

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

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November 12, 2010

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

Dear Mr. Slemkewicz:

RE: Monthly Rate of Return Report

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

LEGISLATIVE REGULATION

10 NOV 15 2 11:00

REGISTRATION UNIT

**GULF POWER COMPANY**  
Earnings Surveillance Report Summary  
September, 2010

|   | (1)<br>Actual<br>Per Books | (2)<br>FPSC<br>Adjustments | (3)<br>FPSC<br>Adjusted | (4)<br>Pro Forma<br>Adjustments | (5)<br>Pro Forma<br>Adjusted |
|---|----------------------------|----------------------------|-------------------------|---------------------------------|------------------------------|
| <b>I. Average Rate of Return<br/>(Jurisdictional)</b>   |                            |                            |                         |                                 |                              |
|   | (a)                        | (b)                        |                         |                                 |                              |
| Net Operating Income                                    | 161,003,009                | (69,289,523)               | 91,713,486              | 0                               | 91,713,486                   |
| Average Rate Base                                       | 2,348,935,640              | (870,814,540)              | 1,478,121,100           | 0                               | 1,478,121,100                |
| Average Rate of Return                                  | 6.85%                      |                            | 6.20%                   |                                 | 6.20%                        |
| <b>II. Year End Rate of Return<br/>(Jurisdictional)</b> |                            |                            |                         |                                 |                              |
|   | (a)                        | (b)                        |                         |                                 |                              |
| Net Operating Income                                    | 161,044,701                | (68,419,118)               | 92,625,583              | 0                               | 92,625,583                   |
| Year End Rate Base                                      | 2,411,861,046              | (902,108,572)              | 1,509,752,474           | 0                               | 1,509,752,474                |
| Year End Rate of Return                                 | 6.68%                      |                            | 6.14%                   |                                 | 6.14%                        |

(a) Includes AFUDC Earnings

(b) Includes Reversal of AFUDC Earnings

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

|          |       |
|----------|-------|
| Low      | 6.43% |
| Midpoint | 6.93% |
| High     | 7.22% |

**IV. Financial Integrity Indicators**

|                                |        |                            |
|--------------------------------|--------|----------------------------|
| A. Tie With AFUDC              | 4.76   | x (System per Books Basis) |
| B. Tie Without AFUDC           | 4.47   | x (System per Books Basis) |
| C. AFUDC To Net Income         | 11.23% | (System per Books Basis)   |
| D. Internally Generated Funds  | 12.58% | (System per Books Basis)   |
| E. LTD To Total Investor Funds | 49.40% | (FPSC Adjusted Basis)      |
| F. STD To Total Investor Funds | 1.56%  | (FPSC Adjusted Basis)      |
| G. Return on Common Equity     | 10.17% | (FPSC Adjusted Basis)      |
| H. Return on Common Equity     | 10.17% | (Proforma Basis)           |

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

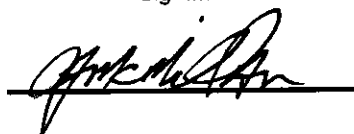
Whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree, punishable as provided in s. 775.082, s. 775.083, or s. 775.084.

Name and Title

Signature

Date

Richard J. McMillan  
Corporate Planning Manager



11/11/10

GULF POWER COMPANIES  
AVERAGE RATE OF RETURN  
RATE BASE  
September, 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>                                | 3,362,284,435    | 1,214,576,187                           | 2,147,708,248        | 4,767,270                    | 288,163,612                   | 0                  | 2,440,639,130     | 204,483,783     | 2,645,122,913   |
| <b>JURISDICTIONAL PER BOOKS</b>                        | 3,036,618,328    | 1,084,803,661                           | 1,951,814,667        | 4,618,105                    | 202,170,811                   | 0                  | 2,158,603,583     | 190,332,056     | 2,348,935,640   |
| <b>FPSC ADJUSTMENTS:</b>                               |                  |   |                      |                              |                               |                    |                   |                 |                 |
| ENVIRONMENTAL RECOVERY CLAUSE                          | (895,745,009)    | (31,252,795)                            | (664,492,214)        |                              | (1,239,710)                   |                    | (665,731,924)     | (16,514,963)    | (882,246,887)   |
| INT BEARING CWIP                                       |                  |   |                      |                              | (154,572,617)                 |                    | (154,572,617)     | 0               | (154,572,617)   |
| ENERGY CONSERVATION CLAUSE                             | (10,486,782)     | 532,236                                 | (11,019,018)         |                              | (10,069)                      |                    | (11,029,087)      | (1,810,841)     | (12,839,928)    |
| LOANS TO EMPLOYEES / RETIREES                          |                  |   |                      |                              |                               |                    |                   | (55,279)        | (55,279)        |
| INTEREST AND DIVIDENDS RECEIVABLE                      |                  |   |                      |                              |                               |                    |                   | (302,567)       | (302,567)       |
| FUNDED PROP RES & OTHER INVESTMENTS                    |                  |   |                      |                              |                               |                    |                   | (9,241,475)     | (9,241,475)     |
| FUEL RELATED DEFERRED DEBITS                           |                  |   |                      |                              |                               |                    |                   | (11,759,100)    | (11,759,100)    |
| FLAME RESISTANT CLOTHING                               |                  |   |                      |                              |                               |                    |                   | (1,468)         | (1,468)         |
| ACCURED PROVISION FOR REFUND                           |                  |   |                      |                              |                               |                    |                   | 140,861         | 140,861         |
| SALE OF RAILCARS                                       |                  |   |                      |                              |                               |                    |                   | 63,920          | 63,920          |
| <b>TOTAL FPSC ADJUSTMENTS</b>                          | (706,231,791)    | (30,720,559)                            | (675,511,232)        | 0                            | (155,822,396)                 | 0                  | (831,333,628)     | (39,480,912)    | (870,814,540)   |
| <b>FPSC ADJUSTED</b>                                   | 2,330,386,537    | 1,054,083,102                           | 1,276,303,435        | 4,618,105                    | 46,348,415                    | 0                  | 1,327,269,955     | 150,851,145     | 1,478,121,100   |
| <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>                              | 2,330,386,537    | 1,054,083,102                           | 1,276,303,435        | 4,618,105                    | 46,348,415                    | 0                  | 1,327,269,955     | 150,851,145     | 1,478,121,100   |

