

Susan D. Ritenour
Corporate Secretary, Treasurer &
Corporate Planning Manager

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January 13, 2015

Mr. Bart Fletcher
Division of Accounting and Finance
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

RE: Monthly Rate of Return Report

Dear Mr. Fletcher:

Enclosed is Gulf Power Company's Jurisdictional Rate of Return Report for the month of November 2014.

Sincerely,

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

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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

November 2014

Earnings Surveillance
Report
(Rate of Return)



GULF POWER COMPANY
Earnings Surveillance Report Summary
November, 2014

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 (Jurisdictional) | | | | | |
| Net Operating Income | (a) 177,641,355 | (b) (68,058,391) | 109,582,965 | 0 | 109,582,965 |
| Average Rate Base | 3,172,358,337 | (1,271,488,946) | 1,900,869,391 | 0 | 1,900,869,391 |
| Average Rate of Return | 5.60% | | 5.76% | | 5.76% |

| | | | | | |
|---|--------------------|---------------------|---------------|---|---------------|
| II. Year End Rate of Return (Jurisdictional) | | | | | |
| Net Operating Income | (a) 177,635,450 | (b) (68,544,487) | 109,090,964 | 0 | 109,090,964 |
| Year End Rate Base | 3,281,466,833 | (1,359,230,352) | 1,922,236,481 | 0 | 1,922,236,481 |
| Year End Rate of Return | 5.41% | | 5.68% | | 5.68% |

(a) Includes AFUDC Earnings

(b) Includes Reversal of AFUDC Earnings

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

| | |
|----------|-------|
| Low | 5.39% |
| Midpoint | 5.76% |
| High | 6.14% |


IV. Financial Integrity Indicators

| | |
|--------------------------------|---------------------------------|
| A. Tie With AFUDC | 5.15 x (System per Books Basis) |
| B. Tie Without AFUDC | 4.87 x (System per Books Basis) |
| C. AFUDC To Net Income | 10.24% (System per Books Basis) |
| D. Internally Generated Funds | 60.29% (System per Books Basis) |
| E. LTD To Total Investor Funds | 46.14% (FPSC Adjusted Basis) |
| F. STD To Total Investor Funds | 0.89% (FPSC Adjusted Basis) |
| G. Return on Common Equity | 10.25% (FPSC Adjusted Basis) |
| H. Return on Common Equity | 10.25% (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
Susan D. Ritenour
Corporate Planning Manager, Corporate Treasurer & Secretary

Signature


Date
1/13/15

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

SCHEDULE 2
PAGE 1 OF 3

| | 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 | 4,397,609,334 | 1,483,104,272 | 2,914,505,062 | 16,142,878 | 356,438,371 | 0 | 3,287,086,311 | 220,368,874 | 3,507,455,185 |
| JURISDICTIONAL PER BOOKS | 3,922,198,572 | 1,340,357,297 | 2,581,841,275 | 15,670,621 | 343,586,546 | 0 | 2,941,098,441 | 231,259,896 | 3,172,358,337 |
| FPSC ADJUSTMENTS: | | | | | | | | | |
| ENVIRONMENTAL RECOVERY CLAUSE | (1,016,029,934) | (151,309,786) | (864,720,148) | | (11,707,877) | | (876,427,825) | (7,219,350) | (883,647,175) |
| INT BEARING CWIP | | | | | (292,101,261) | | (292,101,261) | 0 | (292,101,261) |
| ENERGY CONSERVATION CLAUSE | (11,693,985) | 6,324,744 | (18,018,729) | | (4,594) | | (18,023,323) | (1,382,937) | (19,406,260) |
| TRANSMISSION INVESTMENT PURSUANT TO STIP. & SI | (108,605) | | (108,605) | | | | (108,605) | 0 | (108,605) |
| CAPITALIZED DEF. EARNINGS ON TRANSM PURSUANT TO STIP. & SETT. | | | | | | | | (948) | (948) |
| LOANS TO EMPLOYEES / RETIREES | | | | | | | | (32,357) | (32,357) |
| INTEREST AND DIVIDENDS RECEIVABLE | | | | | | | | (18,754) | (18,754) |
| FUNDED PROP RES, N. ESCAMBIA & OTHER INV. | | | | (12,573,381) | | | (12,573,381) | (4,496,294) | (17,069,675) |
| FUEL RELATED DEFERRED DEBITS | | | | | | | | (54,319,163) | (54,319,163) |
| ACCRUED PROVISION FOR REFUND | | | | | | | | 0 | 0 |
| UNAMORTIZED RATE CASE EXPENSES | | | | | | | | (4,784,748) | (4,784,748) |
| TOTAL FPSC ADJUSTMENTS | (1,027,832,524) | (144,985,042) | (882,847,482) | (12,573,381) | (303,813,532) | 0 | (1,199,234,394) | (72,254,551) | (1,271,488,946) |
| FPSC ADJUSTED | 2,894,366,048 | 1,195,372,255 | 1,698,993,793 | 3,097,240 | 39,773,014 | 0 | 1,741,864,047 | 159,005,344 | 1,900,869,391 |
| 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 | 2,894,366,048 | 1,195,372,255 | 1,698,993,793 | 3,097,240 | 39,773,014 | 0 | 1,741,864,047 | 159,005,344 | 1,900,869,391 |

