPETITIVE SALES EXPENSES	0	0
FUNDED PROP RES & OTHER INVESTMENTS	(7,588,635)	GRT/FPSC FEES ON CLAUSE REV ADJ & FRAN FEES	(1,475,513)	569,179
FUEL RELATED DEFERRED DEBITS	(22,802,153)	INTEREST SYNCHRONIZATION	2,088,095	2,088,095
FLAME RESISTANT CLOTHING	(3,077)			
SALE OF RAIL CARS	108,555			
IVAN STORM RECOVERY	0			
ACCUM. PROV. FOR RATE REFUNDS	217,352			



GULF POWER COMI  
CAPITAL STRUCTURE  
FPSC ADJUSTED BASIS  
May, 2010

AVERAGE	ADJUSTMENTS										RATIO (%)	LOW POINT			MIDPOINT			HIGH POINT		
	SYSTEM PER BOOKS	RETAIL PER BOOKS	PRO RATA	SPECIFIC	ADJUSTED RETAIL	PRO RATA	SPECIFIC	ADJUSTED RETAIL	PRO RATA	SPECIFIC		COST RATEWEIGHTED COST (%)	COST RATEWEIGHTED COST (%)	COST RATEWEIGHTED COST (%)	COST RATEWEIGHTED COST (%)	COST RATEWEIGHTED COST (%)	COST RATEWEIGHTED COST (%)	COST RATEWEIGHTED COST (%)	COST RATEWEIGHTED COST (%)	COST RATEWEIGHTED COST (%)
LONG TERM DEBT	1,106,793,594	979,525,227	(961,960,006)	0	617,545,221	(961,960,006)	0	617,545,221	(961,960,006)	0	42.93	3.95	1.69	3.95	1.69	3.95	1.69	3.95	1.69	3.95
SHORT TERM DEBT	37,393,113	14,324,045	(5,293,399)	0	9,030,646	(5,293,399)	0	9,030,646	(5,293,399)	0	0.63	0.90	0.01	0.90	0.01	0.90	0.01	0.90	0.01	0.90
PREFERRED STOCK	92,380,768	74,816,624	(27,648,213)	0	47,168,411	(27,648,213)	0	47,168,411	(27,648,213)	0	3.28	7.38	0.24	7.38	0.24	7.38	0.24	7.38	0.24	7.38
CUSTOMER DEPOSITS	32,245,490	31,655,617	(11,698,219)	0	19,957,398	(11,698,219)	0	19,957,398	(11,698,219)	0	1.39	6.16	0.09	6.16	0.09	6.16	0.09	6.16	0.09	6.16
COMMON EQUITY	1,005,288,287	920,151,019	(340,038,482)	0	580,112,537	(340,038,482)	0	580,112,537	(340,038,482)	0	40.32	10.75	4.33	12.00	4.84	12.75	4.84	12.75	5.14	12.75
DEFERRED INCOME TAXES	301,285,539	276,566,243	(102,204,055)	0	174,362,188	(102,204,055)	0	174,362,188	(102,204,055)	0	12.12	7.25	0.02	7.83	0.03	8.18	0.03	8.18	0.03	8.18
FASB 109 DEFERRED TAXES	(24,944,621)	(22,898,013)	8,461,878	0	(14,436,135)	8,461,878	0	(14,436,135)	8,461,878	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TAX CREDITS - ZERO COST	0	0	0	0	0	0	0	0	0	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TAX CREDITS - WEIGHTED COST	9,791,309	7,757,533	(2,866,768)	0	4,890,765	(2,866,768)	0	4,890,765	(2,866,768)	0	0.34	7.25	0.02	7.83	0.03	8.18	0.03	8.18	0.03	8.18
TOTAL	2,560,153,479	2,281,898,294	(843,267,264)	0	1,438,631,031	(843,267,264)	0	1,438,631,031	(843,267,264)	0	100.00	6.39	6.39	6.39	6.89	6.39	6.89	6.39	6.39	6.39