GULF POWER COMPANY  
AVERAGE RATE OF RETURN  
INCOME STATEMENT  
September, 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   | 1,546,052,056      | 804,925,743                  | 289,505,891  | 115,779,940                 | 100,971,591                   | 29,964,208           | 40,990,054                  | (1,558,596)                 | (5,957)                  | 1,380,572,875            | 165,479,181 (a)      |
| JURISDICTIONAL PER BOOKS   | 1,398,847,476      | 649,931,803                  | 274,501,923  | 107,783,405                 | 98,896,510                    | 28,495,731           | 34,310,169                  | (1,195,826)                 | (5,809)                  | 1,192,717,904            | 146,129,571 (a)      |
| LESS FPSC ADJUSTMENTS:   |                    |                              |              |                             |                               |                      |                             |                             |                          |                          |                      |
| ENVIRONMENTAL RECOVERY CLAUSE  | (136,983,655)      |                              |              | (26,839,558)                | (571,836)                     | (30,429,863)         |                             |                             |                          | (86,508,585)             | (48,455,070)         |
| GROSS RECEIPTS TAX REVENUE   | (32,057,489)       |                              |              |                             |                               | (12,366,176)         |                             |                             |                          | (12,366,176)             | (19,691,313)         |
| MARKETING SUPPORT ACTIVITIES   |                    |                              | (56,978)     |                             |                               | 21,979               |                             |                             |                          | (34,999)                 | 34,999               |
| GAIN/LOSS ON DISPOSITION   | (39,694,958)       |                              |              |                             |                               | (15,312,330)         |                             |                             |                          | (15,312,330)             | (24,382,628)         |
| FRANCHISE FEE REVENUES   | (608,277,208)      |                              |              |                             |                               | (234,642,933)        |                             |                             |                          | (234,642,933)            | (373,634,275)        |
| RETAIL FUEL REVENUES   | (53,769,127)       |                              |              |                             |                               | (20,741,441)         |                             |                             |                          | (20,741,441)             | (33,027,686)         |
| ECCR and PPCC REVENUES   |                    |                              |              |                             |                               |                      |                             |                             |                          |                          | 0                    |
| INT ON TAX ASSESSMENT  |                    |                              |              |                             |                               |                      |                             |                             |                          |                          | 0                    |
| ECON DEV EXPENSE TOTAL   |                    |                              | (1,055,732)  |                             |                               | 407,249              |                             |                             |                          | (648,483)                | 648,483              |
| ECON DEV EXPENSE ALLOWED   |                    |                              | 1,002,945    |                             |                               | (386,886)            |                             |                             |                          | 616,059                  | (616,059)            |
| LIASON EXPENSES  |                    |                              | (234,219)    |                             | (12,092)                      | 95,014               |                             |                             |                          | (151,297)                | 151,297              |
| CORPORATE ADVERTISING  |                    |                              | (38,723)     |                             |                               | 14,937               |                             |                             |                          | (23,786)                 | 23,786               |
| INDUSTRY ASSOCIATION DUES  |                    |                              | (706)        |                             |                               | 272                  |                             |                             |                          | (434)                    | 434                  |
| RETAIL FUEL EXPENSES   |                    | (607,834,803)                |              |                             |                               | 234,472,275          |                             |                             |                          | (373,362,528)            | 373,362,528          |
| ECCR AND PPCC EXPENSES   |                    | (42,097,000)                 |              | (295,893)                   | (299,199)                     | 19,717,163           |                             |                             |                          | (31,396,675)             | 31,396,675           |
| FRANCHISE FEE  |                    |                              |              |                             | (38,696,447)                  | 14,927,155           |                             |                             |                          | (23,769,292)             | 23,769,292           |
| GRT, FPSC FEES ON CLAUSES & FEES   |                    |                              |              |                             | (1,504,638)                   | 580,414              |                             |                             |                          | (924,224)                | 924,224              |
| GROSS RECEIPTS TAX ADJUST  |                    |                              |              |                             | (31,928,199)                  | 12,316,303           |                             |                             |                          | (19,611,896)             | 19,611,896           |
| INTEREST SYNCHRONIZATION   |                    |                              |              |                             |                               | 4,532,668            |                             |                             |                          | 4,532,668                | (4,532,668)          |
| TOTAL FPSC ADJUSTMENTS   | (870,762,437)      | (649,931,803)                | (39,472,488) | (27,135,451)                | (73,012,411)                  | (26,794,200)         | 0                           | 0                           | 0                        | (816,346,352)            | (54,416,085)         |
| FPSC ADJUSTED  | 468,085,038        | 0                            | 235,029,435  | 80,647,953                  | 25,884,099                    | 1,701,531            | 34,310,169                  | (1,195,826)                 | (5,809)                  | 376,371,552              | 91,713,486           |
| PRO FORMA REVENUE ANNUALIZATION ADJUSTMENTS                              |                    |                              |              |                             |                               |                      |                             |                             |                          |                          |                      |
| TOTAL PRO FORMA ADJUSTMENTS  | 0                  | 0                            | 0            | 0                           | 0                             | 0                    | 0                           | 0                           | 0                        | 0                        | 0                    |
| PRO FORMA ADJUSTED   | 468,085,038        | 0                            | 235,029,435  | 80,647,953                  | 25,884,099                    | 1,701,531            | 34,310,169                  | (1,195,826)                 | (5,809)                  | 376,371,552              | 91,713,486           |
| (a) THE ADDITION OF EARNINGS FROM AFUDC WOULD INCREASE THE SYSTEM NOI BY |                    |                              |              | 15,352,953                  | AND THE JURISDICTIONAL NOI BY | 14,873,438           |                             |                             |                          |                          |                      |
| CURRENT MO. SYSTEM PER BOOKS   | 143,709,441        | 75,210,975                   | 25,181,996   | 10,285,659                  | 9,573,157                     | (36,194,538)         | 42,989,537                  | (128,650)                   | 0                        | 126,918,136              | 16,791,305           |
| CURRENT MO. JURIS PER BOOKS  | 126,872,286        | 63,638,932                   | 23,636,208   | 9,589,711                   | 9,387,208                     | (29,217,878)         | 35,127,182                  | (98,458)                    | 0                        | 112,062,905              | 14,809,361           |