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

SCHEDULE 2
PAGE 2 OF 3

| | 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 | 1,585,717,073 | 714,470,135 | 329,176,906 | 146,385,750 | 110,269,114 | 48,114,752 | 45,038,152 | (1,278,612) | 0 | 1,390,176,197 | 195,540,876 (a) |
| JURISDICTIONAL PER BOOKS | 1,331,074,658 | 542,165,012 | 310,640,617 | 135,775,973 | 108,509,940 | 40,309,086 | 33,166,284 | (930,351) | 0 | 1,169,636,562 | 161,438,096 (a) |
| LESS FPSC ADJUSTMENTS: | | | | | | | | | | | |
| RETAIL FUEL REVENUES & EXPENSES | (485,434,715) | (485,101,094) | | | | (128,694) | | | | (485,229,788) | (204,926) |
| PURCHASED POWER CAPACITY REVENUES & EXPENSES | (56,533,101) | (56,889,880) | | | | 129,913 | | | | (56,739,967) | 206,866 |
| ENERGY CONSERVATION COST REVENUES & EXPENSES | (18,598,324) | | (16,251,014) | (331,767) | (384,247) | (629,273) | | | | (17,596,301) | (1,002,023) |
| ENVIRONMENTAL COST RECOVERY CLAUSE | (143,016,053) | | (27,717,810) | (39,468,175) | (2,225,055) | (28,393,134) | | | | (97,804,174) | (45,211,879) |
| FRANCHISE FEE REVENUE & EXPENSE | (41,616,625) | | | | (40,546,077) | (412,964) | | | | (40,959,041) | (657,584) |
| GROSS RECEIPTS TAX REVENUE & ADJUSTMENT | (31,261,202) | | | | (30,864,944) | (152,857) | | | | (31,017,801) | (243,401) |
| MARKETING SUPPORT ACTIVITIES | | | (197,472) | | | 76,175 | | | | (121,297) | 121,297 |
| WHOLESALE EXPENSES | | (194,038) | | | | 74,850 | | | | (119,188) | 119,188 |
| INSTITUTIONAL ADVERTISING EXPENSE | | | (403,594) | | | 155,688 | | | | (247,906) | 247,906 |
| ECONOMIC DEVELOPMENT EXPENSE | | | (60,237) | | | 23,237 | | | | (37,000) | 37,000 |
| MGMT FINANCIAL PLANNING SERVICES | | | (28,679) | | | 11,063 | | | | (17,616) | 17,616 |
| DIRECTORS' & OFFICERS' INSURANCE | | | (48,001) | | | 18,517 | | | | (29,484) | 29,484 |
| INDUSTRY ASSOCIATION DUES | | | (215) | | | 83 | | | | (132) | 132 |
| TALLAHASSEE LIAISON EXPENSES | | | (375,482) | | (17,020) | 151,408 | | | | (241,094) | 241,094 |
| TRANSMISSION DEFERRED RETURN PURSUANT TO STIP. & SETT. | | | | 7,998 | | (3,085) | | | | 4,913 | (4,913) |
| DEPRECIATION CREDIT ADJUSTMENT (1) | | | | 1,430,000 | | (551,623) | | | | 878,377 | (878,377) |
| GRT, FPSC FEES ON CLAUSES & FEES | | | | | (1,464,906) | 565,087 | | | | (899,819) | 899,819 |
| (GAIN) / LOSS ON DISPOSITION OF PROPERTY | | | | | | 191,111 | | | (495,428) | (304,317) | 304,317 |
| INTEREST SYNCHRONIZATION | | | | | | 5,876,748 | | | | 5,876,748 | (5,876,748) |
| TOTAL FPSC ADJUSTMENTS | (776,460,019) | (542,165,012) | (45,082,504) | (38,361,944) | (75,502,248) | (22,997,751) | 0 | 0 | (495,428) | (724,604,888) | (51,855,132) |
| FPSC ADJUSTED | 554,614,639 | 0 | 265,558,113 | 97,414,029 | 33,007,692 | 17,311,335 | 33,166,284 | (930,351) | (495,428) | 445,031,674 | 109,582,965 |
| PRO FORMA REVENUE ANNUALIZATION ADJUSTMENTS | | | | | | | | | | | |
| TOTAL PRO FORMA ADJUSTMENTS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| PRO FORMA ADJUSTED | 554,614,639 | 0 | 265,558,113 | 97,414,029 | 33,007,692 | 17,311,335 | 33,166,284 | (930,351) | (495,428) | 445,031,674 | 109,582,965 |
| (a) THE ADDITION OF EARNINGS FROM AFUDC WOULD INCREASE THE SYSTEM NOI BY | | | | 16,588,646 | | | 16,203,259 | | | | |
| CURRENT MONTH SYSTEM PER BOOKS | 122,809,254 | 55,286,004 | 27,445,138 | 10,479,611 | 9,752,967 | 2,105,465 | 4,125,322 | (105,992) | 0 | 109,068,516 | 13,740,738 |
| CURRENT MONTH JURISDICTIONAL PER BOOKS | 99,012,388 | 38,194,471 | 24,870,257 | 9,555,362 | 9,457,777 | 2,744,641 | 2,527,760 | (76,986) | 3,519 | 87,273,281 | 11,739,107 |

