

March 2014

Earnings Surveillance
Report
(Rate of Return)



GULF POWER COMPANY
Earnings Surveillance Report Summary
March, 2014

	(1) Actual Per Books	(2) FPSC Adjustments	(3) FPSC Adjusted	(4) Pro Forma Adjustments	(5) Pro Forma Adjusted
I. Average Rate of Return (Jurisdictional)					
	(a)	(b)			
Net Operating Income	174,277,763	(65,203,696)	109,074,067	0	109,074,067
Average Rate Base	3,050,622,090	(1,161,663,926)	1,888,958,164	0	1,888,958,164
Average Rate of Return	5.71%		5.77%		5.77%
II. Year End Rate of Return (Jurisdictional)					
	(a)	(b)			
Net Operating Income	173,976,340	(65,297,247)	108,679,093	0	108,679,093
Year End Rate Base	3,146,616,336	(1,224,232,034)	1,922,384,302	0	1,922,384,302
Year End Rate of Return	5.53%		5.65%		5.65%

(a) Includes AFUDC Earnings

(b) Includes Reversal of AFUDC Earnings

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

Low	5.40%
Midpoint	5.77%
High	6.14%

IV. Financial Integrity Indicators

A. Tie With AFUDC	5.01	x (System per Books Basis)
B. Tie Without AFUDC	4.81	x (System per Books Basis)
C. AFUDC To Net Income	7.32%	(System per Books Basis)
D. Internally Generated Funds	93.90%	(System per Books Basis)
E. LTD To Total Investor Funds	45.98%	(FPSC Adjusted Basis)
F. STD To Total Investor Funds	2.23%	(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	Signature	Date
Susan D. Ritenour Corporate Planning Manager, Corporate Treasurer & Secretary	_____	_____

GULF POWER COMPANY
AVERAGE RATE OF RETURN
RATE BASE
March, 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	4,307,077,421	1,420,031,149	2,887,046,272	17,978,492	247,868,926	0	3,152,893,690	235,944,951	3,388,838,641
JURISDICTIONAL PER BOOKS	3,840,704,856	1,282,698,569	2,558,006,287	17,452,535	233,362,146	0	2,808,820,967	241,801,123	3,050,622,090
FPSC ADJUSTMENTS:									
ENVIRONMENTAL RECOVERY CLAUSE	(1,015,372,728)	(125,752,536)	(889,620,192)		(3,100,201)		(892,720,393)	(7,780,065)	(900,500,458)
INT BEARING CWIP					(187,295,986)		(187,295,986)	0	(187,295,986)
ENERGY CONSERVATION CLAUSE	(11,093,826)	5,554,390	(16,648,216)		(4,594)		(16,652,810)	(2,263,127)	(18,915,937)
TRANSMISSION INVESTMENT PURSUANT TO STIP. & SETT.								0	0
CAPITALIZED DEF. EARNINGS ON TRNSM PURSUANT TO STIP. & SETT.								0	0
LOANS TO EMPLOYEES / RETIREES								(26,882)	(26,882)
FUNDED PROP RES, N. ESCAMBIA & OTHER INV.				(12,612,640)			(12,612,640)	(4,595,276)	(17,207,916)
DEPRECIATION CREDIT ADJUSTMENT (1)								(58,462)	(58,462)
FUEL RELATED DEFERRED DEBITS								(33,703,834)	(33,703,834)
ACCRUED PROVISION FOR REFUND								251,165	251,165
UNAMORTIZED RATE CASE EXPENSES								(4,205,616)	(4,205,616)
TOTAL FPSC ADJUSTMENTS	(1,026,466,554)	(120,198,146)	(906,268,408)	(12,612,640)	(190,400,781)	0	(1,109,281,828)	(52,382,098)	(1,161,663,926)
FPSC ADJUSTED	2,814,238,302	1,162,500,423	1,651,737,879	4,839,895	42,961,365	0	1,699,539,139	189,419,025	1,888,958,164
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	2,814,238,302	1,162,500,423	1,651,737,879	4,839,895	42,961,365	0	1,699,539,139	189,419,025	1,888,958,164

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
INCOME STATEMENT
March, 2014