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

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                             | (39,694,958)  | (15,312,330)      |
| INVESTMENT                          | (244,173,299) | IIC FUEL REVENUES                                  | (93,374,090)  | (36,019,055)      |
| ACCUMULATED DEPRECIATION            | 101,374,126   | FUEL REVENUES                                      | (668,174,629) | (257,748,363)     |
| ENERGY CONSERVATION COST RECOVERY   |               | ECONOMY PROFITS                                    | (790,759)     | (305,035)         |
| INVESTMENT                          | (10,486,782)  | ECCR, PPCC, AND ECRC REVENUES                      | (191,315,833) | (73,800,082)      |
| ACCUMULATED DEPRECIATION            | (532,236)     | GROSS RECEIPTS TAX REVENUES/STORM RECOVERY REV     | (32,057,489)  | (12,366,176)      |
| ENVIRONMENTAL RECOVERY CLAUSE       |               | COMPETITIVE SALES REV\TRANS REV\G/L ON SALE OF GAS | (986,008)     | (380,353)         |
| INVESTMENT                          | (719,780,207) | CORPORATE ADVERTISING                              | (39,558)      | 15,259            |
| ACCUMULATED DEPRECIATION            | 32,347,008    | INDUSTRY ASSOCIATION DUES                          | (721)         | 278               |
| PROPERTY HELD FOR FUTURE USE        | 0             | FUEL AND PPCC EXPENSES                             | (805,877,358) | 310,867,191       |
| INTEREST BEARING CWIP               | (159,555,999) | GAIN/LOSS ON DISPOSITION OF PROPERTY               | 0             | 0                 |
| SCHERER CWIP                        | (79,472,478)  | ECON DEVELOP EXPENSE- TOTAL                        | (1,055,732)   | 407,249           |
| ECRC CWIP                           | (1,282,390)   | ECON DEV EXPENSE - ALLOWED                         | 1,002,945     | (386,886)         |
| ECCR CWIP                           | (10,069)      | INTEREST ON TAX ADJUSTMENT                         | 0             | 0                 |
| TALLAHASSEE OFFICE INVESTMENT       | (357)         | CONSERVATION EXPENSES - O & M                      | (8,421,746)   | 3,248,689         |
| ACCUM. DEPRECIATION                 | 357           | CONSERVATION EXPENSES - OTHER TAXES                | (184,306)     | 71,096            |
| WORKING CAPITAL:                    |               | TALLAHASSEE OFFICE DEPRECIATION                    | 0             | 0                 |
| ECRC WORKING CAPITAL                | (17,083,334)  | MARKETING SUPPORT ACTIVITIES                       | (56,978)      | 21,979            |
| LOANS TO EMPLOYEES AND RETIREES     | (57,580)      | FRANCHISE FEE                                      | (38,696,447)  | 14,927,155        |
| FAS 133 ASSOCIATED AMOUNTS (NET)    | (6,107)       | GROSS RECEIPTS TAX EXPENSE                         | (31,928,199)  | 12,316,303        |
| CONSERVATION/AEM INVENTORY          | (1,810,841)   | LIAISON EXPENSE                                    | (251,705)     | 97,095            |
| INTEREST & DIVIDENDS RECEIVABLE     | (315,159)     | ECRC/ECCR EXPENSES                                 | (60,462,045)  | 23,323,234        |
| PLANT SCHERER                       | (6,903,596)   | COMPETITIVE SALES EXPENSES                         | 0             | 0                 |
| TEMPORARY CASH INVESTMENTS          | 0             | GRT/FPSC FEES ON CLAUSE REV ADJ & FRAN FEES        | (1,504,638)   | 580,414           |
| FUNDED PROP RES & OTHER INVESTMENTS | (9,241,475)   | INTEREST SYNCHRONIZATION                           | 5,321,632     | 5,321,632         |
| FUEL RELATED DEFERRED DEBITS        | (11,759,100)  |  |               |                   |
| FLAME RESISTANT CLOTHING            | (1,811)       |  |               |                   |
| SALE OF RAIL CARS                   | 78,831        |  |               |                   |
| ACCUM. PROV. FOR RATE REFUNDS       | 173,720       |  |               |                   |