TOTALS MAY NOT ADD DUE TO ROUNDING.

Note:

(1) Reflects an adjustment to the depreciation credit provided for in Order No. PSC-13-0670-S-EI, issued December 19, 2013.

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

SCHEDULE 2
PAGE 3 OF 3

| <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 | (1,048,721,415) | FUEL & IIC FUEL REVENUES AND ECONOMY PROFITS | (859,959,918) | (254,579,538) |
| ACCUMULATED DEPRECIATION | 155,880,548 | ENVIRONMENTAL COST RECOVERY CLAUSE REVENUES | (147,288,843) | (58,818,871) |
| CWIP | (12,061,383) | PURCHASED POWER CAPACITY COST CLAUSE REVENUES | (58,918,418) | (21,855,507) |
| ENERGY CONSERVATION COST RECOVERY INVESTMENT | (11,893,985) | ENERGY CONSERVATION COST RECOVERY CLAUSE REVENUES | (18,598,324) | (7,174,303) |
| ACCUMULATED DEPRECIATION | (8,324,744) | FUEL EXPENSE | (855,874,724) | 253,003,875 |
| CWIP | (4,584) | PURCHASED POWER CAPACITY COST EXPENSE | (58,598,287) | 22,803,522 |
| TRANSMISSION PURSUANT TO STIP. & SETT. INVESTMENT | (108,805) | CONSERVATION EXPENSES - DEPRECIATION AND O & M | (18,582,781) | 8,398,808 |
| FAS 143 NET PLANT | (15,214,881) | CONSERVATION EXPENSES - OTHER TAXES | (384,247) | 148,223 |
| INTEREST BEARING CWIP | (289,048,747) | ENVIRONMENTAL COST RECOVERY EXPENSE | (71,425,498) | 27,552,388 |
| PHFU - NORTH ESCAMBIA | (12,952,298) | FRANCHISE FEE REVENUES | (41,818,825) | (18,053,813) |
| | | FRANCHISE FEE | (40,548,077) | 15,840,849 |
| | | GROSS RECEIPTS TAX REVENUES | (31,281,202) | (12,059,009) |
| | | GROSS RECEIPTS TAX EXPENSE | (30,864,944) | 11,908,152 |
| | | MARKETING SUPPORT ACTIVITIES | (197,472) | 78,175 |
| WORKING CAPITAL: | | WHOLESALE EXPENSE | (199,952) | 77,132 |
| ECRC WORKING CAPITAL | (7,437,424) | INSTITUTIONAL ADVERTISING EXPENSE | (411,545) | 158,754 |
| CONSERVATION/AEM INVENTORY | (1,382,937) | ECONOMIC DEVELOPMENT EXPENSE | (80,237) | 23,238 |
| CAPITALIZED DEF. EARNINGS ON TRANSMISSION PURSUANT TO STIP. & SETT. | (989) | MGMT FINANCIAL PLANNING SERVICES | (29,313) | 11,307 |
| FUNDED PROPERTY INSURANCE RESERVE | 0 | DIRECTORS' & OFFICERS' INSURANCE | (49,081) | 18,925 |
| LOANS TO EMPLOYEES AND RETIREES | (33,789) | INDUSTRY ASSOCIATION DUES | (219) | 84 |
| INTEREST & DIVIDENDS RECEIVABLE | (19,573) | TALLAHASSEE LIAISON EXPENSE | (401,172) | 154,752 |
| NORTH ESCAMBIA SITE | (4,892,753) | TRANSMISSION DEFERRED RETURN PURSUANT TO STIP. & SETT. | 7,998 | (3,085) |
| UNAMORTIZED RATE CASE EXPENSE | (4,993,811) | DEPRECIATION CREDIT ADJUSTMENT (1) | 1,430,000 | (551,823) |
| FUEL RELATED DEFERRED DEBITS | (54,319,183) | GRT/FPSC FEES ON CLAUSE REV ADJ & FRAN FEES | (1,464,908) | 585,087 |
| UNREALIZED LOSS ON FWD CONTRACT | 1,944 | COMP SALES/TRANS REV/G/L SALE GAS/PROV RT REF.W. ESC REV | 19,987 | 7,702 |
| ACCUM. PROV. FOR RATE REFUNDS | 0 | GAIN/LOSS ON DISPOSITION OF PROPERTY | (516,545) | 199,257 |
| FAS 143 WORKING CAPITAL | 28,485,483 | INTEREST SYNCHRONIZATION | 8,304,528 | 8,304,528 |
| FAS 158 REGULATORY ASSETS | (83,913,731) | | | |
| FAS 158 REGULATORY LIABILITIES | 83,913,731 | | | |
| PPA REGULATORY ASSETS | (191,565,503) | | | |
| PPA REGULATORY LIABILITIES | 191,565,503 | | | |
| FAS 133 REGULATORY ASSETS | (28,868,449) | | | |
| FAS 133 REGULATORY LIABILITIES | 28,868,449 | | | |

