

**Susan D. Ritenour**  
Secretary and Treasurer  
and Regulatory Manager

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Pensacola, Florida 32520-0781

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December 14, 2010

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

FLORIDA PUBLIC SERVICE  
COMMISSION  
10 DEC 15 PM 4:03  
DIVISION OF ECONOMIC REGULATION

Dear Mr. Slemkewicz:

RE: Monthly Rate of Return Report

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

Sincerely,

A handwritten signature in cursive script that reads "Susan D. Ritenour".

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

GULF POWER COMPANY  
Earnings Surveillance Report Summary  
October, 2010

Schedule 1

	(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	160,532,208	(70,429,333)	90,102,875	0	90,102,875
Average Rate Base	2,361,895,172	(876,171,642)	1,485,723,531	0	1,485,723,531
Average Rate of Return	6.80%		6.06%		6.06%
<b>II. Year End Rate of Return (Jurisdictional)</b>					
	(a)	(b)			
Net Operating Income	160,545,198	(69,185,131)	91,360,067	0	91,360,067
Year End Rate Base	2,416,989,205	(901,958,448)	1,515,030,757	0	1,515,030,757
Year End Rate of Return	6.64%		6.03%		6.03%

(a) Includes AFUDC Earnings  
(b) Includes Reversal of AFUDC Earnings

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

Low	6.45%
Midpoint	6.95%
High	7.24%

**IV. Financial Integrity Indicators**

A. Tie With AFUDC	4.67 x (System per Books Basis)
B. Tie Without AFUDC	4.43 x (System per Books Basis)
C. AFUDC To Net Income	9.51% (System per Books Basis)
D. Internally Generated Funds	21.25% (System per Books Basis)
E. LTD To Total Investor Funds	49.46% (FPSC Adjusted Basis)
F. STD To Total Investor Funds	1.47% (FPSC Adjusted Basis)
G. Return on Common Equity	9.76% (FPSC Adjusted Basis)
H. Return on Common Equity	9.76% (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



12/10/10

GULF POWER COMPANIES  
AVERAGE RATE OF RETURN  
RATE BASE  
October, 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>	3,414,463,954	1,219,705,568	2,194,758,386	4,991,642	258,417,332	0	2,458,167,360	203,901,077	2,662,068,437
<b>JURISDICTIONAL PER BOOKS</b>	3,086,774,805	1,089,443,609	1,997,331,196	4,835,456	170,087,604	0	2,172,254,256	189,640,916	2,361,895,172
<b>FPSC ADJUSTMENTS:</b>									
ENVIRONMENTAL RECOVERY CLAUSE	(737,104,887)	(32,923,234)	(704,181,653)		(1,339,449)		(705,521,102)	(15,739,677)	(721,260,779)
INT BEARING CWIP					(121,409,245)		(121,409,245)	0	(121,409,245)
ENERGY CONSERVATION CLAUSE	(10,486,017)	579,348	(11,065,365)		(10,069)		(11,075,434)	(1,810,998)	(12,886,433)
LOANS TO EMPLOYEES / RETIREES								(56,060)	(56,060)
INTEREST AND DIVIDENDS RECEIVABLE								(303,047)	(303,047)
FUNDED PROP RES & OTHER INVESTMENTS								(9,662,290)	(9,662,290)
FUEL RELATED DEFERRED DEBITS								(10,791,329)	(10,791,329)
FLAME RESISTANT CLOTHING								(1,456)	(1,456)
ACCRUED PROVISION FOR REFUND								141,245	141,245
SALE OF RAILCARS								57,752	57,752
<b>TOTAL FPSC ADJUSTMENTS</b>	(747,590,904)	(32,343,886)	(715,247,018)	0	(122,758,763)	0	(838,005,781)	(38,165,860)	(876,171,642)
<b>FPSC ADJUSTED</b>	2,339,183,901	1,057,099,723	1,282,084,178	4,835,456	47,328,841	0	1,334,248,475	151,475,056	1,485,723,531
<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>	2,339,183,901	1,057,099,723	1,282,084,178	4,835,456	47,328,841	0	1,334,248,475	151,475,056	1,485,723,531