GULF POWER COMPANY  
YEAR END RATE OF RETURN  
RATE BASE  
September, 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                                | 3,546,452,014        | 1,251,912,049                           | 2,294,539,965        | 5,664,735                    | 224,651,962                   | 0                  | 2,524,856,663        | 204,483,783         | 2,729,340,446        |
| JURISDICTIONAL PER BOOKS                        | 3,214,896,446        | 1,118,962,812                           | 2,095,933,634        | 5,487,489                    | 119,202,055                   | 0                  | 2,220,623,178        | 191,237,868         | 2,411,861,046        |
| <u>FPSC ADJUSTMENTS:</u>                        |                      |   |                      |                              |                               |                    |                      |                     |                      |
| ENVIRONMENTAL RECOVERY CLAUSE                   | (829,084,576)        | (45,488,941)                            | (783,615,635)        |                              | (732,090)                     |                    | (784,347,725)        | (16,514,963)        | (800,862,688)        |
| INT BEARING CWIP                                |                      |   |                      |                              | (66,920,474)                  |                    | (66,920,474)         | 0                   | (66,920,474)         |
| ENERGY CONSERVATION CLAUSE                      | (10,523,425)         | 836,036                                 | (11,359,461)         |                              |                               |                    | (11,359,461)         | (1,810,841)         | (13,170,302)         |
| LOANS TO EMPLOYEES AND RETIREES                 |                      |   |                      |                              |                               |                    |                      | (55,279)            | (55,279)             |
| INTEREST AND DIVIDENDS RECEIVABLE               |                      |   |                      |                              |                               |                    |                      | (302,567)           | (302,567)            |
| NOTES RECEIVABLE                                |                      |   |                      |                              |                               |                    |                      | 0                   | 0                    |
| FUNDED PROP RES & OTHER INVESTMENTS             |                      |   |                      |                              |                               |                    |                      | (9,241,475)         | (9,241,475)          |
| FUEL RELATED DEFERRED DEBITS                    |                      |   |                      |                              |                               |                    |                      | (11,759,100)        | (11,759,100)         |
| FLAME RESISTANT CLOTHING                        |                      |   |                      |                              |                               |                    |                      | (1,468)             | (1,468)              |
| ACCRUED PROVISION FOR REFUND                    |                      |   |                      |                              |                               |                    |                      | 140,861             | 140,861              |
| SALE OF RAILCARS                                |                      |   |                      |                              |                               |                    |                      | 63,920              | 63,920               |
| <b>TOTAL FPSC ADJUSTMENTS</b>                   | <b>(839,608,001)</b> | <b>(44,632,905)</b>                     | <b>(794,975,096)</b> | <b>0</b>                     | <b>(67,652,564)</b>           | <b>0</b>           | <b>(862,627,660)</b> | <b>(39,480,912)</b> | <b>(902,108,572)</b> |
| <b>FPSC ADJUSTED</b>                            | <b>2,375,288,445</b> | <b>1,074,329,907</b>                    | <b>1,300,958,538</b> | <b>5,487,489</b>             | <b>51,549,491</b>             | <b>0</b>           | <b>1,357,995,518</b> | <b>151,756,956</b>  | <b>1,509,752,474</b> |
| 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                    |
| <b>PRO FORMA ADJUSTED</b>                       | <b>2,375,288,445</b> | <b>1,074,329,907</b>                    | <b>1,300,958,538</b> | <b>5,487,489</b>             | <b>51,549,491</b>             | <b>0</b>           | <b>1,357,995,518</b> | <b>151,756,956</b>  | <b>1,509,752,474</b> |