Note:

(1) Reflects an adjustment to the depreciation credit provided for in Order No. PSC-13-0870-S-EI, issued December 19, 2013.

GULF POWER COMPANY
YEAR END RATE OF RETURN
RATE BASE
November, 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 | 4,459,372,606 | 1,535,570,297 | 2,923,802,309 | 15,560,289 | 456,721,335 | 0 | 3,396,083,932 | 220,368,874 | 3,616,452,806 |
| JURISDICTIONAL PER BOOKS | 3,980,452,850 | 1,388,627,359 | 2,591,825,491 | 15,105,075 | 442,871,080 | 0 | 3,049,801,646 | 231,665,187 | 3,281,466,833 |
| FPSC ADJUSTMENTS: | | | | | | | | | |
| ENVIRONMENTAL RECOVERY CLAUSE | (1,016,072,192) | (170,766,028) | (845,306,164) | | (18,021,499) | | (863,327,663) | (7,219,350) | (870,547,013) |
| INT BEARING CWIP | | | | | (390,952,905) | | (390,952,905) | 0 | (390,952,905) |
| ENERGY CONSERVATION CLAUSE | (12,281,934) | 6,898,463 | (19,180,397) | | | | (19,180,397) | (1,382,937) | (20,563,334) |
| TRANSMISSION INVESTMENT PURSUANT TO STIP. & SETT. | (846,790) | | (846,790) | | | | (846,790) | 0 | (846,790) |
| CAPITALIZED DEF. EARNINGS ON TRANSM PURSUANT TO STIP. & SETT. | | | | | | | | (7,663) | (7,663) |
| LOANS TO EMPLOYEES AND RETIREES | | | | | | | | (32,357) | (32,357) |
| INTEREST AND DIVIDENDS RECEIVABLE | | | | | | | | (18,754) | (18,754) |
| FUNDED PROP RES, N. ESCAMBIA SITE, & OTHER INV. | | | | (12,661,331) | | | (12,661,331) | (4,496,294) | (17,157,625) |
| FUEL RELATED DEFERRED DEBITS | | | | | | | | (54,319,163) | (54,319,163) |
| ACCRUED PROVISION FOR REFUND | | | | | | | | 0 | 0 |
| UNAMORTIZED RATE CASE EXPENSES | | | | | | | | (4,784,748) | (4,784,748) |
| TOTAL FPSC ADJUSTMENTS | (1,029,200,916) | (163,867,565) | (865,333,351) | (12,661,331) | (408,974,404) | 0 | (1,286,969,086) | (72,261,266) | (1,359,230,352) |
| FPSC ADJUSTED | 2,951,251,934 | 1,224,759,794 | 1,726,492,140 | 2,443,744 | 33,896,676 | 0 | 1,762,832,560 | 159,403,921 | 1,922,236,481 |
| 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 | 2,951,251,934 | 1,224,759,794 | 1,726,492,140 | 2,443,744 | 33,896,676 | 0 | 1,762,832,560 | 159,403,921 | 1,922,236,481 |