GULF POWER COMPANY,  
AVERAGE RATE OF RETURN  
INCOME STATEMENT  
October, 2010

	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	TOTAL OPERATING EXPENSES	NET OPERATING INCOME
SYSTEM PER BOOKS	1,550,414,427	804,544,467	290,035,622	118,098,769	100,713,737	30,293,955	39,957,093	(1,553,664)	(5,957)	1,382,084,022	168,330,404 (a)
JURISDICTIONAL PER BOOKS	1,340,919,101	648,229,874	275,210,988	109,984,272	99,048,668	29,088,650	32,505,255	(1,190,929)	(5,809)	1,192,870,967	148,048,134 (a)
LESS FPSC ADJUSTMENTS:											
ENVIRONMENTAL RECOVERY CLAUSE	(143,619,174)		(30,543,665)	(28,797,163)	(578,512)	(32,287,211)				(92,206,551)	(51,412,623)
GROSS RECEIPTS TAX REVENUE	(31,985,225)		(50,743)			(12,338,301)				(12,338,301)	(19,646,924)
MARKETING SUPPORT ACTIVITIES						19,574				(31,169)	31,169
GAIN/LOSS ON DISPOSITION										0	0
FRANCHISE FEE REVENUES	(39,637,993)					(15,290,356)				(15,290,356)	(24,347,637)
RETAIL FUEL REVENUES	(605,367,339)					(233,520,451)				(233,520,451)	(371,846,888)
ECRR and PPCC REVENUES	(54,967,436)					(21,203,689)				(21,203,689)	(33,763,747)
INIT ON TAX ASSESSMENT										0	0
ECON DEV EXPENSE TOTAL			(939,371)			382,362				(577,009)	577,009
ECON DEV EXPENSE ALLOWED			892,403			(344,244)				546,159	(546,159)
LIAISON EXPENSES			(244,004)		(12,538)	98,961				(157,581)	157,581
CORPORATE ADVERTISING			(41,219)			15,900				(25,319)	25,319
INDUSTRY ASSOCIATION DUES			(802)			309				(493)	493
RETAIL FUEL EXPENSES	(604,931,795)					233,352,440				(371,579,355)	371,579,355
ECRR AND PPCC EXPENSES	(43,298,079)		(8,253,346)	(296,672)	(297,156)	20,115,032				(82,030,222)	32,030,222
FRANCHISE FEE					(38,640,988)	14,905,761				(23,735,227)	23,735,227
GRT, FPSC FEES ON CLAUSES & FEES					(1,496,840)	577,406				(919,434)	919,434
GROSS RECEIPTS TAX ADJUST					(31,873,371)	12,295,153				(19,578,218)	19,578,218
INTEREST SYNCHRONIZATION						5,013,307				5,013,307	(5,013,307)
TOTAL FPSC ADJUSTMENTS	(875,577,167)	(648,229,874)	(39,180,747)	(29,093,835)	(72,899,406)	(28,228,047)	0	0	0	(817,631,908)	(57,945,259)
FPSC ADJUSTED	465,341,934	0	236,030,241	80,890,436	26,149,262	860,603	32,505,255	(1,190,929)	(5,809)	375,239,059	90,102,875
PRO FORMA REVENUE ADJUSTMENTS											
TOTAL PRO FORMA ADJUSTMENTS	0	0	0	0	0	0	0	0	0	0	0
PRO FORMA ADJUSTED	465,341,934	0	236,030,241	80,890,436	26,149,262	860,603	32,505,255	(1,190,929)	(5,809)	375,239,059	90,102,875
(a) THE ADDITION OF EARNINGS FROM AFUDC WOULD INCREASE THE SYSTEM NOI BY				12,886,557	AND THE JURISDICTIONAL NOI BY	12,484,074					
CURRENT MO. SYSTEM PER BOOKS	107,960,208	49,446,374	23,722,711	10,287,371	7,820,893	4,710,762	(237,919)	(128,650)	0	95,623,542	12,336,665
CURRENT MO. JURIS PER BOOKS	96,237,200	41,979,863	22,836,623	9,578,496	8,081,271	3,663,728	(99,119)	(98,380)	0	85,942,502	10,294,699