GULF POWER COMPANY,  
YEAR END RATE OF RETURN  
INCOME STATEMENT  
September, 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                            | 1,546,052,056      | 804,925,743                  | 289,505,891  | 115,779,940                 | 100,971,591             | 29,964,208           | 40,990,054                  | (1,558,596)                 | (5,957)                  | 1,380,572,875            | 165,479,181          |
| JURISDICTIONAL PER BOOKS                    | 1,338,847,476      | 649,931,803                  | 274,501,923  | 107,783,405                 | 98,896,510              | 28,499,480           | 34,264,728                  | (1,195,826)                 | (5,809)                  | 1,192,676,212            | 146,171,263          |
| LESS FPSC ADJUSTMENTS:                      |                    |                              |              |                             |                         |                      |                             |                             |                          |                          |                      |
| ENVIRONMENTAL RECOVERY CLAUSE               | (136,963,655)      |                              |              |                             |                         | (30,429,863)         |                             |                             |                          | (88,508,585)             | (48,455,070)         |
| GROSS RECEIPTS TAX REVENUE                  | (32,057,489)       |                              | (30,667,328) | (26,839,558)                | (571,836)               | (12,366,176)         |                             |                             |                          | (12,366,176)             | (19,691,313)         |
| MARKETING SUPPORT ACTIVITIES                |                    |                              | (56,978)     |                             |                         | 21,979               |                             |                             |                          | (84,999)                 | 34,999               |
| GAIN/LOSS ON DISPOSITION                    |                    |                              |              |                             |                         |                      |                             |                             |                          | 0                        | 0                    |
| FRANCHISE FEE REVENUES                      | (39,894,958)       |                              |              |                             |                         | (15,312,330)         |                             |                             |                          | (15,312,330)             | (24,382,628)         |
| RETAIL FUEL REVENUES                        | (608,277,208)      |                              |              |                             |                         | (234,642,933)        |                             |                             |                          | (234,642,933)            | (373,634,275)        |
| ECCR & PPCC REVENUES                        | (53,769,127)       |                              |              |                             |                         | (20,741,441)         |                             |                             |                          | (20,741,441)             | (33,027,686)         |
| INT ON TAX ASSESSMENT                       |                    |                              |              |                             |                         |                      |                             |                             |                          | 0                        | 0                    |
| ECON DEV EXPENSE TOTAL                      |                    |                              | (1,055,732)  |                             |                         | 407,249              |                             |                             |                          | (648,483)                | 648,483              |
| ECON DEV EXPENSE ALLOWED                    |                    |                              | 1,002,945    |                             |                         | (386,866)            |                             |                             |                          | 616,059                  | (616,059)            |
| LIAISON EXPENSES                            |                    |                              | (234,219)    |                             | (12,092)                | 95,014               |                             |                             |                          | (151,297)                | 151,297              |
| CORPORATE ADVERTISING                       |                    |                              | (38,723)     |                             |                         | 14,937               |                             |                             |                          | (23,786)                 | 23,786               |
| INDUSTRY ASSOCIATION DUES                   |                    |                              | (706)        |                             |                         | 272                  |                             |                             |                          | (434)                    | 434                  |
| RETAIL FUEL EXPENSES                        |                    | (607,834,803)                |              |                             |                         | 234,472,275          |                             |                             |                          | (373,362,528)            | 373,362,528          |
| ECCR AND PPCC EXPENSES                      |                    | (42,097,000)                 | (8,421,746)  | (295,893)                   | (298,196)               | 19,717,163           |                             |                             |                          | (31,396,675)             | 31,396,675           |
| FRANCHISE FEE                               |                    |                              |              |                             | (98,696,447)            | 14,927,155           |                             |                             |                          | (23,769,292)             | 23,769,292           |
| GRT, FPSC FEES ON CLAUSES & FEES            |                    |                              |              |                             | (1,504,638)             | 580,414              |                             |                             |                          | (924,224)                | 924,224              |
| GROSS RECEIPTS TAX ADJUST                   |                    |                              |              |                             | (31,928,196)            | 12,316,303           |                             |                             |                          | (19,611,896)             | 19,611,896           |
| INTEREST SYNCHRONIZATION                    |                    |                              |              |                             |                         | 3,662,263            |                             |                             |                          | 3,662,263                | (3,662,263)          |
| TOTAL FPSC ADJUSTMENTS                      | (870,762,437)      | (649,931,803)                | (39,472,488) | (27,135,451)                | (73,012,411)            | (27,664,605)         | 0                           | 0                           | 0                        | (817,216,757)            | (53,545,680)         |
| FPSC ADJUSTED                               | 468,085,038        | 0                            | 235,029,435  | 80,647,953                  | 25,884,099              | 834,875              | 34,264,728                  | (1,195,826)                 | (5,809)                  | 375,459,455              | 92,625,583           |
| 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                          | 468,085,038        | 0                            | 235,029,435  | 80,647,953                  | 25,884,099              | 834,875              | 34,264,728                  | (1,195,826)                 | (5,809)                  | 375,459,455              | 92,625,583           |

(a) THE ADDITION OF EARNINGS FROM AFUDC WOULD INCREASE THE SYSTEM NOI BY 15,352,953 AND THE JURISDICTIONAL NOI BY 14,873,438