	OPERATING REVENUES	O & M FUEL & NET INTERCHANGE	O & M OTHER	DEPRECIATION & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES CURRENT	DEFERRED INCOME TAXES (NET)	INVESTMENT TAX CREDIT (NET)	(GAIN)/LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME
SYSTEM PER BOOKS	1,521,268,930	678,372,392	310,305,707	145,144,912	101,526,912	15,228,820	74,601,483	(1,332,276)	0	1,323,846,950	197,422,980 (a)
JURISDICTIONAL PER BOOKS	1,276,243,461	514,943,506	293,152,421	134,428,123	99,884,101	18,158,282	53,883,287	(983,006)	0	1,113,466,713	162,776,748 (a)
LESS FPSC ADJUSTMENTS:	(470,017,694)	(469,712,671)				(117,662)				(469,830,333)	(187,360)
RETAIL FUEL REVENUES & EXPENSES	(44,942,183)	(45,070,704)				49,577				(45,021,127)	78,944
PURCHASED POWER CAPACITY REVENUES & EXPENSES	(25,007,712)				(400,375)	(626,001)				(24,010,887)	(996,815)
ENERGY CONSERVATION COST REVENUES & EXPENSES	(145,259,245)		(22,672,511)	(312,011)	(1,729,186)	(29,369,954)				(98,491,924)	(46,767,321)
ENVIRONMENTAL COST RECOVERY CLAUSE	(38,995,194)		(27,867,703)	(39,525,081)	(38,035,150)	(370,337)				(89,707,377)	(589,707)
FRANCHISE FEE REVENUE & EXPENSE	(28,908,463)				(28,585,626)	(124,535)				(28,710,161)	(198,302)
GROSS RECEIPTS TAX REVENUE & ADJUSTMENT			(185,519)			71,564				(113,955)	113,955
MARKETING SUPPORT ACTIVITIES		(160,130)				61,770				(98,360)	98,360
WHOLESALE EXPENSES			(164,751)			63,563				(101,188)	101,188
INSTITUTIONAL ADVERTISING EXPENSE			(53,939)			20,807				(33,132)	33,132
ECONOMIC DEVELOPMENT EXPENSE			(31,509)			12,155				(19,354)	19,354
MGMT FINANCIAL PLANNING SERVICES			(45,787)			17,663				(28,124)	28,124
DIRECTORS' & OFFICERS' INSURANCE			(71)			27				(44)	44
INDUSTRY ASSOCIATION DUES			(189,271)		(7,622)	75,951				(120,942)	120,942
TALLAHASSEE LIASON EXPENSES				760,000		(293,170)				(466,830)	(466,830)
DEPRECIATION CREDIT ADJUSTMENT (1)					(1,358,564)	524,066				(834,498)	834,498
GRT, FPSC FEES ON CLAUSES & FEES						44,238				(70,442)	70,442
INT. FPSC FEES ON CLAUSES & FEES						5,995,338			(114,680)	5,995,338	(5,995,338)
INTEREST SYNCHRONIZATION											
TOTAL FPSC ADJUSTMENTS	(753,130,491)	(514,943,506)	(51,211,061)	(39,077,092)	(70,116,522)	(23,964,950)	0	0	(114,680)	(699,427,810)	(53,702,681)
FPSC ADJUSTED	523,112,970	0	241,941,360	95,351,031	29,767,579	(5,806,666)	53,883,287	(983,006)	(114,680)	414,038,903	109,074,067
PRO FORMA REVENUE 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	523,112,970	0	241,941,360	95,351,031	29,767,579	(5,806,666)	53,883,287	(983,006)	(114,680)	414,038,903	109,074,067
(a) THE ADDITION OF EARNINGS FROM AFUDC WOULD INCREASE THE SYSTEM NOI BY			11,774,561		AND THE JURISDICTIONAL NOI BY		11,501,015				
CURRENT MONTH SYSTEM PER BOOKS	125,570,897	58,471,488	30,415,705	10,408,269	8,206,369	947,229	4,401,309	(105,992)	0	112,744,377	12,826,520
CURRENT MONTH JURISDICTIONAL PER BOOKS	98,512,477	38,155,986	27,204,670	9,498,813	8,069,607	1,860,545	2,714,680	(76,986)	0	87,427,314	11,085,163