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

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<u>BASE ADJUSTMENTS</u>	<u>AMOUNT</u>	<u>INCOME STATEMENT ADJUSTMENTS</u>	<u>AMOUNT</u>	<u>TAX EFFECT</u>
PLANT SCHERER		FRANCHISE FEE REVENUES	(39,637,993)	(15,290,356)
INVESTMENT	(244,583,668)	IIC FUEL REVENUES	(97,342,598)	(37,549,907)
ACCUMULATED DEPRECIATION	101,728,847	FUEL REVENUES	(662,850,569)	(255,694,607)
ENERGY CONSERVATION COST RECOVERY		ECONOMY PROFITS	(711,881)	(274,608)
INVESTMENT	(10,486,017)	ECCR, PPCC, AND ECRC REVENUES	(199,181,489)	(76,834,260)
ACCUMULATED DEPRECIATION	(579,348)	GROSS RECEIPTS TAX REVENUES/STORM RECOVERY REV	(31,985,225)	(12,338,301)
ENVIRONMENTAL RECOVERY CLAUSE		COMPETITIVE SALES REV/TRANS REV/G/L ON SALE OF GAS	(971,667)	(374,820)
INVESTMENT	(762,535,854)	CORPORATE ADVERTISING	(42,108)	16,243
ACCUMULATED DEPRECIATION	34,074,020	INDUSTRY ASSOCIATION DUES	(820)	316
PROPERTY HELD FOR FUTURE USE	0	FUEL AND PPCC EXPENSES	(805,496,733)	310,720,365
INTEREST BEARING CWIP	(125,323,448)	GAIN/LOSS ON DISPOSITION OF PROPERTY	0	0
SCHERER CWIP	(82,843,598)	ECON DEVELOP EXPENSE- TOTAL	(939,371)	362,362
ECRC CWIP	(1,385,506)	ECON DEV EXPENSE - ALLOWED	892,403	(344,244)
ECCR CWIP	(10,069)	INTEREST ON TAX ADJUSTMENT	0	0
TALLAHASSEE OFFICE INVESTMENT	(357)	CONSERVATION EXPENSES - O & M	(8,253,346)	3,183,728
ACCUM. DEPRECIATION	357	CONSERVATION EXPENSES - OTHER TAXES	(183,246)	70,687
WORKING CAPITAL:		TALLAHASSEE OFFICE DEPRECIATION	0	0
ECRC WORKING CAPITAL	(16,280,666)	MARKETING SUPPORT ACTIVITIES	(50,743)	19,574
LOANS TO EMPLOYEES AND RETIREES	(58,393)	FRANCHISE FEE	(38,640,988)	14,905,761
FAS 133 ASSOCIATED AMOUNTS (NET)	(5,793)	GROSS RECEIPTS TAX EXPENSE	(31,873,371)	12,295,153
CONSERVATION/AEM INVENTORY	(1,810,998)	LIAISON EXPENSE	(262,161)	101,129
INTEREST & DIVIDENDS RECEIVABLE	(315,659)	ECRC/ECCR EXPENSES	(62,365,314)	24,057,420
PLANT SCHERER	(7,078,757)	COMPETITIVE SALES EXPENSES	0	0
TEMPORARY CASH INVESTMENTS	0	GRT/FPSC FEES ON CLAUSE REV ADJ & FRAN FEES	(1,496,840)	577,406
FUNDED PROP RES & OTHER INVESTMENTS	(9,662,290)	INTEREST SYNCHRONIZATION	5,739,724	5,739,724
FUEL RELATED DEFERRED DEBITS	(10,791,329)			
FLAME RESISTANT CLOTHING	(1,796)			
SALE OF RAIL CARS	71,224			
ACCUM. PROV. FOR RATE REFUNDS	174,193			