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

SCHEDULE 3
PAGE 2 OF 3

| | 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 | 1,585,717,073 | 714,470,135 | 329,176,906 | 146,385,750 | 110,269,114 | 46,114,752 | 45,038,152 | (1,278,812) | 0 | 1,390,176,197 | 195,540,876 (a) |
| JURISDICTIONAL PER BOOKS | 1,331,074,658 | 542,165,012 | 310,640,617 | 135,775,973 | 108,509,940 | 40,310,600 | 33,170,675 | (930,351) | 0 | 1,169,842,467 | 161,432,191 (a) |
| LESS FPSC ADJUSTMENTS: | | | | | | | | | | | |
| RETAIL FUEL REVENUES & EXPENSES | (485,434,715) | (485,101,094) | | | | (128,694) | | | | (485,229,788) | (204,926) |
| PURCHASED POWER CAPACITY REVENUES & EXPENSES | (56,533,101) | (58,869,880) | | | | 129,913 | | | | (56,739,967) | 206,866 |
| ENERGY CONSERVATION COST REVENUES & EXPENSES | (18,598,324) | | (16,251,014) | (331,767) | (384,247) | (629,273) | | | | (17,596,301) | (1,002,023) |
| ENVIRONMENTAL COST RECOVERY CLAUSE | (143,016,053) | | (27,717,810) | (39,468,175) | (2,225,055) | (28,393,134) | | | | (97,804,174) | (45,211,879) |
| FRANCHISE FEE REVENUE & EXPENSE | (41,616,625) | | | | (40,546,077) | (412,964) | | | | (40,959,041) | (657,584) |
| GROSS RECEIPTS TAX REVENUE & ADJUSTMENT | (31,261,202) | | | | (30,864,944) | (152,857) | | | | (31,017,801) | (243,401) |
| MARKETING SUPPORT ACTIVITIES | | | (197,472) | | | 76,175 | | | | (121,297) | 121,297 |
| WHOLESALE EXPENSES | | (194,038) | | | | 74,850 | | | | (119,188) | 119,188 |
| INSTITUTIONAL ADVERTISING EXPENSE | | | (403,594) | | | 155,686 | | | | (247,908) | 247,908 |
| ECONOMIC DEVELOPMENT EXPENSE | | | (80,237) | | | 23,237 | | | | (37,000) | 37,000 |
| MGMT FINANCIAL PLANNING SERVICES | | | (28,679) | | | 11,063 | | | | (17,616) | 17,616 |
| DIRECTORS' & OFFICERS' INSURANCE | | | (48,001) | | | 18,517 | | | | (29,484) | 29,484 |
| INDUSTRY ASSOCIATION DUES | | | (215) | | | 83 | | | | (132) | 132 |
| TALLAHASSEE LIAISON EXPENSES | | | (375,482) | | (17,020) | 151,408 | | | | (241,094) | 241,094 |
| TRANSMISSION DEFERRED RETURN PURSUANT TO STIP. & SETT. | | | | 7,998 | | (3,085) | | | | 4,913 | (4,913) |
| DEPRECIATION CREDIT ADJUSTMENT (1) | | | | 1,430,000 | | (551,623) | | | | 878,377 | (878,377) |
| GRT, FPSC FEES ON CLAUSES & FEES | | | | | (1,464,906) | 565,087 | | | | (899,819) | 899,819 |
| (GAIN) / LOSS ON DISPOSITION OF PROPERTY | | | | | | 191,111 | | | (495,428) | (304,317) | 304,317 |
| INTEREST SYNCHRONIZATION | | | | | | 6,362,844 | | | | 6,362,844 | (6,362,844) |
| TOTAL FPSC ADJUSTMENTS | (776,460,019) | (542,165,012) | (45,082,504) | (38,361,944) | (75,502,248) | (22,511,855) | 0 | 0 | (495,428) | (724,118,792) | (52,341,228) |
| FPSC ADJUSTED | 554,614,639 | 0 | 265,558,113 | 97,414,029 | 33,007,692 | 17,798,945 | 33,170,675 | (930,351) | (495,428) | 445,523,675 | 109,090,964 |
| PRO FORMA REVENUE ANNUALIZATION | | | | | | | | | | | |
| TOTAL PRO FORMA ADJUSTMENTS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| PRO FORMA ADJUSTED | 554,614,639 | 0 | 265,558,113 | 97,414,029 | 33,007,692 | 17,798,945 | 33,170,675 | (930,351) | (495,428) | 445,523,675 | 109,090,964 |
| (a) THE ADDITION OF EARNINGS FROM AFUDC WOULD INCREASE THE SYSTEM NOI BY | | | | 16,588,646 | | | | | | | AND THE JURISDICTIONAL NOI BY 16,203,259 |

Note:

(1) Reflects an adjustment to the depreciation credit provided for in Order No. PSC-13-0670-S-EI, issued December 19, 2013.