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

| <u>BASE ADJUSTMENTS</u>             | <u>AMOUNT</u> | <u>INCOME STATEMENT ADJUSTMENTS</u>                | <u>AMOUNT</u> | <u>TAX EFFECT</u> |
|-------------------------------------|---------------|--|---------------|-------------------|
| PLANT SCHERER                       |               | FRANCHISE FEE REVENUES                             | (39,694,958)  | (15,312,330)      |
| INVESTMENT                          | (245,569,225) | IIC FUEL REVENUES                                  | (93,374,090)  | (36,019,055)      |
| ACCUMULATED DEPRECIATION            | 103,594,343   | FUEL REVENUES                                      | (668,174,629) | (257,748,363)     |
| ENERGY CONSERVATION COST RECOVERY   |               | ECONOMY PROFITS                                    | (790,759)     | (305,035)         |
| INVESTMENT                          | (10,523,425)  | ECCR, PPCC, AND ECRC REVENUES                      | (191,315,833) | (73,800,082)      |
| ACCUMULATED DEPRECIATION            | (836,036)     | GROSS RECEIPTS TAX REVENUES/STORM RECOVERY REV     | (32,057,489)  | (12,366,176)      |
| ENVIRONMENTAL RECOVERY CLAUSE       |               | COMPETITIVE SALES REV\TRANS REV\G/L ON SALE OF GAS | (986,008)     | (380,353)         |
| INVESTMENT                          | (856,506,222) | CORPORATE ADVERTISING                              | (39,558)      | 15,259            |
| ACCUMULATED DEPRECIATION            | 46,995,196    | INDUSTRY ASSOCIATION DUES                          | (721)         | 278               |
| PROPERTY HELD FOR FUTURE USE        | 0             | FUEL AND PPCC EXPENSES                             | (805,877,358) | 310,867,191       |
| INTEREST BEARING CWIP               | (69,077,973)  | GAIN/LOSS ON DISPOSITION OF PROPERTY               | 0             | 0                 |
| SCHERER CWIP                        | (101,606,330) | ECON DEVELOP EXPENSE- TOTAL                        | (1,055,732)   | 407,249           |
| ECRC CWIP                           | (756,227)     | ECON DEV EXPENSE - ALLOWED                         | 1,002,945     | (386,886)         |
| ECCR CWIP                           | (0)           | INTEREST ON TAX ADJUSTMENT                         | 0             | 0                 |
| TALLAHASSEE OFFICE INVESTMENT       | (357)         | CONSERVATION EXPENSES - O & M                      | (8,421,746)   | 3,248,689         |
| ACCUM. DEPRECIATION                 | 357           | CONSERVATION EXPENSES - OTHER TAXES                | (184,306)     | 71,096            |
| WORKING CAPITAL:                    |               | TALLAHASSEE OFFICE DEPRECIATION                    | 0             | 0                 |
| ECRC WORKING CAPITAL                | (17,083,334)  | MARKETING SUPPORT ACTIVITIES                       | (56,978)      | 21,979            |
| LOANS TO EMPLOYEES AND RETIREES     | (57,580)      | FRANCHISE FEE                                      | (38,696,447)  | 14,927,155        |
| FAS 133 ASSOCIATED AMOUNTS (NET)    | (6,107)       | GROSS RECEIPTS TAX EXPENSE                         | (31,928,199)  | 12,316,303        |
| CONSERVATION/AEM INVENTORY          | (1,810,841)   | LIAISON EXPENSE                                    | (251,705)     | 97,095            |
| INTEREST & DIVIDENDS RECEIVABLE     | (315,159)     | ECRC/ECCR EXPENSES                                 | (60,462,045)  | 23,323,234        |
| PLANT SCHERER                       | (9,573,902)   | COMPETITIVE SALES EXPENSES                         | 0             | 0                 |
| TEMPORARY CASH INVESTMENTS          | 0             | GRT/FPSC FEES ON CLAUSE REV ADJ & FRAN FEES        | (1,504,638)   | 580,414           |
| FUNDED PROP RES & OTHER INVESTMENTS | (9,241,475)   | INTEREST SYNCHRONIZATION                           | 4,088,972     | 4,088,972         |
| FUEL RELATED DEFERRED DEBITS        | (11,759,100)  |  |               |                   |
| FLAME RESISTANT CLOTHING            | (1,811)       |  |               |                   |
| SALE OF RAIL CARS                   | 78,831        |  |               |                   |
| ACCUM. PROV. FOR RATE REFUNDS       | 173,720       |  |               |                   |



