

Terry A. Davis
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Assistant Treasurer

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March 14, 2011

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 January, 2011.

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

OFFICE OF THE
PUBLIC COUNSEL
FLORIDA LEGISLATURE
111 W. MADISON
TALLAHASSEE, FL 32399-1400
MAR 15 PM 1:15
REGULATION

Mr. John Slemkewicz
Division of Economic Regulation
Florida Public Service Commission
March 14, 2011
Page 2

bc/enc.: J. Mason
W. Buck
C. Erickson
R. Livingston
R. McMillan
S. Teel
S. Ritenour
B. Terry

GULF POWER COMPANY
Earnings Surveillance Report Summary
January, 2011

Schedule 1

	(1) Actual Per Books	(2) FPSC Adjustments	(3) FPSC Adjusted	(4) Pro Forma Adjustments	(5) Pro Forma Adjusted
I. Average Rate of Return <u>(Jurisdictional)</u>					
	(a)	(b)			
Net Operating Income	160,987,290	(73,419,525)	87,567,765	0	87,567,765
Average Rate Base	2,420,276,407	(894,061,971)	1,526,214,435	0	1,526,214,435
Average Rate of Return	6.65%		5.74%		5.74%
II. Year End Rate of Return <u>(Jurisdictional)</u>					
	(a)	(b)			
Net Operating Income	161,000,629	(72,875,768)	88,124,861	0	88,124,861
Year End Rate Base	2,473,108,824	(917,116,910)	1,555,991,914	0	1,555,991,914
Year End Rate of Return	6.51%		5.66%		5.66%

(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	4.48 x (System per Books Basis)
B. Tie Without AFUDC	4.29 x (System per Books Basis)
C. AFUDC To Net Income	7.92% (System per Books Basis)
D. Internally Generated Funds	58.87% (System per Books Basis)
E. LTD To Total Investor Funds	49.31% (FPSC Adjusted Basis)
F. STD To Total Investor Funds	1.33% (FPSC Adjusted Basis)
G. Return on Common Equity	8.93% (FPSC Adjusted Basis)
H. Return on Common Equity	8.93% (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



3/14/11

GULF POWER COMPANY
AVERAGE RATE OF RETURN
RATE BASE
January, 2011

	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	3,537,738,035	1,236,333,724	2,301,404,311	5,664,760	197,873,586	0	2,504,942,657	224,281,187	2,729,223,844
JURISDICTIONAL PER BOOKS	3,194,032,858	1,114,328,892	2,079,703,966	5,487,512	107,508,244	0	2,192,699,722	227,576,684	2,420,276,407
FPSC ADJUSTMENTS:									
ENVIRONMENTAL RECOVERY CLAUSE	(823,596,979)	(39,341,335)	(784,255,644)		(1,390,963)		(785,646,607)	(14,186,510)	(799,833,117)
INT BEARING CWIP					(56,901,738)		(56,901,738)	0	(56,901,738)
ENERGY CONSERVATION CLAUSE	(10,417,202)	726,177	(11,143,379)		(10,069)		(11,153,448)	(1,935,167)	(13,088,615)
LOANS TO EMPLOYEES / RETIREES								(56,720)	(56,720)
INTEREST AND DIVIDENDS RECEIVABLE								(305,100)	(305,100)
FUNDED PROP RES & OTHER INVESTMENTS								(11,048,117)	(11,048,117)
FUEL RELATED DEFERRED DEBITS								(13,005,369)	(13,005,369)
FLAME RESISTANT CLOTHING								(796)	(796)
ACCRUED PROVISION FOR REFUND								138,704	138,704
SALE OF RAILCARS								38,897	38,897
TOTAL FPSC ADJUSTMENTS	(834,014,181)	(38,615,158)	(795,399,023)	0	(58,302,770)	0	(853,701,793)	(40,360,178)	(894,061,971)
FPSC ADJUSTED	2,360,018,677	1,075,713,734	1,284,304,943	5,487,512	49,205,474	0	1,338,997,929	187,216,506	1,526,214,435
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	2,360,018,677	1,075,713,734	1,284,304,943	5,487,512	49,205,474	0	1,338,997,929	187,216,506	1,526,214,435