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

SCHEDULE 3
PAGE 3 OF 3

| <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 | (1,046,840,053) | FUEL & IIC FUEL REVENUES AND ECONOMY PROFITS | (659,959,918) | (254,579,538) |
| ACCUMULATED DEPRECIATION | 175,937,024 | ENVIRONMENTAL COST RECOVERY CLAUSE REVENUES | (147,288,843) | (56,816,871) |
| CWIP | (18,567,212) | PURCHASED POWER CAPACITY COST CLAUSE REVENUES | (56,916,416) | (21,955,507) |
| ENERGY CONSERVATION COST RECOVERY INVESTMENT | (12,281,934) | ENERGY CONSERVATION COST RECOVERY CLAUSE REVENUES | (18,598,324) | (7,174,303) |
| ACCUMULATED DEPRECIATION | (6,698,463) | FUEL EXPENSE | (655,874,724) | 253,003,875 |
| CWIP | 0 | PURCHASED POWER CAPACITY COST EXPENSE | (58,596,297) | 22,803,522 |
| TRANSMISSION PURSUANT TO STIP. & SETT. INVESTMENT | (646,790) | CONSERVATION EXPENSES - DEPRECIATION AND O & M | (18,582,781) | 6,398,806 |
| FAS 143 NET PLANT | (15,126,907) | CONSERVATION EXPENSES - OTHER TAXES | (384,247) | 148,223 |
| INTEREST BEARING CWIP | (400,251,530) | ENVIRONMENTAL COST RECOVERY EXPENSE | (71,425,498) | 27,552,386 |
| PHFU - NORTH ESCAMBIA | (13,042,699) | FRANCHISE FEE REVENUES | (41,616,825) | (16,053,813) |
| | | FRANCHISE FEE | (40,548,077) | 15,840,649 |
| WORKING CAPITAL: | | GROSS RECEIPTS TAX REVENUES | (31,281,202) | (12,058,009) |
| ECRC WORKING CAPITAL | (7,437,424) | GROSS RECEIPTS TAX EXPENSE | (30,684,944) | 11,908,152 |
| CONSERVATION/AEM INVENTORY | (1,362,937) | MARKETING SUPPORT ACTIVITIES | (197,472) | 78,175 |
| CAPITALIZED DEF. EARNINGS ON TRANSMISSION PURSUANT TO STIP. & SETT. | (989) | WHOLESALE EXPENSE | (199,952) | 77,132 |
| FUNDED PROPERTY INSURANCE RESERVE | 0 | INSTITUTIONAL ADVERTISING EXPENSE | (411,545) | 158,754 |
| LOANS TO EMPLOYEES AND RETIREES | (33,769) | ECONOMIC DEVELOPMENT EXPENSE | (80,237) | 23,236 |
| INTEREST & DIVIDENDS RECEIVABLE | (19,573) | MGMT FINANCIAL PLANNING SERVICES | (29,313) | 11,307 |
| NORTH ESCAMBIA SITE | (4,692,753) | DIRECTORS' & OFFICERS' INSURANCE | (49,061) | 18,925 |
| UNAMORTIZED RATE CASE EXPENSE | (4,993,811) | INDUSTRY ASSOCIATION DUES | (219) | 84 |
| FUEL RELATED DEFERRED DEBITS | (54,319,163) | TALLAHASSEE LIAISON EXPENSE | (401,172) | 154,752 |
| UNREALIZED LOSS ON FWD CONTRACT | 1,944 | TRANSMISSION DEFERRED RETURN PURSUANT TO STIP. & SETT. | 7,896 | (3,085) |
| ACCUM. PROV. FOR RATE REFUNDS | 0 | DEPRECIATION CREDIT ADJUSTMENT (1) | 1,430,000 | (551,623) |
| FAS 143 WORKING CAPITAL | 26,465,493 | GRT/FPSC FEES ON CLAUSE REV ADJ & FRAN FEES | (1,484,906) | 565,087 |
| FAS 158 REGULATORY ASSETS | (83,913,731) | COMP SALES/TRANS REV/IL SALE GAS/PROV RT REFIN. ESC REV | 19,987 | 7,702 |
| FAS 158 REGULATORY LIABILITIES | 83,913,731 | GAIN/LOSS ON DISPOSITION OF PROPERTY | (516,545) | 199,257 |
| PPA REGULATORY ASSETS | (191,565,503) | INTEREST SYNCHRONIZATION | 6,509,358 | 6,509,358 |
| PPA REGULATORY LIABILITIES | 191,565,503 | | | |
| FAS 133 REGULATORY ASSETS | (28,668,449) | | | |
| FAS 133 REGULATORY LIABILITIES | 28,668,449 | | | |

Note:

(1) Reflects an adjustment to the depreciation credit provided for in Order No. PSC-13-0670-S-EI, issued December 19, 2013.