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
March, 2014

SCHEDULE 2
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<u>RATE BASE ADJUSTMENTS</u>	<u>AMOUNT</u>	<u>NET OPERATING INCOME STATEMENT ADJUSTMENTS</u>	<u>AMOUNT</u>	<u>TAX EFFECT</u>
ENVIRONMENTAL COST RECOVERY CLAUSE INVESTMENT	(1,045,227,482)	FUEL & IIC FUEL REVENUES AND ECONOMY PROFITS	(635,478,816)	(245,135,954)
ACCUMULATED DEPRECIATION	129,463,721	ENVIRONMENTAL COST RECOVERY CLAUSE REVENUES	(149,066,667)	(57,502,467)
CWIP	(3,194,621)	PURCHASED POWER CAPACITY COST CLAUSE REVENUES	(45,127,702)	(17,408,011)
ENERGY CONSERVATION COST RECOVERY INVESTMENT	(11,093,826)	ENERGY CONSERVATION COST RECOVERY CLAUSE REVENUES	(25,007,712)	(9,646,725)
ACCUMULATED DEPRECIATION	(5,554,390)	FUEL EXPENSE	(631,631,003)	243,651,659
CWIP	(4,594)	PURCHASED POWER CAPACITY COST EXPENSE	(46,648,250)	17,994,562
TRANSMISSION PURSUANT TO STIP. & SETT. INVESTMENT	0	CONSERVATION EXPENSES - DEPRECIATION AND O & M	(22,984,521)	8,866,279
FAS 143 NET PLANT	(14,770,163)	CONSERVATION EXPENSES - OTHER TAXES	(400,375)	154,445
INTEREST BEARING CWIP	(191,750,730)	ENVIRONMENTAL COST RECOVERY EXPENSE	(71,101,671)	27,427,470
PHFU - NORTH ESCAMBIA	(12,992,740)	FRANCHISE FEE REVENUES	(38,995,194)	(15,042,396)
WORKING CAPITAL:		FRANCHISE FEE	(38,035,150)	14,672,059
ECRC WORKING CAPITAL	(8,008,205)	GROSS RECEIPTS TAX REVENUES	(28,908,463)	(11,151,440)
CONSERVATION/AEM INVENTORY	(2,263,127)	GROSS RECEIPTS TAX EXPENSE	(28,585,626)	11,026,905
CAPITALIZED DEF. EARNINGS ON TRANSMISSION PURSUANT TO STIP. & SETT.	0	MARKETING SUPPORT ACTIVITIES	(185,519)	71,564
FUNDED PROPERTY INSURANCE RESERVE	0	WHOLESALE EXPENSE	(165,011)	63,653
LOANS TO EMPLOYEES AND RETIREES	(28,055)	INSTITUTIONAL ADVERTISING EXPENSE	(167,997)	64,805
INTEREST & DIVIDENDS RECEIVABLE	0	ECONOMIC DEVELOPMENT EXPENSE	(53,938)	20,807
NORTH ESCAMBIA SITE	(4,796,060)	MGMT FINANCIAL PLANNING SERVICES	(32,204)	12,423
UNAMORTIZED RATE CASE EXPENSE	(4,389,375)	DIRECTORS' & OFFICERS' INSURANCE	(46,798)	18,052
DEPRECIATION CREDIT ADJUSTMENT (1)	(58,462)	INDUSTRY ASSOCIATION DUES	(72)	28
FUEL RELATED DEFERRED DEBITS	(33,703,834)	TALLAHASSEE LIAISON EXPENSE	(201,242)	77,629
UNREALIZED LOSS ON FWD CONTRACT	(96)	DEPRECIATION CREDIT ADJUSTMENT (1)	760,000	(293,170)
ACCUM. PROV. FOR RATE REFUNDS	262,139	GRT/FPSC FEES ON CLAUSE REV ADJ & FRAN FEES	(1,358,565)	524,066
FAS 143 WORKING CAPITAL	25,640,450	COMP SALES\TRANS REV\G/L SALE GAS\PROV RT REF\N. ESC REV	74,361	28,685
FAS 158 REGULATORY ASSETS	(120,023,619)	GAINLOSS ON DISPOSITION OF PROPERTY	(116,789)	45,051
FAS 158 REGULATORY LIABILITIES	120,023,619	INTEREST SYNCHRONIZATION	6,393,832	6,393,832
PPA REGULATORY ASSETS	(175,308,496)			
PPA REGULATORY LIABILITIES	175,308,496			
FAS 133 REGULATORY ASSETS	(28,660,464)			
FAS 133 REGULATORY LIABILITIES	28,660,464			