GULF POWER COMPANY
AVERAGE RATE OF RETURN
INCOME STATEMENT
January, 2011

	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	1,575,790,813	812,694,684	296,987,888	124,304,925	101,837,180	(10,712,183)	81,504,128	(1,538,868)	(5,957)	1,405,071,799	170,719,015 (a)
JURISDICTIONAL PER BOOKS	1,366,579,052	658,502,984	280,361,609	115,814,649	99,922,300	1,012,576	61,306,352	(1,176,341)	(5,809)	1,215,738,319	150,840,733 (a)
LESS FPSC ADJUSTMENTS:											
ENVIRONMENTAL RECOVERY CLAUSE	(154,869,849)		(30,152,898)	(33,326,826)	(588,773)	(35,026,621)			(99,095,118)	(99,095,118)	(55,774,731)
GROSS RECEIPTS TAX REVENUE	(32,179,980)					(12,413,427)			(12,413,427)	(12,413,427)	(19,766,553)
MARKETING SUPPORT ACTIVITIES			(99,794)			38,496			(61,298)	(61,298)	61,298
GAIN/LOSS ON DISPOSITION			(10,620)			4,097			0	0	0
MANAGEMENT PERQUISITES						(15,842,757)			(6,523)	(6,523)	6,523
FRANCHISE FEE REVENUES	(40,551,540)					(15,642,757)			(15,642,757)	(15,642,757)	(24,908,763)
RETAIL FUEL REVENUES	(613,623,483)					(236,705,259)			(236,705,259)	(236,705,259)	(376,918,224)
ECCR and PPCC REVENUES	(57,577,160)					(22,210,389)			(22,210,389)	(22,210,389)	(35,366,771)
INT. ON TAX ASSESSMENT									0	0	0
ECON DEV EXPENSE TOTAL			(1,063,435)			410,220			(653,215)	(653,215)	653,215
ECON DEV EXPENSE ALLOWED			1,010,264			(389,709)			620,555	620,555	(620,555)
LIAISON EXPENSES			(299,785)		(15,400)	121,583			(193,602)	(193,602)	193,602
CORP ADV & WHOLESALER EXPENSES		(224,944)				97,582			(155,385)	(155,385)	155,385
INDUSTRY ASSOCIATION DUES			(829)			320			(509)	(509)	509
RETAIL FUEL EXPENSES		(613,192,285)			(296,247)	236,538,924			(376,653,361)	(376,653,361)	376,653,361
ECCR AND PPCC EXPENSES		(45,085,755)	(8,578,916)			20,929,262			(33,326,765)	(33,326,765)	33,326,765
FRANCHISE FEE					(295,109)	15,261,231			(24,301,260)	(24,301,260)	24,301,260
GRT, FPSC FEES ON CLAUSES & FEES					(39,562,491)	585,189			(931,827)	(931,827)	931,827
GROSS RECEIPTS TAX ADJUST					(1,517,016)	12,373,492			(19,702,962)	(19,702,962)	19,702,962
INTEREST SYNCHRONIZATION					(32,076,454)	5,904,058			5,904,058	5,904,058	(5,904,058)
TOTAL FPSC ADJUSTMENTS	(886,802,012)	(658,502,984)	(99,224,037)	(33,623,073)	(74,055,243)	(30,123,708)	0	0	0	(835,529,044)	(63,272,968)
FPSC ADJUSTED	467,777,040	0	241,137,572	82,191,576	25,867,057	(29,111,132)	61,306,352	(1,176,341)	(5,809)	380,209,275	87,567,765
PRO FORMA REVENUE ANNUALIZATION ADJUSTMENTS											
TOTAL PRO FORMA ADJUSTMENTS	0	0	0	0	0	0	0	0	0	0	0
PRO FORMA ADJUSTED	467,777,040	0	241,137,572	82,191,576	25,867,057	(29,111,132)	61,306,352	(1,176,341)	(5,809)	380,209,275	87,567,765
(a) THE ADDITION OF EARNINGS FROM AFUDC WOULD INCREASE THE SYSTEM NOI BY				10,473,679	AND THE JURISDICTIONAL NOI BY	10,146,557					
CURRENT MO. SYSTEM PER BOOKS	120,510,202	56,434,751	27,016,012	10,686,809	8,959,947	7,267,030	(3,085,499)	(128,650)	0	109,150,401	11,359,801
CURRENT MO. JURIS PER BOOKS	108,484,327	51,518,662	25,648,628	9,895,912	8,765,537	4,113,010	(787,765)	(98,477)	0	99,055,497	9,428,831