GULF POWER COMPANY  
YEAR END RATE OF RETURN  
RATE BASE  
October, 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	3,565,814,984	1,261,015,367	2,304,799,617	5,664,735	227,967,157	0	2,538,431,509	203,901,077	2,742,332,586
JURISDICTIONAL PER BOOKS	3,231,929,636	1,127,550,477	2,104,379,159	5,487,489	118,574,569	0	2,228,441,217	188,547,988	2,416,989,205
<u>FPSC ADJUSTMENTS:</u>									
ENVIRONMENTAL RECOVERY CLAUSE	(827,967,502)	(48,175,413)	(779,792,089)		(1,165,904)		(780,957,993)	(15,739,677)	(796,697,670)
INT BEARING CWIP					(71,553,506)		(71,553,506)	0	(71,553,506)
ENERGY CONSERVATION CLAUSE	(10,391,931)	889,158	(11,281,089)				(11,281,089)	(1,810,998)	(13,092,087)
LOANS TO EMPLOYEES AND RETIREES								(56,060)	(56,060)
INTEREST AND DIVIDENDS RECEIVABLE								(303,047)	(303,047)
NOTES RECEIVABLE								0	0
FUNDED PROP RES & OTHER INVESTMENTS								(9,662,290)	(9,662,290)
FUEL RELATED DEFERRED DEBITS								(10,791,329)	(10,791,329)
FLAME RESISTANT CLOTHING								(1,456)	(1,456)
ACCRUED PROVISION FOR REFUND								141,245	141,245
SALE OF RAILCARS								57,752	57,752
TOTAL FPSC ADJUSTMENTS	(838,359,433)	(47,286,255)	(791,073,178)	0	(72,719,410)	0	(863,792,588)	(38,165,860)	(901,958,448)
FPSC ADJUSTED	2,393,570,203	1,080,264,222	1,313,305,981	5,487,489	45,855,159	0	1,364,648,629	150,382,128	1,515,030,757
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	2,393,570,203	1,080,264,222	1,313,305,981	5,487,489	45,855,159	0	1,364,648,629	150,382,128	1,515,030,757

GULF POWER COMPAN,  
YEAR END RATE OF RETURN  
INCOME STATEMENT  
October, 2010

	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	TOTAL OPERATING EXPENSES	NET OPERATING INCOME
SYSTEM PER BOOKS	1,550,414,427	804,544,467	290,035,622	118,096,769	100,713,737	30,293,955	39,957,093	(1,553,664)	(5,957)	1,382,084,022	168,330,404 (a)
JURISDICTIONAL PER BOOKS	1,340,919,101	648,229,874	275,210,988	109,984,272	99,049,668	29,090,552	32,490,363	(1,190,929)	(5,809)	1,192,857,977	148,061,124 (a)
LESS FPSC ADJUSTMENTS:											
ENVIRONMENTAL RECOVERY CLAUSE	(143,619,174)		(30,543,665)	(28,797,163)	(578,512)	(32,287,211)			(92,206,551)		(51,412,623)
GROSS RECEIPTS TAX REVENUE	(31,985,225)					(12,338,301)			(12,338,301)		(19,646,924)
MARKETING SUPPORT ACTIVITIES			(50,743)			19,574			(31,169)		31,169
GAINLOSS ON DISPOSITION									0		0
FRANCHISE FEE REVENUES	(39,637,993)					(15,290,356)			(15,290,356)		(24,347,637)
RETAIL FUEL REVENUES	(605,367,339)					(233,520,451)			(233,520,451)		(371,846,888)
ECCR & PPCC REVENUES	(54,967,436)					(21,203,689)			(21,203,689)		(83,763,747)
INT ON TAX ASSESSMENT									0		0
ECON DEV EXPENSE TOTAL			(939,371)			362,362			(577,009)		577,009
ECON DEV EXPENSE ALLOWED			892,403			(344,244)			546,159		(546,159)
LIAISON EXPENSES			(244,004)		(12,538)	98,961			(157,581)		157,581
CORPORATE ADVERTISING			(41,219)			15,900			(25,319)		25,319
INDUSTRY ASSOCIATION DUES			(802)			309			(493)		493
RETAIL FUEL EXPENSES		(604,931,795)				233,352,440			(371,579,355)		371,579,355
ECCR AND PPCC EXPENSES		(43,298,079)	(8,253,346)	(296,672)		20,115,032			(32,030,222)		32,030,222
FRANCHISE FEE						14,905,761			(23,735,227)		23,735,227
GRT, FPSC FEES ON CLAUSES & FFEES						577,406			(919,434)		919,434
GROSS RECEIPTS TAX ADJUST						12,295,153			(19,578,218)		19,578,218
INTEREST SYNCHRONIZATION						3,768,105			3,768,105		(3,768,105)
TOTAL FPSC ADJUSTMENTS	(875,577,167)	(648,229,874)	(39,180,747)	(29,093,835)	(72,899,406)	(29,472,249)	0	0	0	(818,876,110)	(56,701,057)
FPSC ADJUSTED	465,341,934	0	236,030,241	80,890,436	26,149,262	(381,697)	32,490,363	(1,190,929)	(5,809)	373,981,867	91,360,067
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	465,341,934	0	236,030,241	80,890,436	26,149,262	(381,697)	32,490,363	(1,190,929)	(5,809)	373,981,867	91,360,067