Note:

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GULF POWER COMPANY
YEAR END RATE OF RETURN
RATE BASE
March, 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	4,374,974,147	1,464,524,830	2,910,449,318	15,476,655	322,811,030	0	3,248,737,003	235,944,951	3,484,681,954
JURISDICTIONAL PER BOOKS	3,902,024,994	1,323,281,380	2,578,743,614	15,023,888	309,099,172	0	2,902,866,674	243,749,662	3,146,616,336
<u>FPSC ADJUSTMENTS:</u>									
ENVIRONMENTAL RECOVERY CLAUSE	(1,015,086,929)	(144,726,218)	(870,360,711)		(8,322,751)		(878,683,462)	(7,780,065)	(886,463,527)
INT BEARING CWIP					(262,927,266)		(262,927,266)	0	(262,927,266)
ENERGY CONSERVATION CLAUSE	(11,543,022)	6,116,042	(17,659,064)				(17,659,064)	(2,263,127)	(19,922,191)
TRANSMISSION INVESTMENT PURSUANT TO STIP. & SETT.								0	0
CAPITALIZED DEF. EARNINGS ON TRANSM PURSUANT TO STIP. & SETT.								0	0
LOANS TO EMPLOYEES AND RETIREES								(26,882)	(26,882)
FUNDED PROP RES, N. ESCAMBIA SITE, & OTHER INV.				(12,580,144)			(12,580,144)	(4,595,276)	(17,175,420)
DEPRECIATION CREDIT ADJUSTMENT (1)								(58,462)	(58,462)
FUEL RELATED DEFERRED DEBITS								(33,703,834)	(33,703,834)
ACCRUED PROVISION FOR REFUND								251,165	251,165
								(4,205,616)	(4,205,616)
TOTAL FPSC ADJUSTMENTS	(1,026,629,951)	(138,610,176)	(888,019,775)	(12,580,144)	(271,250,017)	0	(1,171,849,936)	(52,382,097)	(1,224,232,034)
FPSC ADJUSTED	2,875,395,043	1,184,671,204	1,690,723,839	2,443,744	37,849,155	0	1,731,016,738	191,367,564	1,922,384,302
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	2,875,395,043	1,184,671,204	1,690,723,839	2,443,744	37,849,155	0	1,731,016,738	191,367,564	1,922,384,302

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
INCOME STATEMENT
March, 2014

	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	1,521,268,930	678,372,392	310,305,707	145,144,912	101,526,912	15,226,820	74,601,483	(1,332,276)	0	1,323,845,950	197,422,980
JURISDICTIONAL PER BOOKS	1,276,243,461	514,943,506	293,152,421	134,428,123	99,884,101	18,345,459	53,997,533	(983,006)	0	1,113,768,136	162,475,325
LESS FPSC ADJUSTMENTS:											
RETAIL FUEL REVENUES & EXPENSES	(470,017,694)	(469,712,671)				(117,662)				(469,830,333)	(187,360)
PURCHASED POWER CAPACITY REVENUES & EXPENSES:	(44,942,183)	(45,070,704)				49,577				(45,021,127)	78,944
ENERGY CONSERVATION COST REVENUES & EXPENSES:	(25,007,712)		(22,672,511)	(312,011)	(400,375)	(626,001)				(24,010,897)	(996,815)
ENVIRONMENTAL COST RECOVERY CLAUSE	(145,259,245)		(27,867,703)	(39,525,081)	(1,729,186)	(29,369,954)				(98,491,924)	(46,767,321)
FRANCHISE FEE REVENUE & EXPENSE	(38,995,194)				(38,035,150)	(370,337)				(38,405,487)	(589,707)
GROSS RECEIPTS TAX REVENUE & ADJUSTMENT	(28,908,463)				(28,685,626)	(124,535)				(28,710,161)	(198,302)
MARKETING SUPPORT ACTIVITIES			(185,519)			71,564				(113,955)	113,955
WHOLESALE EXPENSES		(160,130)				61,770				(98,360)	98,360
INSTITUTIONAL ADVERTISING EXPENSE			(164,751)			63,553				(101,198)	101,198
ECONOMIC DEVELOPMENT EXPENSE			(53,939)			20,807				(33,132)	33,132
MGMT FINANCIAL PLANNING SERVICES			(31,509)			12,155				(19,354)	19,354
DIRECTORS' & OFFICERS' INSURANCE			(45,787)			17,663				(28,124)	28,124
INDUSTRY ASSOCIATION DUES			(71)			27				(44)	44
TALLAHASSEE LIAISON EXPENSES			(189,271)		(7,622)	75,951				(120,942)	120,942
DEPRECIATION CREDIT ADJUSTMENT (1)				760,000		(293,170)				466,830	(466,830)
GRT, FPSC FEES ON CLAUSES & FEES					(1,358,564)	524,066				(834,498)	834,498
(GAIN) / LOSS ON DISPOSITION						44,238			(114,680)	(70,442)	70,442
INTEREST SYNCHRONIZATION						6,088,889				6,088,889	(6,088,889)
TOTAL FPSC ADJUSTMENTS	(753,130,491)	(514,943,506)	(51,211,061)	(39,077,092)	(70,116,522)	(23,871,399)	0	0	(114,680)	(699,334,259)	(53,796,232)
FPSC ADJUSTED	523,112,970	0	241,941,360	95,351,031	29,767,579	(5,525,940)	53,997,533	(983,006)	(114,680)	414,433,877	108,679,093
PRO FORMA REVENUE ANNUALIZATION ADJUSTMENTS											
TOTAL PRO FORMA ADJUSTMENTS	0	0	0	0	0	0	0	0	0	0	0
PRO FORMA ADJUSTED	523,112,970	0	241,941,360	95,351,031	29,767,579	(5,525,940)	53,997,533	(983,006)	(114,680)	414,433,877	108,679,093
(a) THE ADDITION OF EARNINGS FROM AFUDC WOULD INCREASE THE SYSTEM NOI BY				11,774,561	AND THE JURISDICTIONAL NOI E	11,501,015					