GULF POWER COMPANY
AVERAGE RATE OF RETURN
SYSTEM ADJUSTMENTS
January, 2011

SCHEDULE 2
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	(40,551,540)	(15,642,757)
INVESTMENT	(251,937,251)	IIC FUEL REVENUES	(96,228,359)	(37,120,090)
ACCUMULATED DEPRECIATION	102,798,900	FUEL REVENUES	(667,011,993)	(257,299,876)
ENERGY CONSERVATION COST RECOVERY		ECONOMY PROFITS	(719,198)	(277,431)
INVESTMENT	(10,417,202)	ECCR, PPCC, AND ECRC REVENUES	(212,958,486)	(82,148,736)
ACCUMULATED DEPRECIATION	(726,177)	GROSS RECEIPTS TAX REVENUES/STORM RECOVERY REV	(32,179,980)	(12,413,427)
ENVIRONMENTAL RECOVERY CLAUSE		COMPETITIVE SALES REV/TRANS REV/G/L ON SALE OF GAS	(171,065)	(65,988)
INVESTMENT	(852,433,810)	CORP ADVERTISING & WHOLESALE EXPENSES	(261,653)	100,933
ACCUMULATED DEPRECIATION	40,730,658	INDUSTRY ASSOCIATION DUES	(847)	327
PROPERTY HELD FOR FUTURE USE	0	FUEL AND PPCC EXPENSES	(812,857,771)	313,559,885
INTEREST BEARING CWIP	(58,736,236)	GAIN/LOSS ON DISPOSITION OF PROPERTY	0	0
SCHERER CWIP	(86,895,877)	ECON DEVELOP EXPENSE- TOTAL	(1,063,435)	410,220
ECRC CWIP	(1,439,557)	ECON DEV EXPENSE - ALLOWED	1,010,264	(389,709)
ECCR CWIP	(10,069)	INTEREST ON TAX ADJUSTMENT	0	0
TALLAHASSEE OFFICE INVESTMENT	(357)	CONSERVATION EXPENSES - O & M	(8,578,916)	3,309,317
ACCUM. DEPRECIATION	357	CONSERVATION EXPENSES - OTHER TAXES	(182,956)	70,575
FAS 143 NET PLANT	(14,790,762)	TALLAHASSEE OFFICE DEPRECIATION	0	0
WORKING CAPITAL:		MARKETING SUPPORT ACTIVITIES	(99,794)	38,496
ECRC WORKING CAPITAL	(14,681,765)	MANAGEMENT PERQUISITES	(10,851)	4,186
LOANS TO EMPLOYEES AND RETIREES	(59,080)	FRANCHISE FEE	(39,562,491)	15,261,231
UNREALIZED LOSS ON FWD CONTRACT	(4,472)	GROSS RECEIPTS TAX EXPENSE	(32,076,454)	12,373,492
CONSERVATION/AEM INVENTORY	(1,935,167)	LIAISON EXPENSE	(322,089)	124,246
INTEREST & DIVIDENDS RECEIVABLE	(317,797)	ECRC/ECCR EXPENSES	(66,662,371)	25,715,010
PLANT SCHERER	(7,492,116)	COMPETITIVE SALES EXPENSES	0	0
TEMPORARY CASH INVESTMENTS	(167,607)	GRT/FPSC FEES ON CLAUSE REV ADJ & FRAN FEES	(1,517,016)	585,189
FUNDED PROP RES & OTHER INVESTMENTS	(10,887,207)	INTEREST SYNCHRONIZATION	6,298,522	6,298,522
FUEL RELATED DEFERRED DEBITS	(13,005,369)			
FLAME RESISTANT CLOTHING	(982)			
SALE OF RAIL CARS	47,970			
ACCUM. PROV. FOR RATE REFUNDS	171,059			
FAS 143 WORKING CAPITAL	18,489,572			
FAS 158 REGULATORY ASSETS	(94,829,272)			
FAS 158 REGULATORY LIABILITIES	94,829,272			
FAS 158 REGULATORY ASSETS	(40,539,173)			
FAS 158 REGULATORY LIABILITIES	40,539,173			
FAS 133 REGULATORY ASSETS	(16,280,300)			
FAS 133 REGULATORY LIABILITIES	16,280,305			