(a) THE ADDITION OF EARNINGS FROM AFUDC WOULD INCREASE THE SYSTEM NOI BY 12,886,557 AND THE JURISDICTIONAL NOI BY 12,484,074

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

SCHEDULE 3  
PAGE 3 OF 3

<u>BASE ADJUSTMENTS</u>	<u>AMOUNT</u>	<u>INCOME STATEMENT ADJUSTMENTS</u>	<u>AMOUNT</u>	<u>TAX EFFECT</u>
PLANT SCHERER		FRANCHISE FEE REVENUES	(39,637,993)	(15,290,356)
INVESTMENT	(247,028,284)	IIC FUEL REVENUES	(97,342,598)	(37,549,907)
ACCUMULATED DEPRECIATION	103,843,388	FUEL REVENUES	(662,850,569)	(255,694,607)
ENERGY CONSERVATION COST RECOVERY		ECONOMY PROFITS	(711,881)	(274,608)
INVESTMENT	(10,391,931)	ECCR, PPCC, AND ECRC REVENUES	(199,181,489)	(76,834,260)
ACCUMULATED DEPRECIATION	(889,158)	GROSS RECEIPTS TAX REVENUES/STORM RECOVERY REV	(31,985,225)	(12,338,301)
ENVIRONMENTAL RECOVERY CLAUSE		COMPETITIVE SALES REV/TRANS REV/G/L ON SALE OF GAS	(971,667)	(374,820)
INVESTMENT	(855,809,120)	CORPORATE ADVERTISING	(42,108)	16,243
ACCUMULATED DEPRECIATION	49,814,560	INDUSTRY ASSOCIATION DUES	(820)	316
PROPERTY HELD FOR FUTURE USE	0	FUEL AND PPCC EXPENSES	(805,496,733)	310,720,365
INTEREST BEARING CWIP	(73,860,373)	GAIN/LOSS ON DISPOSITION OF PROPERTY	0	0
SCHERER CWIP	(105,568,302)	ECON DEVELOP EXPENSE- TOTAL	(939,371)	362,362
ECRC CWIP	(1,204,964)	ECON DEV EXPENSE - ALLOWED	892,403	(344,244)
ECCR CWIP	(0)	INTEREST ON TAX ADJUSTMENT	0	0
TALLAHASSEE OFFICE INVESTMENT	(357)	CONSERVATION EXPENSES - O & M	(8,253,346)	3,183,728
ACCUM. DEPRECIATION	357	CONSERVATION EXPENSES - OTHER TAXES	(183,246)	70,687
WORKING CAPITAL:		TALLAHASSEE OFFICE DEPRECIATION	0	0
ECRC WORKING CAPITAL	(16,280,666)	MARKETING SUPPORT ACTIVITIES	(50,743)	19,574
LOANS TO EMPLOYEES AND RETIREES	(58,393)	FRANCHISE FEE	(38,640,988)	14,905,761
FAS 133 ASSOCIATED AMOUNTS (NET)	(5,793)	GROSS RECEIPTS TAX EXPENSE	(31,873,371)	12,295,153
CONSERVATION/AEM INVENTORY	(1,810,998)	LIAISON EXPENSE	(262,161)	101,129
INTEREST & DIVIDENDS RECEIVABLE	(315,659)	ECRC/ECCR EXPENSES	(62,365,314)	24,057,420
PLANT SCHERER	(9,170,739)	COMPETITIVE SALES EXPENSES	0	0
TEMPORARY CASH INVESTMENTS	0	GRT/FPSC FEES ON CLAUSE REV ADJ & FRAN FEES	(1,496,840)	577,406
FUNDED PROP RES & OTHER INVESTMENTS	(9,662,290)	INTEREST SYNCHRONIZATION	3,918,949	3,918,949
FUEL RELATED DEFERRED DEBITS	(10,791,329)			
FLAME RESISTANT CLOTHING	(1,796)			
SALE OF RAIL CARS	71,224			
ACCUM. PROV. FOR RATE REFUNDS	174,193			