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
March, 2014

SCHEDULE 3
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<u>RATE BASE ADJUSTMENTS</u>	<u>AMOUNT</u>	<u>NET OPERATING INCOME STATEMENT ADJUSTMENTS</u>	<u>AMOUNT</u>	<u>TAX EFFECT</u>
ENVIRONMENTAL COST RECOVERY CLAUSE INVESTMENT	(1,045,731,180)	FUEL & IIC FUEL REVENUES AND ECONOMY PROFITS	(635,478,816)	(245,135,954)
ACCUMULATED DEPRECIATION	149,095,328	ENVIRONMENTAL COST RECOVERY CLAUSE REVENUES	(149,066,667)	(57,502,467)
CWIP	(8,574,005)	PURCHASED POWER CAPACITY COST CLAUSE REVENUES	(45,127,702)	(17,408,011)
ENERGY CONSERVATION COST RECOVERY INVESTMENT	(11,543,022)	ENERGY CONSERVATION COST RECOVERY CLAUSE REVENUES	(25,007,712)	(9,646,725)
ACCUMULATED DEPRECIATION	(6,116,042)	FUEL EXPENSE	(631,631,003)	243,651,659
CWIP	0	PURCHASED POWER CAPACITY COST EXPENSE	(46,648,250)	17,994,562
TRANSMISSION PURSUANT TO STIP. & SETT. INVESTMENT	0	CONSERVATION EXPENSES - DEPRECIATION AND O & M	(22,984,521)	8,866,279
FAS 143 NET PLANT	(15,248,939)	CONSERVATION EXPENSES - OTHER TAXES	(400,375)	154,445
INTEREST BEARING CWIP	(269,180,864)	ENVIRONMENTAL COST RECOVERY EXPENSE	(71,101,671)	27,427,470
PHFU - NORTH ESCAMBIA	(12,959,265)	FRANCHISE FEE REVENUES	(38,995,194)	(15,042,396)
		FRANCHISE FEE	(38,035,150)	14,672,059
		GROSS RECEIPTS TAX REVENUES	(28,908,463)	(11,151,440)
		GROSS RECEIPTS TAX EXPENSE	(28,585,626)	11,026,905
		MARKETING SUPPORT ACTIVITIES	(185,519)	71,564
		WHOLESALE EXPENSE	(165,011)	63,653
		INSTITUTIONAL ADVERTISING EXPENSE	(167,997)	64,805
		ECONOMIC DEVELOPMENT EXPENSE	(53,938)	20,807
		MGMT FINANCIAL PLANNING SERVICES	(32,204)	12,423
		DIRECTORS' & OFFICERS' INSURANCE	(46,798)	18,052
		INDUSTRY ASSOCIATION DUES	(72)	28
		TALLAHASSEE LIAISON EXPENSE	(201,242)	77,629
		DEPRECIATION CREDIT ADJUSTMENT (1)	760,000	(293,170)
		GRT/FPSC FEES ON CLAUSE REV ADJ & FRAN FEES	(1,358,565)	524,066
		COMP SALES/TRANS REVIG/L SALE GAS/PROV RT REFVN. ESC REV	74,361	28,685
		GAIN/LOSS ON DISPOSITION OF PROPERTY	(116,789)	45,051
		INTEREST SYNCHRONIZATION	6,625,446	6,625,446
WORKING CAPITAL:				
ECRC WORKING CAPITAL	(8,008,205)			
CONSERVATION/AEM INVENTORY	(2,263,127)			
CAPITALIZED DEF. EARNINGS ON TRANSMISSION PURSUANT TO STIP. & SETT.	0			
FUNDED PROPERTY INSURANCE RESERVE	0			
LOANS TO EMPLOYEES AND RETIREES	(28,055)			
INTEREST & DIVIDENDS RECEIVABLE	0			
NORTH ESCAMBIA SITE	(4,796,060)			
UNAMORTIZED RATE CASE EXPENSE	(4,389,375)			
DEPRECIATION CREDIT ADJUSTMENT (1)	(58,462)			
FUEL RELATED DEFERRED DEBITS	(33,703,834)			
UNREALIZED LOSS ON FWD CONTRACT	(96)			
ACCUM. PROV. FOR RATE REFUNDS	262,139			
FAS 143 WORKING CAPITAL	25,640,450			
FAS 158 REGULATORY ASSETS	(120,023,619)			
FAS 158 REGULATORY LIABILITIES	120,023,619			
PPA REGULATORY ASSETS	(175,308,496)			
PPA REGULATORY LIABILITIES	175,308,496			
FAS 133 REGULATORY ASSETS	(28,660,464)			
FAS 133 REGULATORY LIABILITIES	28,660,464			