GULF POWER COMPANY
YEAR END RATE OF RETURN
RATE BASE
January, 2011

	PLANT IN SERVICE	ACCUMULATED DEPRECIATION & AMORTIZATION	NET PLANT IN SERVICE	PROPERTY HELD FOR FUTURE USE	CONSTRUCTION WORK IN PROGRESS	NUCLEAR FUEL (NET)	UTILITY PLANT	WORKING CAPITAL	TOTAL RATE BASE
SYSTEM PER BOOKS	3,633,731,460	1,280,229,199	2,353,502,262	5,684,735	224,534,607	0	2,583,701,604	224,281,187	2,807,982,791
JURISDICTIONAL PER BOOKS	3,247,564,286	1,155,324,543	2,092,239,743	5,487,489	147,734,064	0	2,245,461,296	227,647,528	2,473,108,824
<u>FPSC ADJUSTMENTS:</u>									
ENVIRONMENTAL RECOVERY CLAUSE	(832,340,723)	(56,232,527)	(776,108,196)		(1,143,389)		(777,251,585)	(14,186,510)	(791,438,095)
INT BEARING CWIP					(88,326,469)		(88,326,469)	0	(88,326,469)
ENERGY CONSERVATION CLAUSE	(10,137,169)	1,041,509	(11,178,678)				(11,178,678)	(1,935,167)	(13,113,845)
LOANS TO EMPLOYEES AND RETIREES								(56,720)	(56,720)
INTEREST AND DIVIDENDS RECEIVABLE								(305,100)	(305,100)
NOTES RECEIVABLE								0	0
FUNDED PROP RES & OTHER INVESTMENTS								(11,048,117)	(11,048,117)
FUEL RELATED DEFERRED DEBITS								(13,005,369)	(13,005,369)
FLAME RESISTANT CLOTHING								(796)	(796)
ACCRUED PROVISION FOR REFUND								138,704	138,704
SALE OF RAILCARS								38,897	38,897
<u>TOTAL FPSC ADJUSTMENTS</u>	<u>(842,477,892)</u>	<u>(55,191,018)</u>	<u>(787,286,874)</u>	<u>0</u>	<u>(89,469,858)</u>	<u>0</u>	<u>(876,756,732)</u>	<u>(40,360,178)</u>	<u>(917,116,910)</u>
FPSC ADJUSTED	2,405,086,394	1,100,133,525	1,304,952,869	5,487,489	58,264,206	0	1,368,704,564	187,287,350	1,555,991,914
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	2,405,086,394	1,100,133,525	1,304,952,869	5,487,489	58,264,206	0	1,368,704,564	187,287,350	1,555,991,914