YEAR-END	ADJUSTMENTS										RATIO (%)	LOW POINT			MIDPOINT			HIGH POINT		
	SYSTEM PER BOOKS	RETAIL PER BOOKS	PRO RATA	SPECIFIC	ADJUSTED RETAIL	PRO RATA	SPECIFIC	ADJUSTED RETAIL	PRO RATA	SPECIFIC		COST RATEWEIGHTED COST (%)	COST RATEWEIGHTED COST (%)	COST RATEWEIGHTED COST (%)	COST RATEWEIGHTED COST (%)	COST RATEWEIGHTED COST (%)	COST RATEWEIGHTED COST (%)	COST RATEWEIGHTED COST (%)	COST RATEWEIGHTED COST (%)	COST RATEWEIGHTED COST (%)
LONG TERM DEBT	1,266,976,238	1,082,750,481	(404,006,579)	0	678,743,902	(404,006,579)	0	678,743,902	(404,006,579)	0	45.25	4.09	1.85	4.09	1.85	4.09	1.85	4.09	1.85	4.09
SHORT TERM DEBT	0	0	0	0	0	0	0	0	0	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
PREFERRED STOCK	92,480,704	71,883,563	(26,821,907)	0	45,061,656	(26,821,907)	0	45,061,656	(26,821,907)	0	3.00	7.41	0.22	7.41	0.22	7.41	0.22	7.41	0.22	7.41
CUSTOMER DEPOSITS	33,870,401	32,635,785	(12,177,387)	0	20,458,398	(12,177,387)	0	20,458,398	(12,177,387)	0	1.36	5.96	0.08	5.96	0.08	5.96	0.08	5.96	0.08	5.96
COMMON EQUITY	1,050,670,592	948,751,413	(354,007,520)	0	594,743,893	(354,007,520)	0	594,743,893	(354,007,520)	0	39.65	10.75	4.26	12.00	4.76	12.75	4.76	12.75	5.06	12.75
DEFERRED INCOME TAXES	305,306,776	276,021,184	(102,991,757)	0	173,029,427	(102,991,757)	0	173,029,427	(102,991,757)	0	11.55	7.21	0.02	7.77	0.02	8.11	0.02	8.11	0.02	8.11
FASB 109 DEFERRED TAXES	(29,122,700)	(26,329,196)	9,824,210	0	(16,504,986)	9,824,210	0	(16,504,986)	9,824,210	0	(1.10)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TAX CREDITS - ZERO COST	0	0	0	0	0	0	0	0	0	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TAX CREDITS - WEIGHTED COST	9,009,166	7,019,532	(2,619,197)	0	4,400,335	(2,619,197)	0	4,400,335	(2,619,197)	0	0.29	7.21	0.02	7.77	0.02	8.11	0.02	8.11	0.02	8.11
TOTAL	2,729,191,176	2,392,732,762	(892,800,137)	0	1,499,932,625	(892,800,137)	0	1,499,932,625	(892,800,137)	0	100.00	6.44	6.44	6.44	6.94	6.44	6.94	6.44	6.44	6.44

GULF POWER COMPANY  
Financial Integrity Indicators  
May, 2010

A. Times Interest Earned with AFUDC

Earnings Before Interest	169,206,048
AFUDC - Debt	7,091,348
Income Taxes	<u>63,890,859</u>
Total	240,188,254
Interest Charges (Before Deducting AFUDC - Debt)	<u>49,017,760</u>
T.I.E. With AFUDC	<u>4.90 x</u>

B. Times Interest Earned without AFUDC

Earnings Before Interest	169,206,048
AFUDC - Other	(17,793,429)
Income Taxes	<u>63,890,859</u>
Total	215,303,477
Interest Charges (Before Deducting AFUDC - Debt)	<u>49,017,760</u>
T.I.E. Without AFUDC	<u>4.39 x</u>

C. Percent AFUDC To Net Income Available  
for Common Stockholders

AFUDC - Debt	7,091,348
X (1 - Income Tax Rate)	0.6143
Subtotal	4,355,861
UDC - Other	<u>17,793,429</u>
Total	<u>22,149,290</u>
Net Income Available for Common Stockholders	<u>121,077,136</u>
Percent AFUDC to Available Net Income	<u>18.29%</u>

D. Percent Internally Generated Funds

Net Income	127,279,636
Preferred Dividends	(6,202,500)
Common Dividends	(96,800,000)
AFUDC (Debt & Other)	(24,884,777)
Depreciation & Amortization	111,114,728
Deferred Income Taxes	(4,932,507)
Investment Tax Credits	0
Other	<u>(81,377,964)</u>
Total	24,196,615
Construction Expenditures (Excluding AFUDC Other & Debt)	<u>364,186,035</u>
Percent Internally Generated Funds	<u>6.64%</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	617,545,221
Short Term Debt	9,030,646
Preferred Stock	47,168,411
Common Equity	<u>580,112,537</u>
Total	<u>1,253,856,815</u>
% Long Term Debt To Total	<u>49.25%</u>
% Short Term Debt To Total	<u>0.72%</u>

G. FPSC Adjusted Average Jurisdictional Return  
On Common Equity

	G. FPSC ADJ.	H. PROFORMA
FPSC Adjusted Average Earned Rate of Return	6.57%	6.57%
Less: Reconciled Average Retail Weighted Cost Rates For:		
Long Term Debt	(1.69)	(1.69)
Short Term Debt	(0.01)	(0.01)
Preferred Stock	(0.24)	(0.24)
Customer Deposits	(0.09)	(0.09)
Tax Credits - Weighted Cost (Common Equity at Midpoint)	<u>(0.03)</u>	<u>(0.03)</u>
Subtotal	<u>(2.05)</u>	<u>(2.05)</u>
Total	4.51	4.51
Divided by Common Equity Ratio	<u>40.32</u>	<u>40.32</u>
Jurisdictional Return on Common Equity	<u>11.19%</u>	<u>11.19%</u>

GULF POWER COMPANY

Supplemental 1

Storm Accrual - Twelve Month to Date  
May, 2010

<u>Month</u>	<u>Year</u>	<u>\$</u>
June	09	291,667
July	09	291,667
August	09	291,667
September	09	291,667
October	09	291,667
November	09	291,667
December	09	291,663
January	10	291,667
February	10	291,667
March	10	291,667
April	10	291,667
<b>May</b>	<b>10</b>	<b>291,667</b>

12 - M-T-D

3,500,000