GULF POWER COMPANY
 CAPITAL STRUCTURE
 FPSC ADJUSTED BASIS
 November, 2014

SCHEDULE 4

| AVERAGE | ADJUSTMENTS | | | | ADJUSTED RETAIL | RATIO (%) | LOW POINT | | MIDPOINT | | HIGH POINT | |
|-----------------------------|----------------------|----------------------|------------------------|----------|----------------------|-----------------|------------------|----------------------|------------------|----------------------|------------------|----------------------|
| | SYSTEM PER BOOKS | RETAIL PER BOOKS | PRO RATA | SPECIFIC | | | COST RATE (%) | WEIGHTED COST (%) | COST RATE (%) | WEIGHTED COST (%) | COST RATE (%) | WEIGHTED COST (%) |
| LONG TERM DEBT | 1,250,889,324 | 1,145,769,705 | (459,227,288) | 0 | 686,542,417 | 36.12 | 4.57 | 1.65 | 4.57 | 1.65 | 4.57 | 1.65 |
| SHORT TERM DEBT | 83,257,326 | 22,006,022 | (8,820,067) | 0 | 13,185,955 | 0.69 | 0.22 | 0.00 | 0.22 | 0.00 | 0.22 | 0.00 |
| PREFERENCE STOCK | 146,503,864 | 134,176,880 | (53,778,420) | 0 | 80,398,460 | 4.23 | 6.14 | 0.26 | 6.14 | 0.26 | 6.14 | 0.26 |
| CUSTOMER DEPOSITS | 34,799,563 | 35,403,949 | (14,189,989) | 0 | 21,213,960 | 1.12 | 2.41 | 0.03 | 2.41 | 0.03 | 2.41 | 0.03 |
| COMMON EQUITY | 1,281,511,819 | 1,181,402,673 | (473,509,068) | 0 | 707,893,605 | 37.24 | 9.25 | 3.44 | 10.25 | 3.82 | 11.25 | 4.19 |
| DEFERRED INCOME TAXES | 744,088,585 | 692,902,847 | (277,717,148) | 0 | 415,185,699 | 21.84 | | | | | | |
| FASB 109 DEFERRED TAXES | (45,554,735) | (42,421,031) | 17,002,452 | 0 | (25,418,579) | (1.34) | | | | | | |
| TAX CREDITS - ZERO COST | 0 | 0 | 0 | 0 | 0 | 0.00 | | | | | | |
| TAX CREDITS - WEIGHTED COST | 3,525,850 | 3,117,292 | (1,249,418) | 0 | 1,867,874 | 0.10 | 6.90 | 0.01 | 7.38 | 0.01 | 7.86 | 0.01 |
| TOTAL | 3,499,021,596 | 3,172,358,337 | (1,271,488,946) | 0 | 1,900,869,391 | 100.00 % | | 5.39 % | | 5.76 % | | 6.14 % |

| YEAR-END | ADJUSTMENTS | | | | ADJUSTED RETAIL | RATIO (%) | LOW POINT | | MIDPOINT | | HIGH POINT | |
|-----------------------------|----------------------|----------------------|------------------------|----------|----------------------|-----------------|------------------|----------------------|------------------|----------------------|------------------|----------------------|
| | SYSTEM PER BOOKS | RETAIL PER BOOKS | PRO RATA | SPECIFIC | | | COST RATE (%) | WEIGHTED COST (%) | COST RATE (%) | WEIGHTED COST (%) | COST RATE (%) | WEIGHTED COST (%) |
| LONG TERM DEBT | 1,344,204,147 | 1,211,456,946 | (501,802,741) | 0 | 709,654,205 | 36.92 | 4.25 | 1.57 | 4.25 | 1.57 | 4.25 | 1.57 |
| SHORT TERM DEBT | 20,996,733 | (1,679,711) | 695,760 | 0 | (983,951) | (0.05) | 0.06 | (0.00) | 0.06 | (0.00) | 0.06 | (0.00) |
| PREFERENCE STOCK | 146,503,864 | 135,690,095 | (56,204,772) | 0 | 79,485,323 | 4.14 | 6.14 | 0.25 | 6.14 | 0.25 | 6.14 | 0.25 |
| CUSTOMER DEPOSITS | 35,170,952 | 36,081,127 | (14,945,317) | 0 | 21,135,810 | 1.10 | 2.44 | 0.03 | 2.44 | 0.03 | 2.44 | 0.03 |
| COMMON EQUITY | 1,302,012,666 | 1,222,748,588 | (506,479,900) | 0 | 716,268,688 | 37.26 | 9.25 | 3.45 | 10.25 | 3.82 | 11.25 | 4.19 |
| DEFERRED INCOME TAXES | 766,609,919 | 720,557,321 | (298,465,117) | 0 | 422,092,204 | 21.95 | | | | | | |
| FASB 109 DEFERRED TAXES | (48,998,996) | (46,055,478) | 19,076,836 | 0 | (26,978,642) | (1.40) | | | | | | |
| TAX CREDITS - ZERO COST | 0 | 0 | 0 | 0 | 0 | 0.00 | | | | | | |
| TAX CREDITS - WEIGHTED COST | 2,889,382 | 2,667,945 | (1,105,101) | 0 | 1,562,844 | 0.08 | 6.73 | 0.01 | 7.20 | 0.01 | 7.68 | 0.01 |
| TOTAL | 3,569,388,667 | 3,281,466,833 | (1,359,230,352) | 0 | 1,922,236,481 | 100.00 % | | 5.30 % | | 5.67 % | | 6.05 % |