GULF POWER COMPANY,
YEAR END RATE OF RETURN
INCOME STATEMENT
January, 2011

	OPERATING REVENUES	FUEL & NET INTERCHANGE	O & M OTHER	O & M 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	1,575,790,813	812,694,684	296,987,888	124,304,925	101,837,180	(10,712,183)	81,504,128	(1,538,868)	(5,957)	1,405,071,799	170,719,015 (a)
JURISDICTIONAL PER BOOKS	1,366,579,052	658,502,984	280,361,609	115,814,649	99,922,300	1,030,342	61,275,247	(1,176,341)	(5,809)	1,215,724,980	150,854,072 (a)
LESS FPSC ADJUSTMENTS:											
ENVIRONMENTAL RECOVERY CLAUSE	(154,869,849)				(588,773)	(35,026,621)				(99,095,118)	(55,774,731)
GROSS RECEIPTS TAX REVENUE	(32,179,980)		(30,152,898)	(33,326,826)		(12,413,427)				(12,413,427)	(19,766,553)
MARKETING SUPPORT ACTIVITIES			(89,794)			38,496				(61,298)	61,298
GAIN/LOSS ON DISPOSITION			(10,620)			4,097				(6,523)	6,523
MANAGEMENT PERQUISITES						(15,642,757)				(15,642,757)	(24,908,783)
FRANCHISE FEE REVENUES	(40,551,540)					(236,705,259)				(236,705,259)	(376,918,224)
RETAIL FUEL REVENUES	(613,623,483)				(15,400)	(22,210,389)				(22,210,389)	(35,366,771)
ECCR & PPCC REVENUES	(57,577,160)										0
INT ON TAX ASSESSMENT						410,220				(653,215)	653,215
ECON DEV EXPENSE TOTAL			(1,063,435)			(389,709)				620,555	(620,555)
ECON DEV EXPENSE ALLOWED			1,010,264			121,583				(193,602)	193,602
LIAISON EXPENSES			(299,785)			97,582				(155,385)	155,385
CORP ADV & WHOLESALER EXPENSES		(224,944)	(28,023)			320				(509)	509
INDUSTRY ASSOCIATION DUES			(829)			236,538,924				(376,653,361)	376,653,361
RETAIL FUEL EXPENSES	(613,192,285)			(296,247)	(295,109)	20,929,262				(33,326,765)	33,326,765
ECCR AND PPCC EXPENSES	(45,085,755)		(8,578,916)		(39,562,491)	15,261,231				(24,301,260)	24,301,260
FRANCHISE FEE					(1,517,016)	585,189				(931,827)	931,827
GRT, FPSC FEES ON CLAUSES & FFEES					(32,076,454)	12,373,492				(19,702,962)	19,702,962
GROSS RECEIPTS TAX ADJUST						5,360,301				5,360,301	(5,360,301)
INTEREST SYNCHRONIZATION											
TOTAL FPSC ADJUSTMENTS	(898,802,012)	(658,502,984)	(39,224,037)	(33,623,073)	(74,055,243)	(30,667,465)	0	0	0	(836,072,801)	(62,729,211)
FPSC ADJUSTED	467,777,040	0	241,137,572	82,191,576	25,867,057	(29,637,123)	61,275,247	(1,176,341)	(5,809)	379,652,179	88,124,861
PRO FORMA REVENUE ANNUALIZATION ADJUSTMENTS	0	0	0	0	0	0	0	0	0	0	0
TOTAL PRO FORMA ADJUSTMENTS	467,777,040	0	241,137,572	82,191,576	25,867,057	(29,637,123)	61,275,247	(1,176,341)	(5,809)	379,652,179	88,124,861
PRO FORMA ADJUSTED	467,777,040	0	241,137,572	82,191,576	25,867,057	(29,637,123)	61,275,247	(1,176,341)	(5,809)	379,652,179	88,124,861

(a) THE ADDITION OF EARNINGS FROM AFUDC WOULD INCREASE THE SYSTEM NOI BY 10,473,679 AND THE JURISDICTIONAL NOI BY 10,146,557