GULF POWER COMPANY  
 CAPITAL STRUCTURE  
 FPSC ADJUSTED BASIS  
 September, 2010

| 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              | 1,144,989,275        | 1,013,541,805        | (375,747,605)        | 0        | 637,794,200          | 43.15           | 4.28                       | 1.85                       | 4.28                       | 1.85                       | 4.28                       | 1.85                       | 4.28                       | 1.85                       |                            |
| SHORT TERM DEBT             | 44,601,817           | 32,087,943           | (11,895,876)         | 0        | 20,192,067           | 1.37            | 0.37                       | 0.01                       | 0.37                       | 0.01                       | 0.37                       | 0.01                       | 0.37                       | 0.01                       |                            |
| PREFERRED STOCK             | 92,446,811           | 82,151,964           | (30,455,975)         | 0        | 51,695,989           | 3.50            | 6.92                       | 0.24                       | 6.92                       | 0.24                       | 6.92                       | 0.24                       | 6.92                       | 0.24                       |                            |
| CUSTOMER DEPOSITS           | 33,545,397           | 32,774,474           | (12,150,392)         | 0        | 20,624,082           | 1.40            | 6.17                       | 0.09                       | 6.17                       | 0.09                       | 6.17                       | 0.09                       | 6.17                       | 0.09                       |                            |
| COMMON EQUITY               | 1,037,438,993        | 923,812,541          | (342,482,518)        | 0        | 581,330,023          | 39.33           | 10.75                      | 4.23                       | 12.00                      | 4.72                       | 12.75                      | 4.72                       | 12.75                      | 5.01                       |                            |
| DEFERRED INCOME TAXES       | 308,819,500          | 282,841,659          | (104,857,121)        | 0        | 177,984,538          | 12.04           |                            |                            |                            |                            |                            |                            |                            |                            |                            |
| FASB 109 DEFERRED TAXES     | (27,935,598)         | (25,585,660)         | 9,485,302            | 0        | (16,100,358)         | (1.09)          |                            |                            |                            |                            |                            |                            |                            |                            |                            |
| TAX CREDITS - ZERO COST     | 0                    | 0                    | 0                    | 0        | 0                    | 0.00            |                            |                            |                            |                            |                            |                            |                            |                            |                            |
| TAX CREDITS - WEIGHTED COST | 9,288,363            | 7,310,914            | (2,710,355)          | 0        | 4,600,559            | 0.31            | 7.35                       | 0.02                       | 7.92                       | 0.02                       | 8.26                       | 0.02                       | 8.26                       | 0.03                       |                            |
| <b>TOTAL</b>                | <b>2,643,174,558</b> | <b>2,348,935,640</b> | <b>(870,814,540)</b> | <b>0</b> | <b>1,478,121,100</b> | <b>100.00 %</b> | <b>6.43 %</b>              | <b>6.43 %</b>              | <b>6.43 %</b>              | <b>6.43 %</b>              | <b>6.93 %</b>              | <b>6.93 %</b>              | <b>6.93 %</b>              | <b>7.22 %</b>              |                            |

| 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              | 1,272,043,021        | 1,080,039,819        | (403,967,376)        | 0        | 676,072,443          | 44.78           | 4.40                       | 1.97                       | 4.40                       | 1.97                       | 4.40                       | 1.97                       | 4.40                       | 1.97                       |  |
| SHORT TERM DEBT             | 0                    | 0                    | 0                    | 0        | 0                    | 0.00            | 0.00                       | 0.00                       | 0.00                       | 0.00                       | 0.00                       | 0.00                       | 0.00                       | 0.00                       |  |
| PREFERRED STOCK             | 92,546,129           | 79,388,121           | (29,693,545)         | 0        | 49,694,576           | 3.29            | 6.91                       | 0.23                       | 6.91                       | 0.23                       | 6.91                       | 0.23                       | 6.91                       | 0.23                       |  |
| CUSTOMER DEPOSITS           | 35,695,394           | 33,836,966           | (12,658,043)         | 0        | 21,180,923           | 1.40            | 5.92                       | 0.08                       | 5.92                       | 0.08                       | 5.92                       | 0.08                       | 5.92                       | 0.08                       |  |
| COMMON EQUITY               | 1,085,903,799        | 918,668,693          | (343,609,722)        | 0        | 575,058,971          | 38.09           | 10.75                      | 4.09                       | 12.00                      | 4.57                       | 12.75                      | 4.57                       | 12.75                      | 4.86                       |  |
| DEFERRED INCOME TAXES       | 358,503,581          | 320,642,795          | (119,930,049)        | 0        | 200,712,746          | 13.30           |                            |                            |                            |                            |                            |                            |                            |                            |  |
| FASB 109 DEFERRED TAXES     | (30,395,520)         | (27,185,515)         | 10,168,200           | 0        | (17,017,315)         | (1.13)          |                            |                            |                            |                            |                            |                            |                            |                            |  |
| TAX CREDITS - ZERO COST     | 0                    | 0                    | 0                    | 0        | 0                    | 0.00            |                            |                            |                            |                            |                            |                            |                            |                            |  |
| TAX CREDITS - WEIGHTED COST | 8,494,566            | 6,470,167            | (2,420,037)          | 0        | 4,050,130            | 0.27            | 7.31                       | 0.02                       | 7.86                       | 0.02                       | 8.19                       | 0.02                       | 8.19                       | 0.02                       |  |
| <b>TOTAL</b>                | <b>2,822,790,969</b> | <b>2,411,861,046</b> | <b>(902,108,572)</b> | <b>0</b> | <b>1,509,752,474</b> | <b>100.00 %</b> | <b>6.40 %</b>              | <b>6.40 %</b>              | <b>6.40 %</b>              | <b>6.40 %</b>              | <b>6.87 %</b>              | <b>6.87 %</b>              | <b>6.87 %</b>              | <b>7.16 %</b>              |  |

GULF POWER COMPANY  
Financial Integrity Indicators  
September, 2010

A. Times Interest Earned with AFUDC

|   |                   |
|---|-------------------|
| Earnings Before Interest                            | 175,482,393       |
| AFUDC - Debt  | 4,375,090         |
| Income Taxes  | <u>67,949,160</u> |
| Total   | 247,806,644       |
| Interest Charges (Before<br>Deducting AFUDC - Debt) | <u>52,015,941</u> |
| T.I.E. With AFUDC                                   | <u>4.76 x</u>     |