GULF POWER COMPANY
Financial Integrity Indicators
November, 2014

A. Times Interest Earned with AFUDC

| | |
|---|-------------------|
| Earnings Before Interest | 204,720,703 |
| AFUDC - Debt | 5,165,182 |
| Income Taxes | <u>90,577,032</u> |
| Total | 300,462,918 |
| Interest Charges (Before Deducting AFUDC - Debt) | <u>58,309,110</u> |
| T.I.E. With AFUDC | <u>5.15</u> x |

B. Times Interest Earned without AFUDC

| | |
|---|-------------------|
| Earnings Before Interest | 204,720,703 |
| AFUDC - Other | (11,423,464) |
| Income Taxes | <u>90,577,032</u> |
| Total | 283,874,272 |
| Interest Charges (Before Deducting AFUDC - Debt) | <u>58,309,110</u> |
| T.I.E. Without AFUDC | <u>4.87</u> x |

C. Percent AFUDC To Net Income Available for Common Stockholders

| | |
|---|------------------------|
| AFUDC - Debt | 5,165,182 |
| X (1 - Income Tax Rate) | 0.61425 |
| Subtotal | 3,172,713 |
| AFUDC - Other | <u>11,423,464</u> |
| Total | <u>14,596,177</u> |
| Net Income Available for Common Stockholders | <u>142,574,276</u> |
| Percent AFUDC to Available Net Income | <u>10.24%</u> |

D. Percent Internally Generated Funds

| | |
|---|------------------------|
| Net Income | 151,576,776 |
| Preference Dividends | (9,002,500) |
| Common Dividends | (123,200,000) |
| AFUDC (Debt & Other) | (16,588,646) |
| Depreciation & Amortization | 155,246,611 |
| Deferred Income Taxes | 45,017,477 |
| Investment Tax Credits | 0 |
| Other | <u>(4,299,557)</u> |
| Total | <u>198,750,161</u> |
| Construction Expenditures (Excluding AFUDC Other & Debt) | <u>329,640,496</u> |
| Percent Internally Generated Funds | <u>60.29%</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 | 686,542,417 |
| Short Term Debt | 13,185,955 |
| Preference Stock | 80,398,460 |
| Common Equity | <u>707,893,605</u> |
| Total | <u>1,488,020,437</u> |
| % Long Term Debt To Total | <u>46.14%</u> |
| % Short Term Debt To Total | <u>0.89%</u> |

G. FPSC Adjusted Average Jurisdictional Return
On Common Equity

| | G. FPSC ADJ. | H. PROFORMA |
|---|-------------------|-------------------|
| FPSC Adjusted Average Earned Rate of Return | 5.76% | 5.76% |
| 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>(1.95)</u> | <u>(1.95)</u> |
| Total | 3.82 | 3.82 |
| Divided by Common Equity Ratio | <u>37.24</u> | <u>37.24</u> |
| Jurisdictional Return on Common Equity | <u>10.25%</u> | <u>10.25%</u> |

GULF POWER COMPANY
Storm Accrual - Twelve Month to Date
November, 2014

Supplemental 1

| <u>Month</u> | <u>Year</u> | <u>\$</u> |
|-------------------|-------------|-------------------------|
| December | 2013 | 291,667 |
| January | 2014 | 291,663 |
| February | 2014 | 291,667 |
| March | 2014 | 291,667 |
| April | 2014 | 291,667 |
| May | 2014 | 291,667 |
| June | 2014 | 291,667 |
| July | 2014 | 291,667 |
| August | 2014 | 291,667 |
| September | 2014 | 291,667 |
| October | 2014 | 291,667 |
| November | 2014 | 291,667 |
| 12 - M-T-D | | <u>3,500,000</u> |