GULF POWER COMPANY
YEAR END RATE OF RETURN
SYSTEM ADJUSTMENTS
January, 2011

<u>BASE ADJUSTMENTS</u>	<u>AMOUNT</u>	<u>INCOME STATEMENT ADJUSTMENTS</u>	<u>AMOUNT</u>	<u>TAX EFFECT</u>
PLANT SCHERER		FRANCHISE FEE REVENUES	(40,551,540)	(15,642,757)
INVESTMENT	(290,433,928)	IIC FUEL REVENUES	(96,228,359)	(37,120,090)
ACCUMULATED DEPRECIATION	104,987,164	FUEL REVENUES	(667,011,993)	(257,299,876)
ENERGY CONSERVATION COST RECOVERY		ECONOMY PROFITS	(719,198)	(277,431)
INVESTMENT	(10,137,169)	ECCR, PPCC, AND ECRC REVENUES	(212,958,486)	(82,148,736)
ACCUMULATED DEPRECIATION	(1,041,509)	GROSS RECEIPTS TAX REVENUES/STORM RECOVERY REV	(32,179,980)	(12,413,427)
ENVIRONMENTAL RECOVERY CLAUSE		COMPETITIVE SALES REV/TRANS REV/G/L ON SALE OF GAS	(171,065)	(65,988)
INVESTMENT	(864,831,135)	CORP ADVERTISING & WHOLESALE EXPENSES	(261,653)	100,933
ACCUMULATED DEPRECIATION	58,415,683	INDUSTRY ASSOCIATION DUES	(847)	327
PROPERTY HELD FOR FUTURE USE	0	FUEL AND PPCC EXPENSES	(812,857,771)	313,559,885
INTEREST BEARING CWIP	(91,174,093)	GAIN/LOSS ON DISPOSITION OF PROPERTY	0	0
SCHERER CWIP	(72,029,778)	ECON DEVELOP EXPENSE- TOTAL	(1,063,435)	410,220
ECRC CWIP	(1,188,107)	ECON DEV EXPENSE - ALLOWED	1,010,264	(389,709)
ECCR CWIP	(0)	INTEREST ON TAX ADJUSTMENT	0	0
TALLAHASSEE OFFICE INVESTMENT	(357)	CONSERVATION EXPENSES - O & M	(8,578,916)	3,309,317
ACCUM. DEPRECIATION	357	CONSERVATION EXPENSES - OTHER TAXES	(182,956)	70,575
FAS 143 NET PLANT	(14,706,141)	TALLAHASSEE OFFICE DEPRECIATION	0	0
WORKING CAPITAL:		MARKETING SUPPORT ACTIVITIES	(99,794)	38,496
ECRC WORKING CAPITAL	(14,681,765)	MANAGEMENT PERQUISITES	(10,851)	4,186
LOANS TO EMPLOYEES AND RETIREES	(59,080)	FRANCHISE FEE	(39,562,491)	15,261,231
UNREALIZED LOSS ON FWD CONTRACT	(4,472)	GROSS RECEIPTS TAX EXPENSE	(32,076,454)	12,373,492
CONSERVATION/AEM INVENTORY	(1,935,167)	LIAISON EXPENSE	(322,089)	124,246
INTEREST & DIVIDENDS RECEIVABLE	(317,797)	ECRC/ECCR EXPENSES	(66,662,371)	25,715,010
PLANT SCHERER	(8,493,667)	COMPETITIVE SALES EXPENSES	0	0
TEMPORARY CASH INVESTMENTS	(167,607)	GRT/FPSC FEES ON CLAUSE REV ADJ & FRAN FEES	(1,517,016)	585,189
FUNDED PROP RES & OTHER INVESTMENTS	(10,887,207)	INTEREST SYNCHRONIZATION	5,655,897	5,655,897
FUEL RELATED DEFERRED DEBITS	(13,005,369)			
FLAME RESISTANT CLOTHING	(982)			
SALE OF RAIL CARS	47,970			
ACCUM. PROV. FOR RATE REFUNDS	171,059			
FAS 143 WORKING CAPITAL	18,489,572			
FAS 158 REGULATORY ASSETS	(94,829,272)			
158 REGULATORY LIABILITIES	94,829,272			
REGULATORY ASSETS	(40,539,173)			
PPA REGULATORY LIABILITIES	40,539,173			
FAS 133 REGULATORY ASSETS	(16,280,300)			
FAS 133 REGULATORY LIABILITIES	16,280,305			