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
March, 2014

AVERAGE	ADJUSTMENTS			LOW POINT			MIDPOINT			HIGH POINT		
	SYSTEM PER BOOKS	RETAIL PER BOOKS	PRO RATA	SPECIFIC	ADJUSTED RETAIL	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
LONG TERM DEBT	1,219,403,097	1,104,556,995	(420,610,609)	0	683,946,386	36.21	4.73	1.71	4.73	1.71	4.73	1.71
SHORT TERM DEBT	96,030,078	53,549,720	(20,391,506)	0	33,158,214	1.76	0.37	0.01	0.37	0.01	0.37	0.01
PREFERENCE STOCK	135,323,887	122,606,415	(46,688,002)	0	75,918,413	4.02	6.17	0.25	6.17	0.25	6.17	0.25
CUSTOMER DEPOSITS	34,767,175	35,139,924	(13,381,134)	0	21,758,790	1.15	2.39	0.03	2.39	0.03	2.39	0.03
COMMON EQUITY	1,233,272,385	1,121,658,528	(427,122,800)	0	694,535,728	36.77	9.25	3.40	10.25	3.77	11.25	4.14
DEFERRED INCOME TAXES	703,269,184	648,819,623	(247,067,755)	0	401,751,868	21.27						
FASB 109 DEFERRED TAXES	(42,761,290)	(39,450,564)	15,022,608	0	(24,427,956)	(1.29)						
TAX CREDITS - ZERO COST	0	0	0	0	0	0.00						
TAX CREDITS - WEIGHTED COST	4,396,490	3,741,449	(1,424,728)	0	2,316,721	0.12	6.96	0.01	7.44	0.01	7.92	0.01
TOTAL	3,383,701,006	3,050,622,090	(1,161,663,926)	0	1,888,958,164	100.00		5.40		5.77		6.14