GULF POWER COMPANY  
 CAPITAL STRUCTURE  
 FPSC ADJUSTED BASIS  
 October, 2010

AVERAGE	ADJUSTMENTS						LOW POINT			MIDPOINT			HIGH POINT		
	SYSTEM PER BOOKS	RETAIL PER BOOKS	PRO RATA	SPECIFIC	ADJUSTED RETAIL	RATIO (%)	COST RATEWEIGHTED COST (%)	RATEWEIGHTED COST (%)	COST RATEWEIGHTED COST (%)	RATEWEIGHTED COST (%)	COST RATEWEIGHTED COST (%)	RATEWEIGHTED COST (%)	COST RATEWEIGHTED COST (%)	RATEWEIGHTED COST (%)	
LONG TERM DEBT	1,153,243,014	1,019,394,588	(378,155,915)	0	641,238,673	43.16	4.33	1.87	4.33	1.87	4.33	1.87	4.33	1.87	
SHORT TERM DEBT	41,745,290	30,229,500	(11,213,974)	0	19,015,526	1.28	0.37	0.00	0.37	0.00	0.37	0.00	0.37	0.00	
PREFERRED STOCK	92,463,328	82,031,083	(30,430,355)	0	51,600,728	3.47	6.92	0.24	6.92	0.24	6.92	0.24	6.92	0.24	
CUSTOMER DEPOSITS	33,864,379	33,071,800	(12,268,357)	0	20,803,443	1.40	6.17	0.09	6.17	0.09	6.17	0.09	6.17	0.09	
COMMON EQUITY	1,043,278,151	929,429,524	(344,782,360)	0	584,647,164	39.35	10.75	4.23	12.00	4.72	12.75	4.72	12.75	5.02	
DEFERRED INCOME TAXES	312,861,571	286,628,447	(106,328,054)	0	180,300,393	12.14									
FASB 109 DEFERRED TAXES	(28,479,413)	(26,091,443)	9,678,915	0	(16,412,528)	(1.10)									
TAX CREDITS - ZERO COST	0	0	0	0	0	0.00									
TAX CREDITS - WEIGHTED COST	9,138,575	7,201,674	(2,671,542)	0	4,530,132	0.30	7.37	0.02	7.94	0.02	8.29	0.02	8.29	0.03	
<b>TOTAL</b>	<b>2,658,114,895</b>	<b>2,361,895,172</b>	<b>(876,171,642)</b>	<b>0</b>	<b>1,485,723,531</b>	<b>100.00 %</b>		<b>6.45 %</b>		<b>6.95 %</b>		<b>7.24 %</b>			

YEAR-END	ADJUSTMENTS						LOW POINT			MIDPOINT			HIGH POINT		
	SYSTEM PER BOOKS	RETAIL PER BOOKS	PRO RATA	SPECIFIC	ADJUSTED RETAIL	RATIO (%)	COST RATEWEIGHTED COST (%)	RATEWEIGHTED COST (%)	COST RATEWEIGHTED COST (%)	RATEWEIGHTED COST (%)	COST RATEWEIGHTED COST (%)	RATEWEIGHTED COST (%)	COST RATEWEIGHTED COST (%)	RATEWEIGHTED COST (%)	
LONG TERM DEBT	1,197,263,645	1,042,628,741	(389,082,334)	0	653,546,407	43.14	4.77	2.06	4.77	2.06	4.77	2.06	4.77	2.06	
SHORT TERM DEBT	1,205,709	0	0	0	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
PREFERRED STOCK	92,562,485	81,340,734	(30,354,278)	0	50,986,456	3.37	6.91	0.23	6.91	0.23	6.91	0.23	6.91	0.23	
CUSTOMER DEPOSITS	35,610,176	34,797,313	(12,985,466)	0	21,811,847	1.44	5.64	0.08	5.64	0.08	5.64	0.08	5.64	0.08	
COMMON EQUITY	1,066,739,595	949,675,085	(354,394,411)	0	595,280,674	39.29	10.75	4.22	12.00	4.71	12.75	4.71	12.75	5.01	
DEFERRED INCOME TAXES	368,584,078	330,293,916	(123,257,227)	0	207,036,689	13.66									
FASB 109 DEFERRED TAXES	(30,713,725)	(28,290,594)	10,557,325	0	(17,733,269)	(1.17)									
TAX CREDITS - ZERO COST	0	0	0	0	0	0.00									
TAX CREDITS - WEIGHTED COST	8,365,916	6,544,010	(2,442,057)	0	4,101,953	0.27	7.59	0.02	8.16	0.02	8.51	0.02	8.51	0.02	
<b>TOTAL</b>	<b>2,729,617,879</b>	<b>2,416,989,205</b>	<b>(901,958,448)</b>	<b>0</b>	<b>1,515,030,757</b>	<b>100.00 %</b>		<b>6.61 %</b>		<b>7.11 %</b>		<b>7.40 %</b>			