GULF POWER COMPANY
 CAPITAL STRUCTURE
 FPSC ADJUSTED BASIS
 January, 2011

AVERAGE	ADJUSTMENTS						LOW POINT			MIDPOINT			HIGH POINT		
	SYSTEM PER BOOKS	RETAIL PER BOOKS	PRO RATA	SPECIFIC	ADJUSTED RETAIL	RATIO (%)	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	1,174,547,694	1,036,276,213	(382,805,514)	0	653,470,699	42.82	4.39	1.88	4.39	1.88	4.39	1.88	4.39	1.88	
SHORT TERM DEBT	44,458,468	27,940,753	(10,321,451)	0	17,619,302	1.15	0.35	0.00	0.35	0.00	0.35	0.00	0.35	0.00	
PREFERRED STOCK	97,998,345	83,681,239	(30,912,260)	0	52,768,979	3.46	6.44	0.22	6.44	0.22	6.44	0.22	6.44	0.22	
CUSTOMER DEPOSITS	34,642,574	34,781,606	(12,848,496)	0	21,933,110	1.44	6.29	0.09	6.29	0.09	6.29	0.09	6.29	0.09	
COMMON EQUITY	1,063,651,701	953,800,258	(352,338,492)	0	601,461,766	39.41	10.75	4.24	12.00	4.73	12.75	4.73	12.75	5.02	
DEFERRED INCOME TAXES	330,558,162	304,531,277	(112,495,347)	0	192,035,930	12.58									
FASB 109 DEFERRED TAXES	(30,029,095)	(27,664,720)	(17,445,236)	0	(17,445,236)	(1.14)									
TAX CREDITS - ZERO COST	0	0	0	0	0	0.00									
TAX CREDITS - WEIGHTED COST	8,751,487	6,929,780	(2,559,895)	0	4,369,885	0.29	7.40	0.02	7.97	0.02	8.32	0.02	8.32	0.02	
TOTAL	2,724,579,336	2,420,276,407	(894,061,971)	0	1,526,214,435	100.00 %	6.45 %	6.45 %	6.95 %	6.95 %	7.24 %	6.95 %	7.24 %	7.24 %	

YEAR-END	ADJUSTMENTS						LOW POINT			MIDPOINT			HIGH POINT		
	SYSTEM PER BOOKS	RETAIL PER BOOKS	PRO RATA	SPECIFIC	ADJUSTED RETAIL	RATIO (%)	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	1,194,714,725	1,030,871,726	(382,283,963)	0	648,587,743	41.68	4.63	1.93	4.63	1.93	4.63	1.93	4.63	1.93	
SHORT TERM DEBT	45,798,487	27,047,079	(10,030,021)	0	17,017,058	1.09	0.61	0.01	0.61	0.01	0.61	0.01	0.61	0.01	
PREFERRED STOCK	97,998,345	84,558,867	(31,357,442)	0	53,201,425	3.42	6.33	0.22	6.33	0.22	6.33	0.22	6.33	0.22	
CUSTOMER DEPOSITS	35,676,426	35,079,459	(13,008,714)	0	22,070,745	1.42	6.44	0.09	6.44	0.09	6.44	0.09	6.44	0.09	
COMMON EQUITY	1,106,286,895	966,700,118	(358,486,863)	0	608,213,255	39.09	10.75	4.20	12.00	4.69	12.75	4.69	12.75	4.98	
DEFERRED INCOME TAXES	388,250,178	353,144,056	(130,958,405)	0	222,185,651	14.28									
FASB 109 DEFERRED TAXES	(33,534,500)	(30,502,264)	(11,311,327)	0	(19,190,937)	(1.23)									
TAX CREDITS - ZERO COST	0	0	0	0	0	0.00									
TAX CREDITS - WEIGHTED COST	7,979,966	6,209,783	(2,302,809)	0	3,906,974	0.25	7.54	0.02	8.12	0.02	8.47	0.02	8.47	0.02	
TOTAL	2,843,170,523	2,473,108,824	(917,116,910)	0	1,555,991,914	100.00 %	6.46 %	6.46 %	6.95 %	6.95 %	7.25 %	6.95 %	7.25 %	7.25 %	