YEAR-END	ADJUSTMENTS			LOW POINT			MIDPOINT			HIGH POINT		
	SYSTEM PER BOOKS	RETAIL PER BOOKS	PRO RATA	SPECIFIC	ADJUSTED RETAIL	RATIO (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
LONG TERM DEBT	1,207,853,977	1,114,174,663	(433,484,152)	0	680,690,511	35.41	4.73	1.67	4.73	1.67	4.73	1.67
SHORT TERM DEBT	60,489,363	21,839,498	(8,496,941)	0	13,342,557	0.69	0.24	0.00	0.24	0.00	0.24	0.00
PREFERENCE STOCK	146,503,864	135,141,248	(52,578,461)	0	82,562,787	4.29	6.14	0.26	6.14	0.26	6.14	0.26
CUSTOMER DEPOSITS	34,507,769	35,456,364	(13,794,760)	0	21,661,604	1.13	2.39	0.03	2.39	0.03	2.39	0.03
COMMON EQUITY	1,293,594,615	1,181,514,851	(459,683,728)	0	721,831,123	37.55	9.25	3.47	10.25	3.85	11.25	4.22
DEFERRED INCOME TAXES	741,439,132	696,892,049	(271,134,921)	0	425,757,128	22.15						
FASB 109 DEFERRED TAXES	(44,372,375)	(41,706,398)	16,226,417	0	(25,479,981)	(1.33)						
TAX CREDITS - ZERO COST	0	0	0	0	0	0.00						
TAX CREDITS - WEIGHTED COST	3,737,318	3,304,061	(1,285,488)	0	2,018,573	0.11	7.00	0.01	7.49	0.01	7.98	0.01
TOTAL	3,443,753,663	3,146,616,336	(1,224,232,034)	0	1,922,384,302	100.00		5.45		5.82		6.20

GULF POWER COMPANY
Financial Integrity Indicators
March, 2014

A. Times Interest Earned with AFUDC

Earnings Before Interest	202,704,683
AFUDC - Debt	4,081,169
Income Taxes	88,865,786
	<hr/>
Total	295,651,638
Interest Charges (Before Deducting AFUDC - Debt)	59,001,292
	<hr/>
T.I.E. With AFUDC	5.01 x

B. Times Interest Earned without AFUDC

Earnings Before Interest	202,704,683
AFUDC - Other	(7,693,392)
Income Taxes	88,865,786
	<hr/>
Total	283,877,077
Interest Charges (Before Deducting AFUDC - Debt)	59,001,292
	<hr/>
T.I.E. Without AFUDC	4.81 x

C. Percent AFUDC To Net Income Available
for Common Stockholders

AFUDC - Debt	4,081,169
X (1 - Income Tax Rate)	0.61425
	<hr/>
Subtotal	2,506,858
AFUDC - Other	7,693,392
	<hr/>
Total	10,200,250
	<hr/>
Net Income Available for Common Stockholders	139,380,949
Percent AFUDC to Available Net Income	7.32%

D. Percent Internally Generated Funds

Net Income	147,784,560
Preference Dividends	(8,403,611)
Common Dividends	(117,350,000)
AFUDC (Debt & Other)	(11,774,561)
Depreciation & Amortization	153,719,904
Deferred Income Taxes	74,579,494
Investment Tax Credits	0
Other	67,021,526
	<hr/>
Total	305,577,313
	<hr/>
Construction Expenditures (Excluding AFUDC Other & Debt)	325,419,676
	<hr/>
Percent Internally Generated Funds	93.90%

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	683,946,386
Short Term Debt	33,158,214
Preference Stock	75,918,413
Common Equity	694,535,728
	<hr/>
Total	1,487,558,741
	<hr/>
% Long Term Debt To Total	45.98%
	<hr/>
% Short Term Debt To Total	2.23%

G. FPSC Adjusted Average Jurisdictional Return
On Common Equity

	G. FPSC ADJ.	H. PROFORMA
FPSC Adjusted Average Earned Rate of Return	5.77%	5.77%
Less: Reconciled Average Retail Weighted Cost Rates For:		
Long Term Debt	(1.71)	(1.71)
Short Term Debt	(0.01)	(0.01)
Preference Stock	(0.25)	(0.25)
Customer Deposits	(0.03)	(0.03)
Tax Credits - Weighted Cost (Common Equity at Midpoint)	(0.01)	(0.01)
	<hr/>	<hr/>
Subtotal	(2.00)	(2.00)
	<hr/>	<hr/>
Total	3.77	3.77
Divided by Common Equity Ratio	36.77	36.77
	<hr/>	<hr/>
Jurisdictional Return on Common Equity	10.25%	10.25%