B. Times Interest Earned without AFUDC

|   |                   |
|---|-------------------|
| Earnings Before Interest                            | 175,482,393       |
| AFUDC - Other                                       | (10,977,863)      |
| Income Taxes  | <u>67,949,160</u> |
| Total   | 232,453,690       |
| Interest Charges (Before<br>Deducting AFUDC - Debt) | <u>52,015,941</u> |
| T.I.E. Without AFUDC                                | <u>4.47 x</u>     |

C. Percent AFUDC To Net Income Available  
for Common Stockholders

|   |                    |
|---|--------------------|
| AFUDC - Debt                                    | 4,375,090          |
| X (1 - Income Tax Rate)                         | 0.6143             |
| Subtotal  | 2,687,399          |
| AFUDC - Other                                   | <u>10,977,863</u>  |
| Total   | <u>13,665,262</u>  |
| Net Income Available for<br>Common Stockholders | <u>121,639,043</u> |
| Percent AFUDC to Available<br>Net Income        | <u>11.23%</u>      |

D. Percent Internally Generated Funds

|   |                      |
|---|----------------------|
| Net Income  | 127,841,543          |
| Preferred Dividends   | (6,202,500)          |
| Common Dividends  | (100,550,000)        |
| AFUDC (Debt & Other)  | (15,352,953)         |
| Depreciation & Amortization                                 | 123,127,947          |
| Deferred Income Taxes                                       | 40,988,145           |
| Investment Tax Credits                                      | 0                    |
| Other   | <u>(137,640,094)</u> |
| Total   | 32,212,087           |
| Construction Expenditures<br>(Excluding AFUDC Other & Debt) | <u>256,058,977</u>   |
| Percent Internally Generated Funds                          | <u>12.58%</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             | 637,794,200          |
| Short Term Debt            | 20,192,067           |
| Preferred Stock            | 51,695,989           |
| Common Equity              | <u>581,330,023</u>   |
| Total                      | <u>1,291,012,279</u> |
| % Long Term Debt To Total  | <u>49.40%</u>        |
| % Short Term Debt To Total | <u>1.56%</u>         |

G. FPSC Adjusted Average Jurisdictional Return  
On Common Equity

|   | G.<br>FPSC ADJ. | H.<br>PROFORMA |
|---|-----------------|----------------|
| FPSC Adjusted Average Earned<br>Rate of Return              | 6.20%           | 6.20%          |
| Less: Reconciled Average Retail Weighted<br>Cost Rates For: |                 |                |
| Long Term Debt  | (1.85)          | (1.85)         |
| Short Term Debt   | (0.01)          | (0.01)         |
| Preferred Stock   | (0.24)          | (0.24)         |
| Customer Deposits   | (0.09)          | (0.09)         |
| Tax Credits - Weighted Cost<br>(Common Equity at Midpoint)  | <u>(0.02)</u>   | <u>(0.02)</u>  |
| Subtotal  | <u>(2.21)</u>   | <u>(2.21)</u>  |
| Total   | 4.00            | 4.00           |
| Divided by Common Equity Ratio                              | <u>39.33</u>    | <u>39.33</u>   |
| Jurisdictional Return on Common Equity                      | <u>10.17%</u>   | <u>10.17%</u>  |

GULF POWER COMPANY

Supplemental 1

Storm Accrual - Twelve Month to Date  
September, 2010

| <u>Month</u>      | <u>Year</u> | <u>\$</u>                      |
|-------------------|-------------|--------------------------------|
| October           | 09          | 291,667                        |
| November          | 09          | 291,667                        |
| December          | 09          | 291,663                        |
| January           | 10          | 291,667                        |
| February          | 10          | 291,667                        |
| March             | 10          | 291,667                        |
| April             | 10          | 291,667                        |
| May               | 10          | 291,667                        |
| June              | 10          | 291,667                        |
| July              | 10          | 291,667                        |
| August            | 10          | 291,667                        |
| <b>September</b>  | <b>10</b>   | <b>291,667</b>                 |
| <b>12 - M-T-D</b> |             | <b><u><u>3,500,000</u></u></b> |

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GULF POWER COMPANY

DOCKET NO. 990315-EI

RTP QUARTERLY REPORT

Forty-Fourth Quarterly Report

Report Period: Third Quarter, 2010

| <u>Rate Class</u> | <u>Third Quarter<br/>Total Revenue</u> | <u>Second Quarter<br/>Total KWH Sales</u> | <u>Second Quarter<br/>¢/KWH</u> | <u>12-Month<br/>Rolling Average<br/>¢/KWH</u> |
|-------------------|--|---|---------------------------------|---|
| RTP               | \$19,083,112.13                        | 209,291,046                               | 9.118                           | 8.567   |
| PX/PXT            | -                                      | -   | -                               | -   |
| LP/LPT            | \$50,872,440.82                        | 534,758,049                               | 9.513                           | 9.510   |

Notes to Quarterly  
Real Time Pricing Report

1. There were no changes made to the "M" multipliers during this period.
2. RTP prices vary by hour and by season due to the "M" multipliers. The prices for the LP/LPT and PX/PXT rate classes do not have this variability in pricing. As a result, comparisons between RTP and the other rate classes are meaningful only on an annual basis or a 12-month rolling average basis.