**GULF POWER COMPANY**  
**Financial Integrity Indicators**  
**October, 2010**

**A. Times Interest Earned with AFUDC**

Earnings Before Interest	176,130,072
AFUDC - Debt	3,672,248
Income Taxes	<u>67,834,829</u>
Total	247,637,150
Interest Charges (Before Deducting AFUDC - Debt)	<u>53,012,760</u>
T.I.E. With AFUDC	<u>4.67 x</u>

**B. Times Interest Earned without AFUDC**

Earnings Before Interest	176,130,072
AFUDC - Other	(9,214,309)
Income Taxes	<u>67,834,829</u>
Total	234,750,593
Interest Charges (Before Deducting AFUDC - Debt)	<u>53,012,760</u>
T.I.E. Without AFUDC	<u>4.43 x</u>

**C. Percent AFUDC To Net Income Available for Common Stockholders**

AFUDC - Debt	3,672,248
X (1 - Income Tax Rate)	0.6143
Subtotal	2,255,678
AFUDC - Other	<u>9,214,309</u>
Total	<u>11,469,987</u>
Net Income Available for Common Stockholders	<u>120,587,060</u>
Percent AFUDC to Available Net Income	<u>9.51%</u>

**D. Percent Internally Generated Funds**

Net Income	126,789,560
Preferred Dividends	(6,202,500)
Common Dividends	(104,300,000)
AFUDC (Debt & Other)	(12,886,557)
Depreciation & Amortization	125,975,400
Deferred Income Taxes	39,957,481
Investment Tax Credits	0
Other	<u>(121,780,421)</u>
Total	47,552,963
Construction Expenditures (Excluding AFUDC Other & Debt)	<u>223,806,774</u>
Percent Internally Generated Funds	<u>21.25%</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	641,238,673
Short Term Debt	19,015,526
Preferred Stock	51,600,728
Common Equity	<u>584,647,164</u>
Total	<u>1,296,502,091</u>
% Long Term Debt To Total	<u>49.46%</u>
% Short Term Debt To Total	<u>1.47%</u>

**G. FPSC Adjusted Average Jurisdictional Return On Common Equity**

	G. FPSC ADJ.	H. PROFORMA
FPSC Adjusted Average Earned Rate of Return	6.06%	6.06%
Less: Reconciled Average Retail Weighted Cost Rates For:		
Long Term Debt	(1.87)	(1.87)
Short Term Debt	(0.00)	(0.00)
Preferred Stock	(0.24)	(0.24)
Customer Deposits	(0.09)	(0.09)
Tax Credits - Weighted Cost (Common Equity at Midpoint)	<u>(0.02)</u>	<u>(0.02)</u>
Subtotal	<u>(2.22)</u>	<u>(2.22)</u>
Total	3.84	3.84
Divided by Common Equity Ratio	<u>39.35</u>	<u>39.35</u>
Jurisdictional Return on Common Equity	<u>9.76%</u>	<u>9.76%</u>

GULF POWER COMPANY

Storm Accrual - Twelve Month to Date  
October, 2010

Supplemental 1

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

12 - M-T-D

3,500,000