GULF POWER COMPANY
Financial Integrity Indicators
January, 2011

A. Times Interest Earned with AFUDC	
Earnings Before Interest	176,614,071
AFUDC - Debt	2,984,630
Income Taxes	<u>69,517,354</u>
Total	249,116,055
Interest Charges (Before Deducting AFUDC - Debt)	<u>55,650,631</u>
T.I.E. With AFUDC	<u>4.48 x</u>
B. Times Interest Earned without AFUDC	
Earnings Before Interest	176,614,071
AFUDC - Other	(7,489,049)
Income Taxes	<u>69,517,354</u>
Total	238,642,376
Interest Charges (Before Deducting AFUDC - Debt)	<u>55,650,631</u>
T.I.E. Without AFUDC	<u>4.29 x</u>
C. Percent AFUDC To Net Income Available for Common Stockholders	
AFUDC - Debt	2,984,630
X (1 - Income Tax Rate)	0.6143
Subtotal	1,833,309
AFUDC - Other	<u>7,489,049</u>
Total	<u>9,322,358</u>
Net Income Available for Common Stockholders	<u>117,745,570</u>
Percent AFUDC to Available Net Income	<u>7.92%</u>
D. Percent Internally Generated Funds	
Net Income	123,948,070
Preferred Dividends	(6,202,500)
Common Dividends	(105,725,000)
AFUDC (Debt & Other)	(10,473,679)
Depreciation & Amortization	132,282,761
Deferred Income Taxes	81,500,708
Investment Tax Credits	0
Other	<u>(13,737,456)</u>
Total	201,592,904
Construction Expenditures (Excluding AFUDC Other & Debt)	<u>342,412,704</u>
Percent Internally Generated Funds	<u>58.87%</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	653,470,699
Short Term Debt	17,619,302
Preferred Stock	52,768,979
Common Equity	<u>601,461,766</u>
Total	<u>1,325,320,746</u>
% Long Term Debt To Total	<u>49.31%</u>
% Short Term Debt To Total	<u>1.33%</u>

G. FPSC Adjusted Average Jurisdictional Return
On Common Equity

	G. FPSC ADJ.	H. PROFORMA
FPSC Adjusted Average Earned Rate of Return	5.74%	5.74%
Less: Reconciled Average Retail Weighted Cost Rates For:		
Long Term Debt	(1.88)	(1.88)
Short Term Debt	(0.00)	(0.00)
Preferred Stock	(0.22)	(0.22)
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	3.52	3.52
Divided by Common Equity Ratio	<u>39.41</u>	<u>39.41</u>
Jurisdictional Return on Common Equity	<u>8.93%</u>	<u>8.93%</u>

GULF POWER COMPANY

Supplemental 1

Storm Accrual - Twelve Month to Date
January, 2011

<u>Month</u>	<u>Year</u>	<u>\$</u>
February	2010	291,667
March	2010	291,667
April	2010	291,667
May	2010	291,667
June	2010	291,667
July	2010	291,667
August	2010	291,667
September	2010	291,667
October	2010	291,667
November	2010	291,667
December	2010	291,663
January	2011	291,667
12 - M-T-D		<u><u>3,500,000</u></u>